

MULTIFAMILY MARKET OVERVIEW

Huntsville, AL

Year-End 2023

Prepared for the North Alabama Commercial Brokers Assoc.
(NALCOM)

Prepared by David Wilson, MAI and Berkadia Real Estate Advisors



PREPARED BY



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29+ Years of Analytics and 17 Years of Brokerage

- David's 1st Huntsville Apartment Market Survey in 1994 introduced annual statistical tracking and reporting of Huntsville occupancy, rental rates, rent growth, concessions, absorption, submarket trends and new development – way before Axiometrics, CoStar, etc.
- As a broker, David continues to regularly track new development, transactions and market trends and keeps more detailed data on Huntsville new construction than anyone.
- His 29+ year career in Alabama markets includes 17 years as an apartment broker, and over 20 years as a commercial appraiser, of which 10 years was exclusively focused as an apartment market analyst and apartment appraisal specialist.
- As an apartment broker over the last 17 years, David has brokered over \$1 Billion in apartment and/or apartment land transactions.
- Over the past 29 years in Huntsville, David has brokered over 22 local transactions and formerly appraised roughly 75% of Huntsville's conventional apartment properties over 60 units, at least once.
- David lives in Huntsville with his wife Beth, and they have one son, one daughter, and a new grandson.

NOTE: David has not operated as a practicing appraiser since joining Berkadia Real Estate Advisors in Dec. 2014



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New Construction

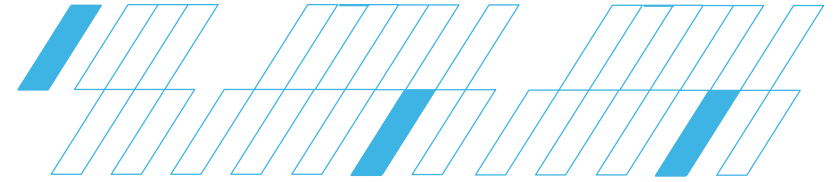
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Transactions



EXECUTIVE SUMMARY

HUNTSVILLE'S ECONOMY



*Economic Conditions Continue to Rocket Ahead
Strong Growth with Fantastic Outlook*

NEW MULTIFAMILY CONSTRUCTION



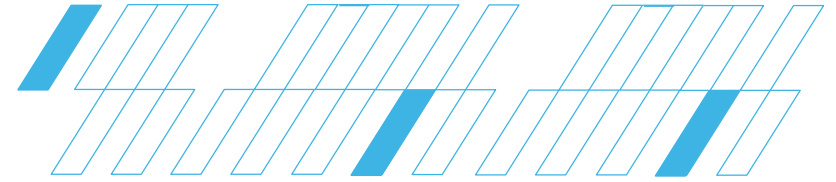
New Construction Waves are Big

Apartment Transaction Activity

*Crickets – Historic Low Volume
(Lots of Buyers, but Few Sellers)*



EXECUTIVE SUMMARY



KEY TAKEAWAYS — AS OF 12.31.23

- 4,715 units were delivered in 2023 – fewer than anticipated
- 32 Properties are Now in Lease-Up and 60 are Actively Under Construction
- **Huntsville has 13,158 units actively under construction - 36% of its existing stock**
- **Over 8,000 units are likely to be delivered in 2024**
- Rent growth has turned negative and concessions are increasing
- 2023 Absorption = 2,700 to 5,200 units, depending on which source you select
- 2024 Absorption = **3,600 to 6,200 units is forecast**, depending on the source
- **Apartment market conditions will become even more challenging in 2024**, but some will out-perform others; and Class B market is holding-up pretty well in the face of the Class A supply
- ***Outlook for continued strong population/employment growth is VERY favorable - expectation is for increasing growth trend***

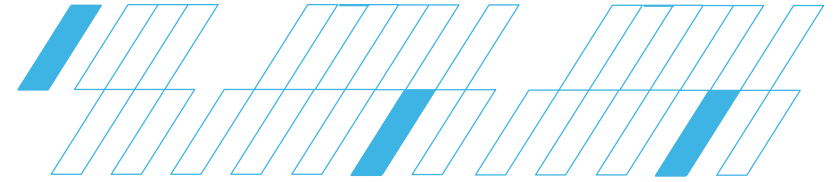


MARKET FUNDAMENTALS

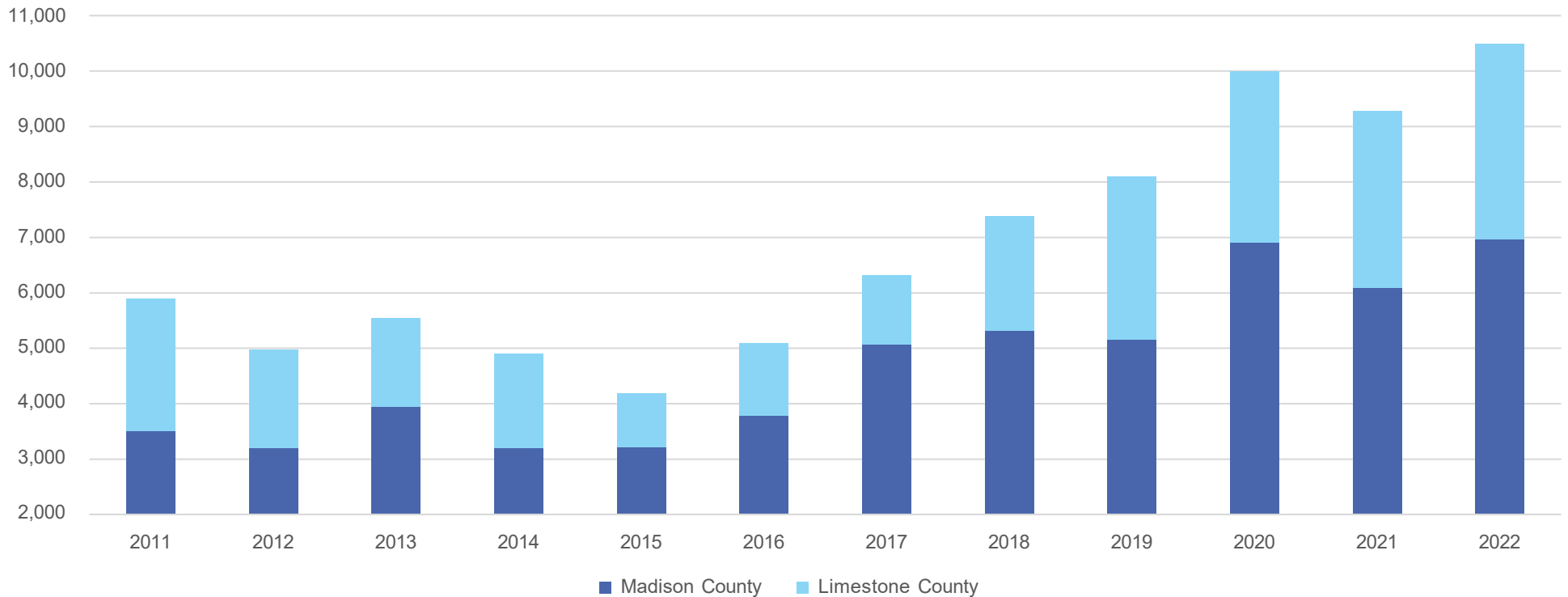


MARKET FUNDAMENTALS

POPULATION GROWTH TRENDS | 2011 – 2022



ANNUAL POPULATION GROWTH TREND
Huntsville MSA



Sources: U.S. Census Bureau

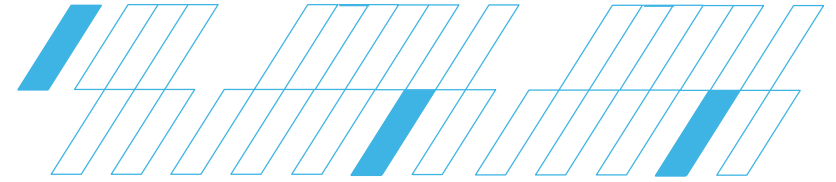
Population growth rate has doubled in the past 4-6 years.

Was averaging near 5,000/year from 2011-2016, but has averaged near 10,000/year the past 3 years.

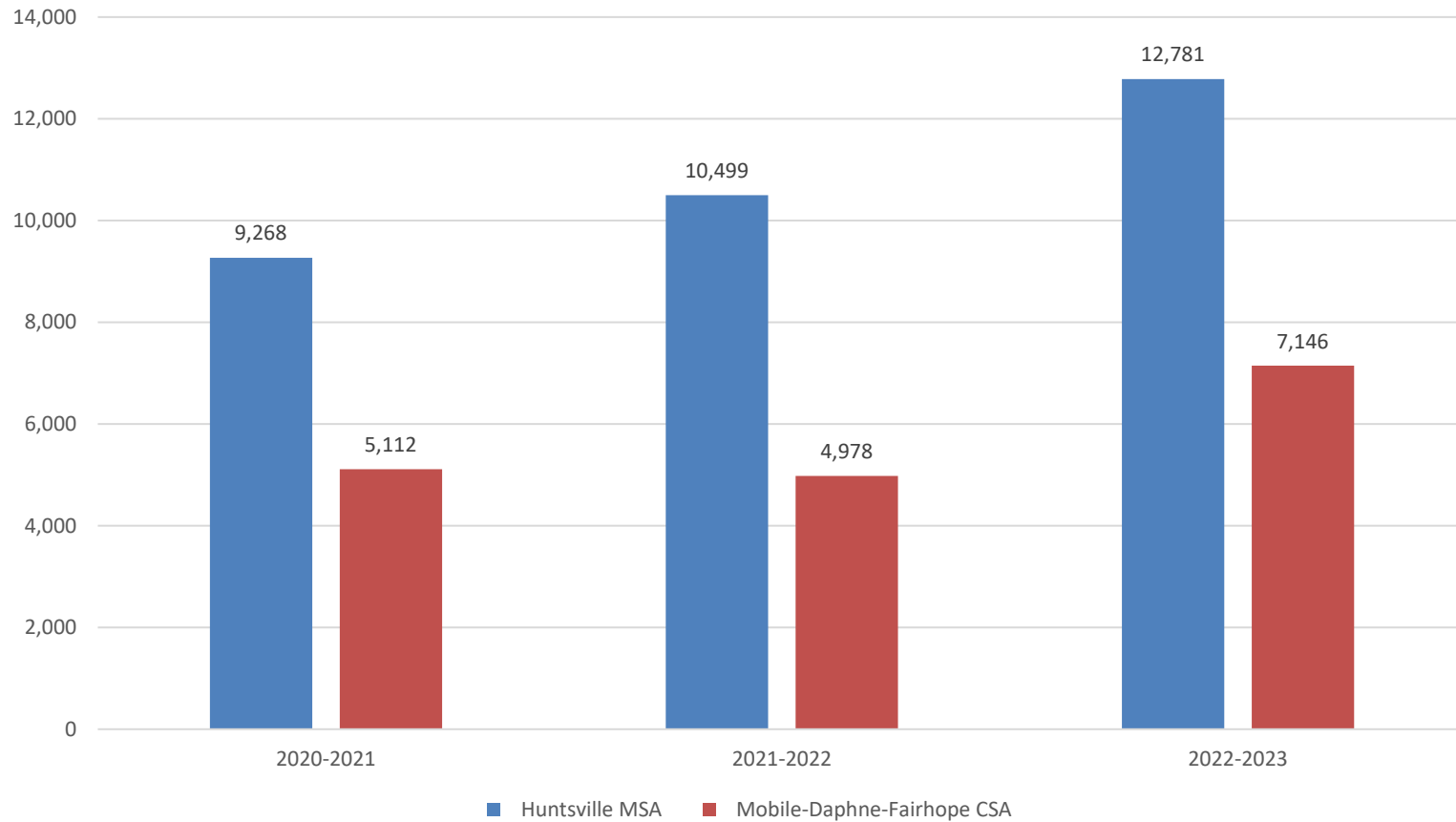
The expectation is for rate of growth to continue to escalate.

MARKET FUNDAMENTALS

POPULATION GROWTH TRENDS | 2020 – 2023

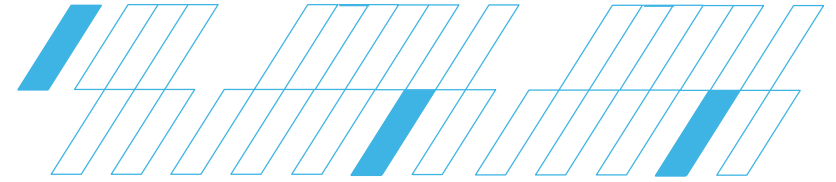


ANNUAL POPULATION CHANGES

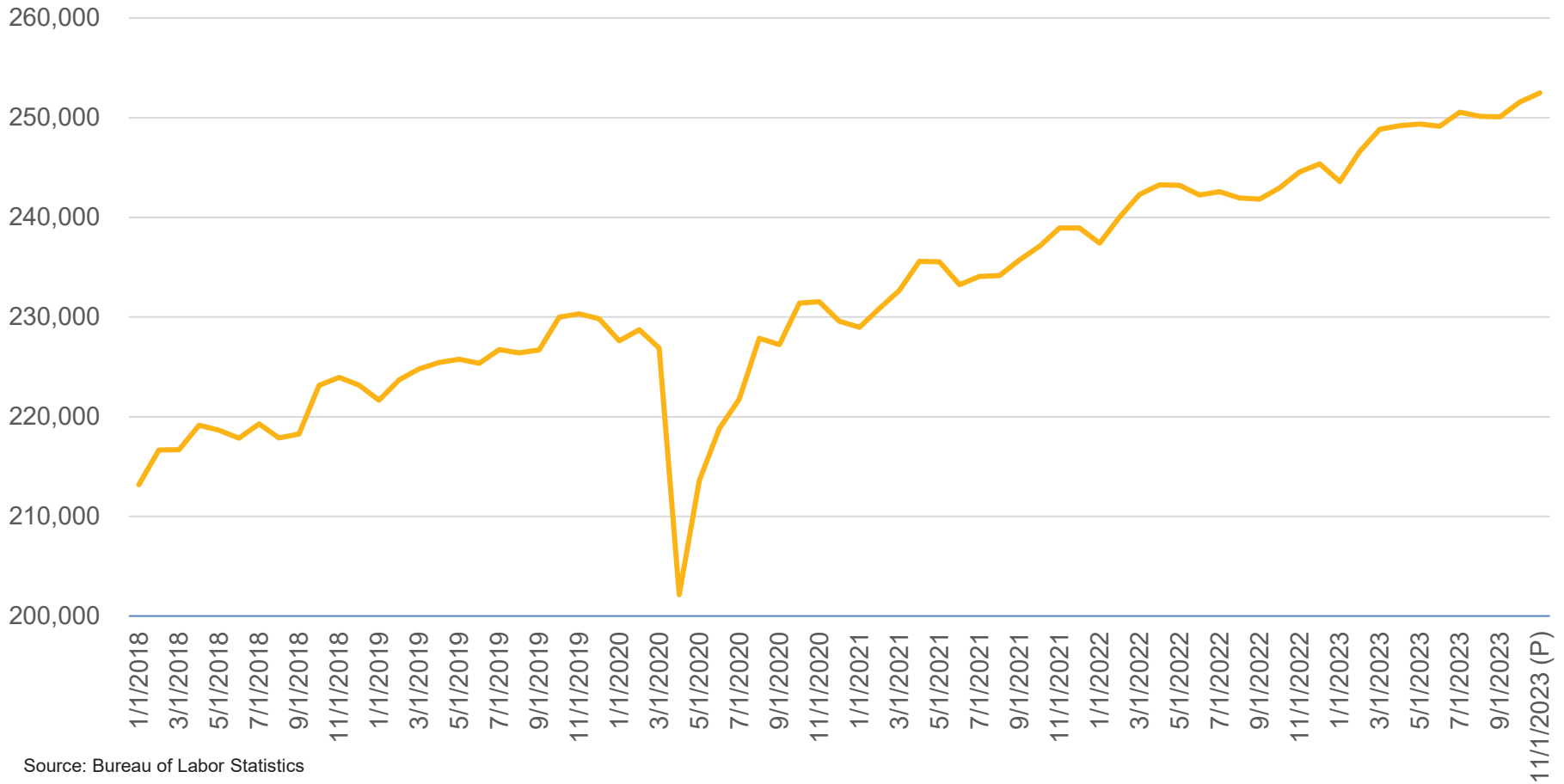


MARKET FUNDAMENTALS

HUNTSVILLE MSA JOB GROWTH | 2017 – 2023



HUNTSVILLE MSA EMPLOYMENT TREND



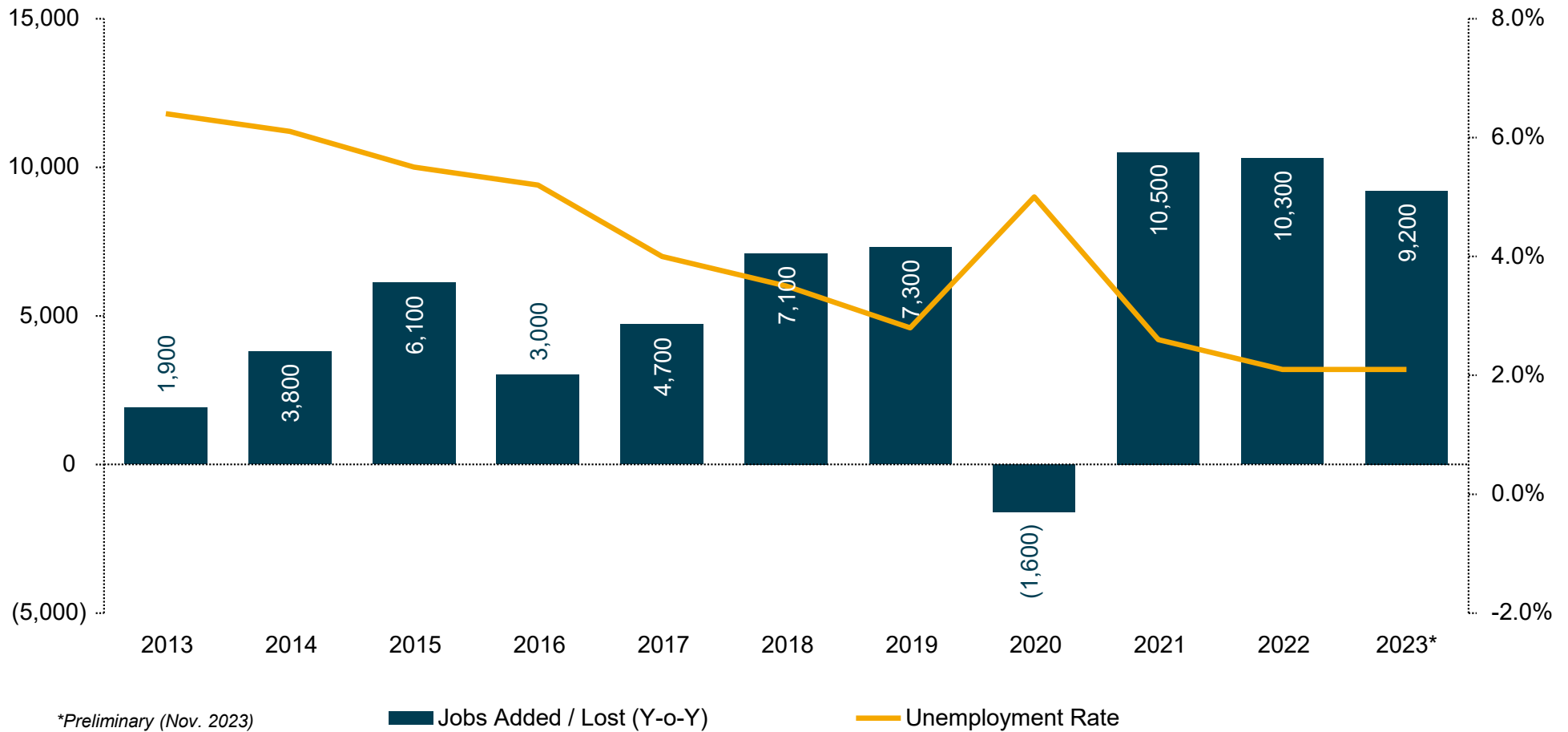
Source: Bureau of Labor Statistics

Outstanding Employment Growth Trend – Expected to Continue

MARKET FUNDAMENTALS

HUNTSVILLE EMPLOYMENT TREND | LAST 10 YEARS

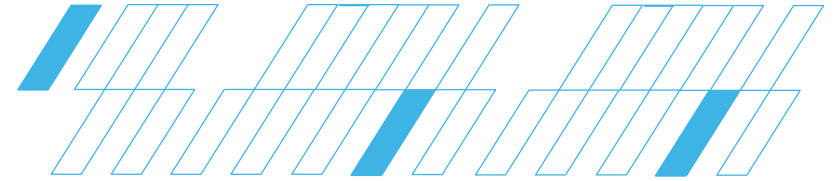
Huntsville MSA - Annual Employment Growth



Source: Bureau of Labor Statistics

MARKET FUNDAMENTALS

EMPLOYMENT TREND CONCLUSIONS



- Employment rebounded quickly after mid-2020 – a testament to a resilient work force and the type of jobs that are flourishing
- Huntsville MSA averaging 10,000 new jobs per year since COVID
- Huntsville’s total employment now surpasses pre-COVID levels – by over 20,000 employees
- Outlook for continued strong employment growth is very favorable
- Huntsville, as a leading STEM city, is well positioned to appeal to young/smart professionals seeking a great quality of life
- The COVID MIGRATION greatly benefitted Huntsville, and is still occurring

We are optimistic that the employment growth will continue to be robust, in keeping with the most recent years or higher, and is more likely to increase than decrease, barring some major national trend.

ALABAMA MAJOR MARKET SUMMARY

COSTAR DATA 3Q2023

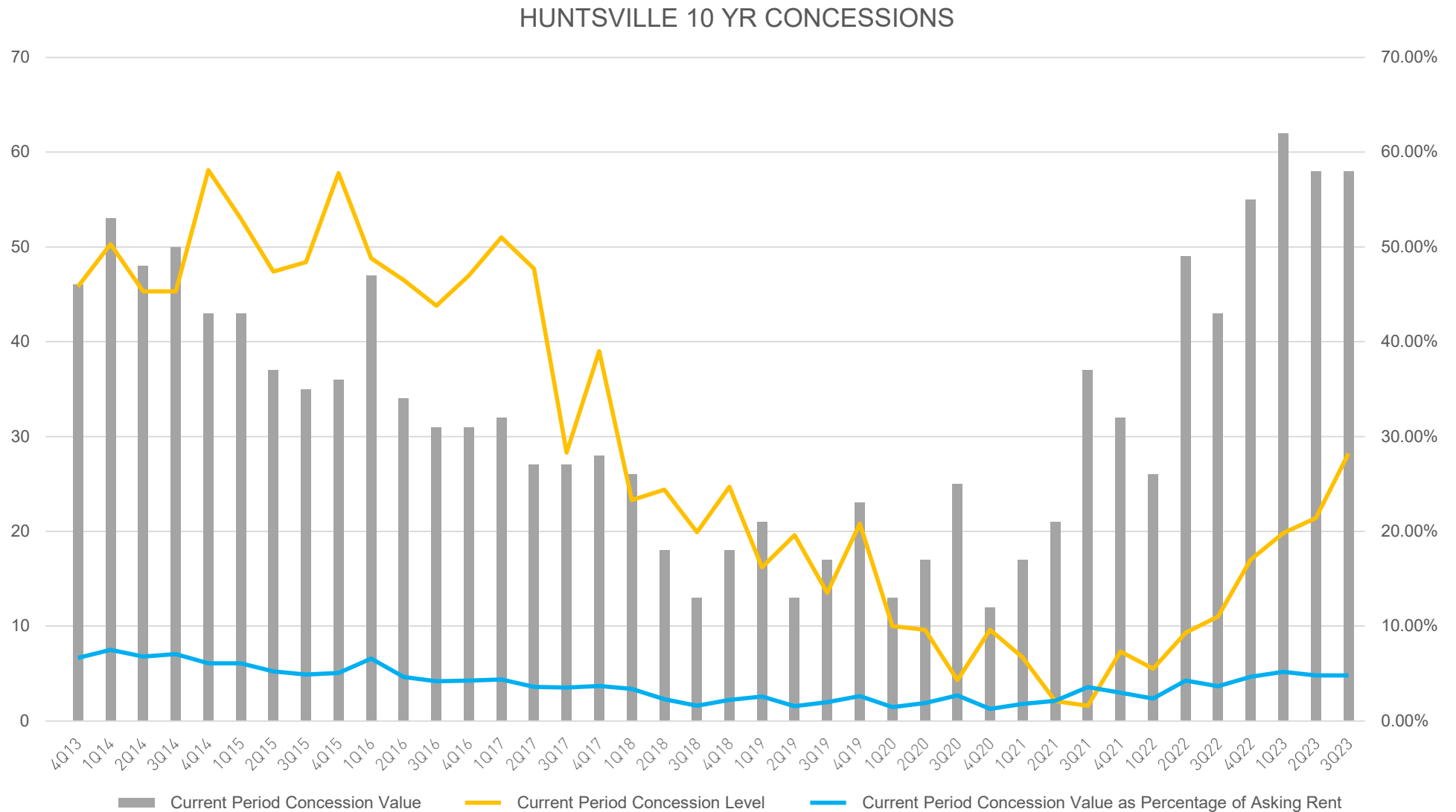
Market	Total Units in Survey	12 Mo. Delivered Units	12 Mo. Absorption Total	Occupancy Rate	12 Mo. Effective Rent Growth %
Birmingham	63,251	1,620	1,090	89.4%	0.5%
Huntsville	40,287	5,018	3,239	84.1%	-3.3%
Mobile	21,219	160	(127)	91.6%	2.3%
Montgomery	20,480	124	(158)	88.4%	2.6%
Total	145,237	6,922	4,044	88.4%	0.5%

COSTAR DATA 3Q2023

Market	Effective Rent Per Unit	Effective Rent Per SF	Effective Rent Growth Annually	Occupancy Rate	Occupancy Change Annually (Basis Points)
Birmingham	\$1,174	\$1.21	0.50%	89.4%	-60
Huntsville	\$1,209	\$1.26	-3.30%	84.1%	-280
Mobile	\$1,037	\$1.13	2.30%	91.6%	-130
Montgomery	\$966	\$0.99	2.60%	88.4%	-130
Total	\$1,097	\$1.15	0.53%	88.4%	-150

MARKET FUNDAMENTALS

HUNTSVILLE AREA QUARTERLY CONCESSION TRENDS



Source: Axiometrics

MARKET FUNDAMENTALS

HUNTSVILLE AREA | 3Q2023 COSTAR TRENDS



	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F	2028F
Annual Avg Effective Rent Growth	5.1	4.8	8.0	2.6	(2.5)	(2.4)	4.3	3.9	3.1	2.8
Occupancy Rate	93.8%	92.9%	91.0%	86.9%	84.1%	89.5%	88.5%	91.0%	91.4%	91.6%

Due to a significant rise in new supply and increasing concessions, occupancy has declined and rent growth has turned negative.

However, Huntsville boasts strong demand drivers, significant in-migration, robust job growth, and great quality of life leading to a fabulous long-term outlook.

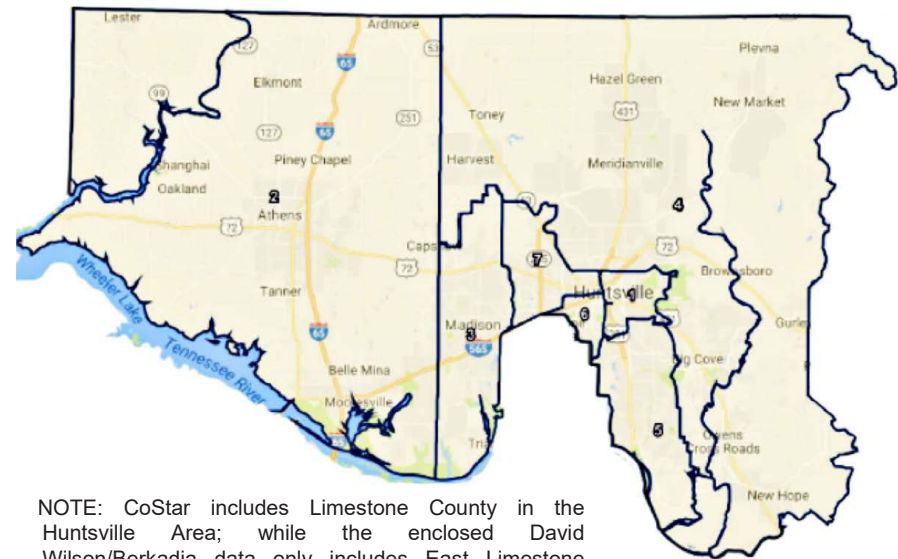
SUBMARKET STATS

Property Class	Units	Vacancy Rate	Asking Rent	Effective Rent
4 & 5 Star	16,810	20%	\$1,437	\$1,395
3 Star	18,869	14%	\$1,109	\$1,091
1 & 2 Star	4,608	6%	\$833	\$830
Overall Market	40,287	16%	\$1,237	\$1,209

COSTAR SUBMARKET MAP

Limestone County

Madison County



NOTE: CoStar includes Limestone County in the Huntsville Area; while the enclosed David Wilson/Berkadia data only includes East Limestone County, but not City of Athens.

Source: CoStar

MARKET FUNDAMENTALS

COMPARISON ACROSS SOURCES: AS OF YEAR-END 2023

Source	Units in Survey (YE 2023)	OCCUPANCY RATE			ABSORPTION			EFFECTIVE RENT GROWTH		
		2022	2023	2024-F	2022	2023	2024-F	2022	2023	2024-F
CoStar *	40,287	86.90%	84.10%	89.50%	1,604	3,116	3,592	2.60%	-2.50%	-2.40%
RealPage (Axiometrics) *	23,809	95.70%	94.50%	93.70%	1,338	5,172	6,160	5.50%	-0.70%	2.80%
YardiMatrix **	43,153	93.10%	90.40%	94.80%	1,834	2,691	n/a	8.30%	1.50%	1.40%
David Wilson/Berkadia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source	Units in Survey (YE 2023)	UNIT SUPPLY				
		Completed in 2022	Completed in 2023	Forecast Completions in 2024	Actively Under Construction (12.31.23)	Identified Future Starts
CoStar *	40,287	3,279	5,051	1,950	5,850	1,086
RealPage (Axiometrics) *	23,809	2,491	5,637	7,101	11,479	6,421
YardiMatrix **	43,153	2,020	3,518	6,447	14,355	5,706
David Wilson/Berkadia	n/a	2,409	4,715	8,623	13,158	8,586

NOTE 1: CoStar and RealPage data delineation for “Huntsville Area” includes Madison and Limestone Counties.

NOTE 2: YardiMatrix data delineation for “Huntsville Area” includes Limestone County, as well as Marshall and Morgan Counties. Excluding Athens, Morgan County and Marshall County renders total units of 37,197.

NOTE 3: The YardiMatrix supply data above for “Actively Under Construction and Future Starts” was recalculated to match the construction status used by David Wilson (affected 10 properties); and excludes Athens.

Significant Differences in the 3rd Party Data Exist – Consulting Multiple Sources is Advised

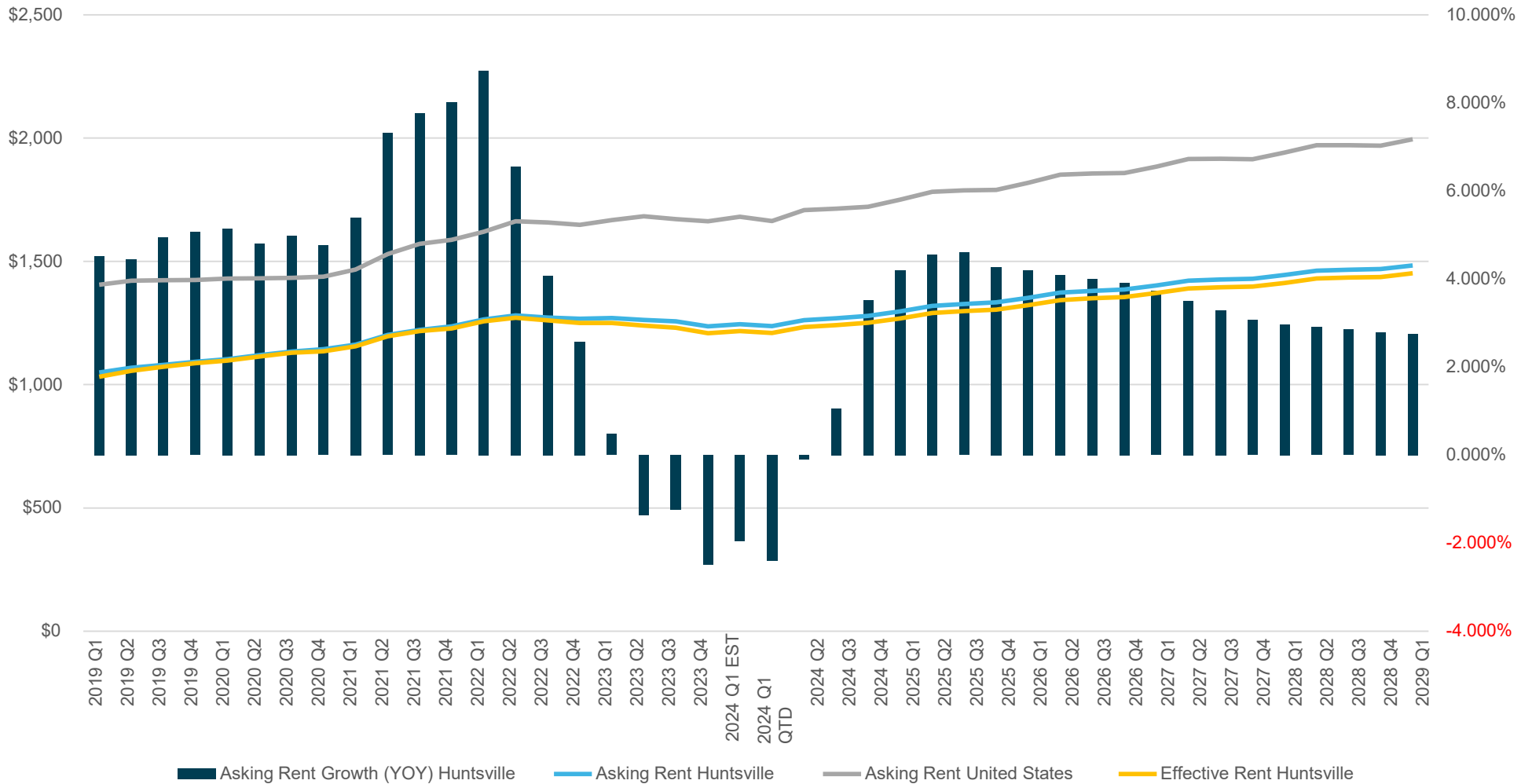
David Wilson/Berkadia’s supply data is based on first-hand visual confirmation

MARKET FUNDAMENTALS

HUNTSVILLE AREA | COSTAR 3Q2023



Huntsville Rent Per Unit & Rent Growth



Rent surged in early 2022 and has since steadily declined, due primarily to supply-side pressure.

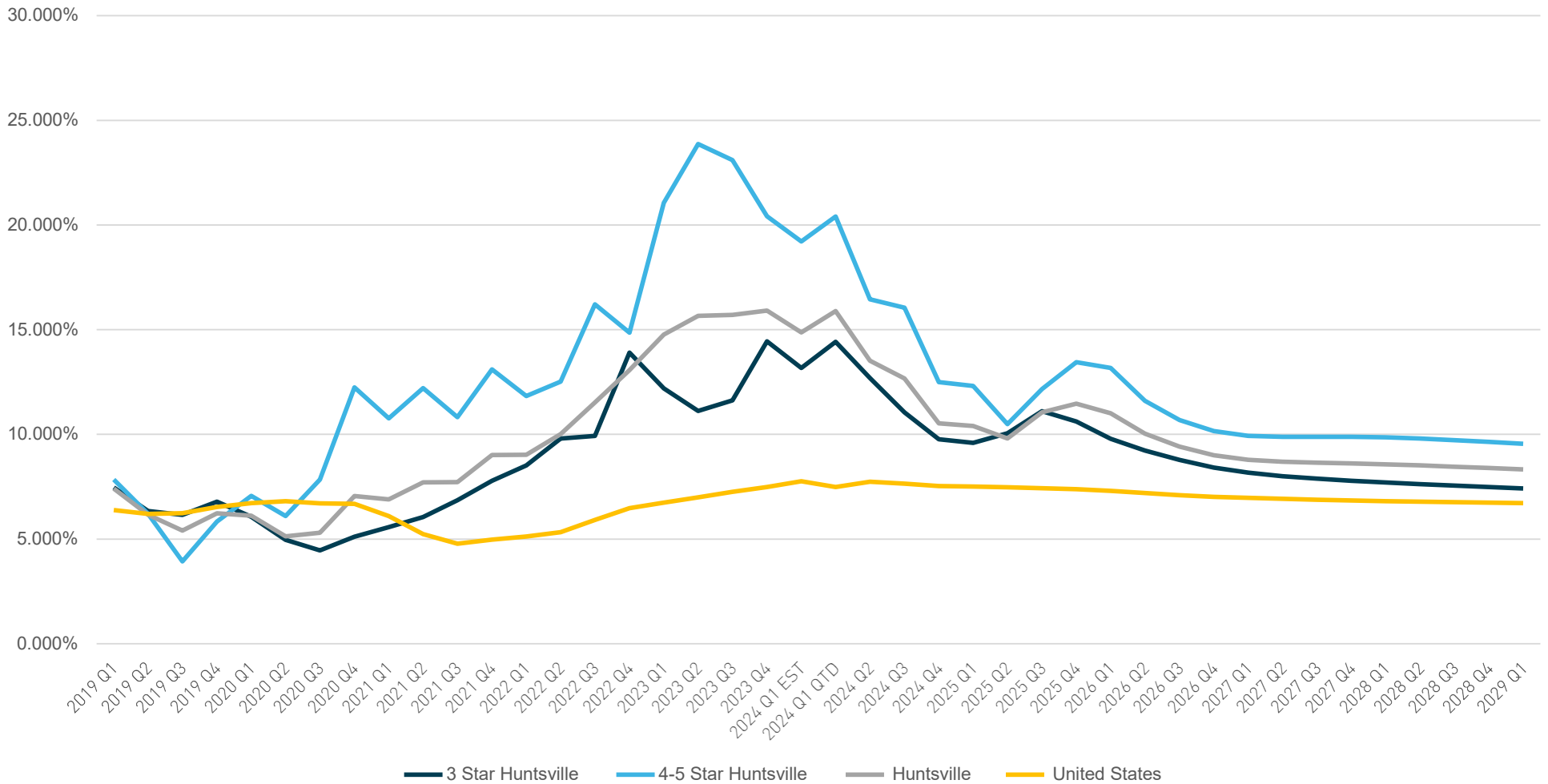
Source: CoStar

MARKET FUNDAMENTALS

HUNTSVILLE AREA | COSTAR 3Q2023



Huntsville Vacancy Trends



New supply additions forecast for 2023 and 2024 lead to abnormally high vacancy for next few years.

Source: CoStar



NEW CONSTRUCTION



NEW CONSTRUCTION

ACTIVELY UNDER CONSTRUCTION AS OF 12.31.23



60

Properties

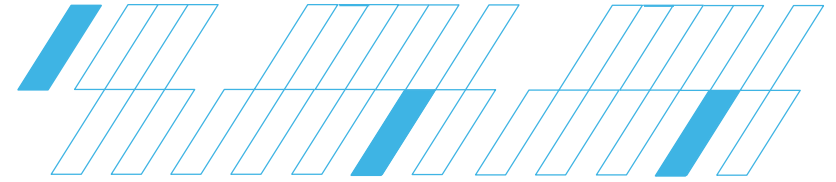
13,158

Units Actively Under Construction

Source: David Wilson, MAI



NEW CONSTRUCTION



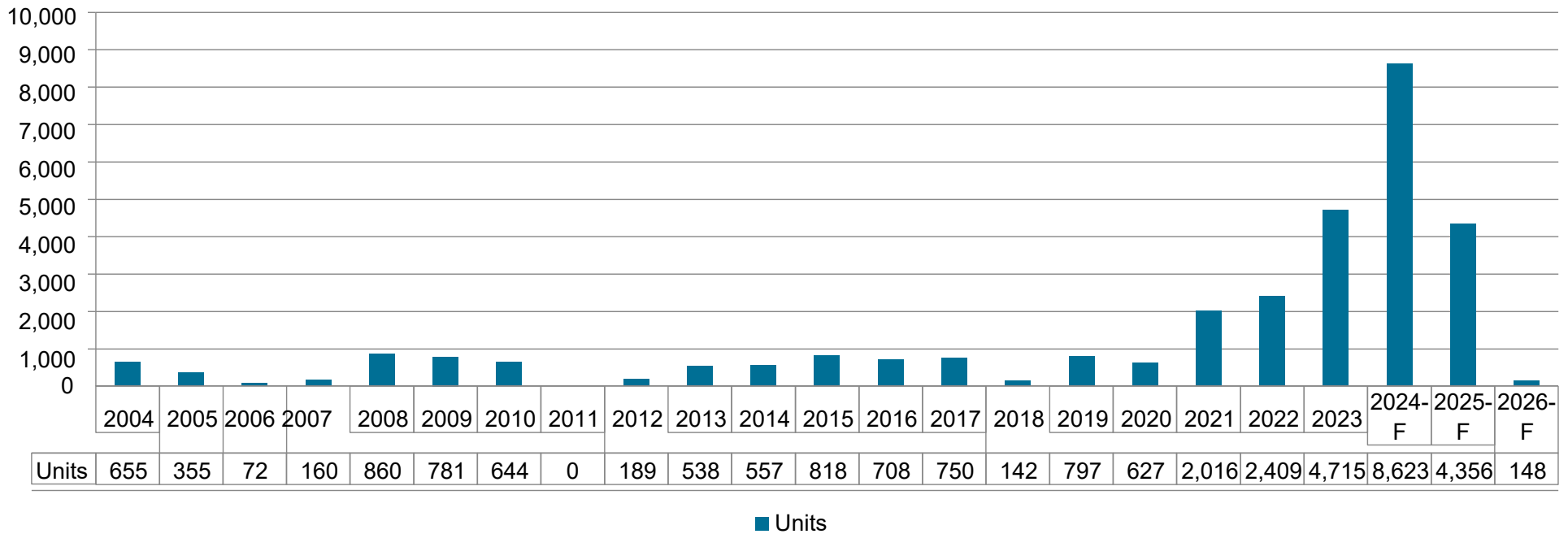
HISTORY AND FORECAST

As of 12/31/23 per David Wilson/Berkadia

NEW UNIT DELIVERIES - HISTORY & FORECAST

Huntsville/Madison Area as of December 31, 2023

BE ADVISED: the 2024-2026 forecast is based on projects actively under construction and does not include any speculative "future start" properties (Excludes Athens, AL)



8,653 Units Added From 2004-2020 (17 Years) vs. 8,623 Units Forecast for 2024

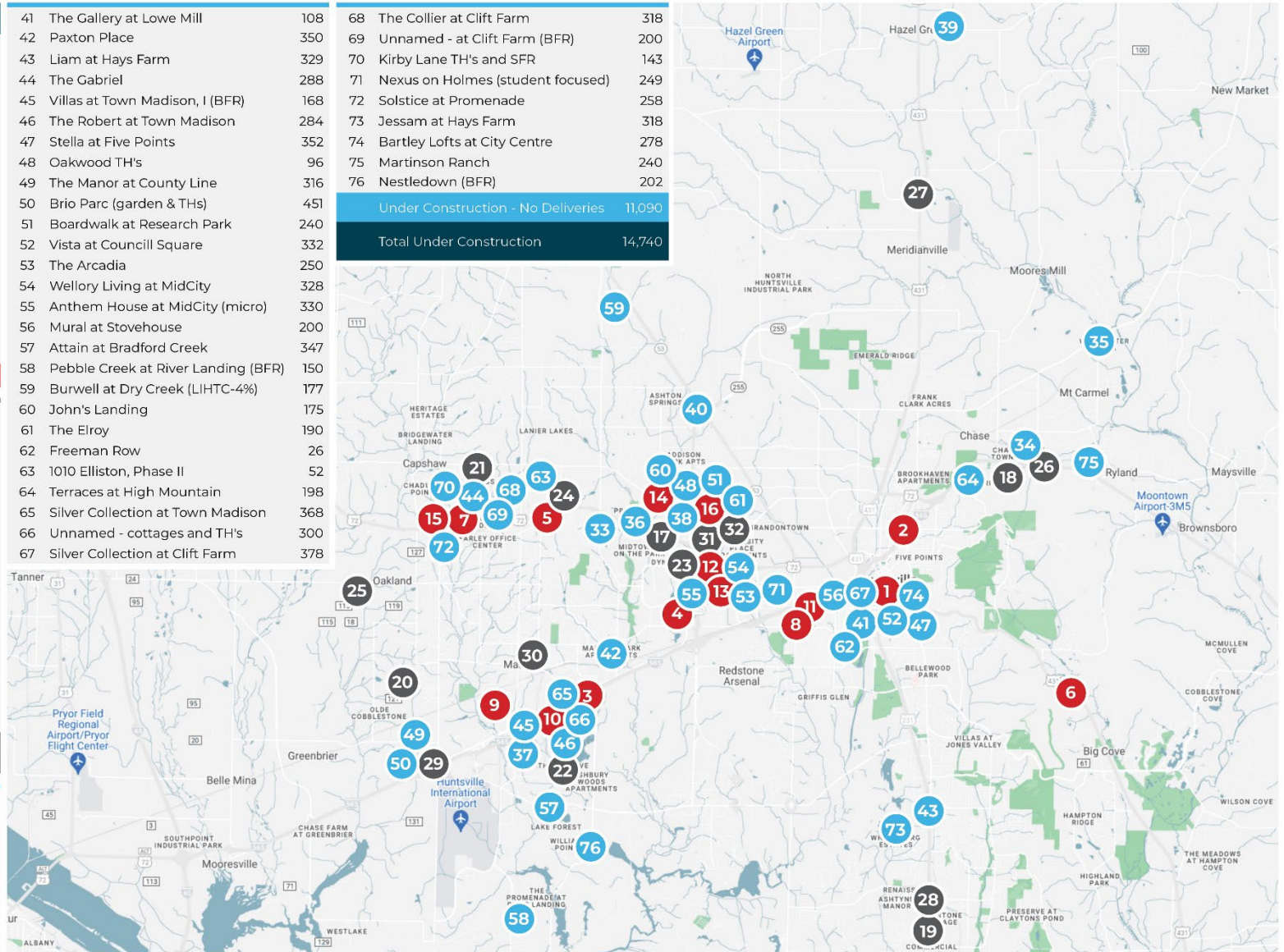
Source: David Wilson, MAI

HUNTSVILLE AREA MULTIFAMILY PIPELINE MAP

PROPERTIES UNDER CONSTRUCTION OR IN LEASE-UP – 12.31.23

ID	PROPERTY	UNITS
1	Eclipse Residences	278
2	The Lofts at Dallas Mill	148
3	Palmer House	286
4	Mosby at BridgeStreet	290
5	Edison at Madison	252
6	The Watts Hampton Cove	336
7	Aurora	324
8	Avenue 6	26
9	Central Park Townhomes (SFR)	56
10	The Dempsey by Novare	290
11	The Foundry at Stovehouse	274
12	Metronome at MidCity	298
13	Encore MidCity	232
14	The Rockwell	175
15	Belle Mor	272
16	Ariza	316
Recently Complete / In Lease-Up		3,853
17	New Monrovia (fka Virtuoso, II)	222
18	Chase Creek Apartment Homes	370
19	Cottages at Oak Grove Dairy	318
20	St. Andrews Villas	128
21	Twin Oaks (SFR)	135
22	The Lofts at Town Madison	42
23	The Kelvin	301
24	Highfield at Madison	258
25	Argento at Oakland Springs	264
26	Waterleaf at Cold Springs	324
27	LEO at Flint Crossing	266
28	Memorial Village I & II	175
29	Villas at Capital Twenty	162
30	The Everstead at Madison	231
31	Monrovia Flats (LIHTC)	222
32	Hamlett at MidCity	231
Under Construction - Partially Complete / In Lease-Up		3,649
33	Sanctuary at Indian Creek (BFR) **	246
34	Dean at Chase Creek **	336
35	The Winchester **	264
36	Twenty Twenty at Providence **	364
37	Livano at Town Madison **	300
38	The Villas at Old Monrovia (BFR) **	276
39	Holly Anne Rental Homes (SFR) **	155
40	Elio at Research Park (SFR) **	161
41	The Gallery at Lowe Mill	108
42	Paxton Place	350
43	Liam at Hays Farm	329
44	The Gabriel	288
45	Villas at Town Madison, I (BFR)	168
46	The Robert at Town Madison	284
47	Stella at Five Points	352
48	Oakwood TH's	96
49	The Manor at County Line	316
50	Brio Parc (garden & TH's)	451
51	Boardwalk at Research Park	240
52	Vista at Council Square	332
53	The Arcadia	250
54	Wellory Living at MidCity	328
55	Anthem House at MidCity (micro)	330
56	Mural at Stovehouse	200
57	Attain at Bradford Creek	347
58	Pebble Creek at River Landing (BFR)	150
59	Burwell at Dry Creek (LIHTC-4%)	177
60	John's Landing	175
61	The Elroy	190
62	Freeman Row	26
63	1010 Elliston, Phase II	52
64	Terraces at High Mountain	198
65	Silver Collection at Town Madison	368
66	Unnamed - cottages and TH's	300
67	Silver Collection at Clift Farm	378
68	The Collier at Clift Farm	318
69	Unnamed - at Clift Farm (BFR)	200
70	Kirby Lane TH's and SFR	143
71	Nexus on Holmes (student focused)	249
72	Solstice at Promenade	258
73	Jessam at Hays Farm	318
74	Bartley Lofts at City Centre	278
75	Martinson Ranch	240
76	Nestledown (BFR)	202

Under Construction - No Deliveries	11,090
Total Under Construction	14,740



HUNTSVILLE AREA MULTIFAMILY PIPELINE

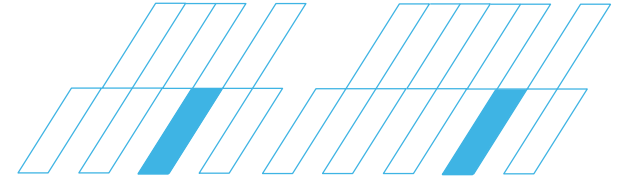
PROPERTIES UNDER CONSTRUCTION & IN LEASE-UP – 12.31.23

ID	PROPERTY	MUNICIPALITY	SUBMARKET	PREVIOUSLY DELIVERED	UNITS UNDER CONSTRUCTION	TOTAL UNITS	NOTES
1	Eclipse Residences	Huntsville	Downtown Huntsville	278	0	278	Williams Ave at Big Spring Park
2	The Lofts at Dallas Mill	Huntsville	Downtown Huntsville	148	0	148	Oakwood Avenue / I-565
3	Palmer House	Madison	Madison - South	286	0	286	I-565 and Town Madison
4	Mosby at BridgeStreet	Huntsville	West Huntsville	290	0	290	Eagle Drive at Voyager Way
5	Edison at Madison	Huntsville	West Huntsville	252	0	252	Nance Road, north of Hwy 72
6	The Watts Hampton Cove	Huntsville	Big Cove	336	0	336	Hwy 431, at Hays Nature Preserve
7	Aurora	Huntsville	West Huntsville	324	0	324	Promenade Pkwy, north of Hwy 72 West
8	Avenue 6	Huntsville	SW Huntsville	26	0	26	6th Avenue SW and 13th Street SW
9	Central Park Townhomes (SFR)	Madison	Madison - South	56	0	56	Royal Drive, west of Sullivan Street
10	The Dempsey by Novare	Madison	Madison - South	290	0	290	Lime Quarry Road, Town Madison
11	The Foundry at Stovehouse	Huntsville	SW Huntsville	274	0	274	Governors Drive, west of StoveHouse
12	Metronome at MidCity	Huntsville	West Huntsville	298	0	298	MidCity District core
13	Encore MidCity	Huntsville	West Huntsville	232	0	232	Corporate Drive/Old Monrovia
14	The Rockwell	Huntsville	West Huntsville	175	0	175	Providence Main at Oakwood Road
15	Belle Mor	Huntsville	West Huntsville	272	0	272	Kirby Lane, north of Hwy 72 West
16	Ariza	Huntsville	West Huntsville	316	0	316	Oakwood Road, east of Research Park Blvd
Recently Complete / In Lease-Up				3,853	0	3,853	
17	New Monrovia (fka Virtuoso, II)	Huntsville	West Huntsville	100	122	222	Old Monrovia Road, at Wayne Road
18	Chase Creek Apartment Homes	Huntsville	East Huntsville	90	280	370	Hwy 72 East, E of Moores Mill
19	Cottages at Oak Grove Dairy	Huntsville	SE Huntsville	150	168	318	Memorial Pkwy at Green Cove
20	St. Andrews Villas	Unincorp Limestone County	West Huntsville	96	32	128	Hardiman Road, south of Halsey Dr
21	Twin Oaks (SFR)	Huntsville	West Huntsville	85	50	135	Balch Road, south of Capshaw Road
22	The Lofts at Town Madison	Madison	Madison - South	21	21	42	Iberville Street in Town Madison
23	The Kelvin	Huntsville	West Huntsville	220	81	301	Enterprise Way
24	Highfield at Madison	Huntsville	West Huntsville	228	30	258	Nance Road, north of Highway 72; Class A, garden
25	Argento at Oakland Springs	Madison	Madison - South	170	94	264	Browns Ferry Road at Holladay Blvd
26	Waterleaf at Cold Springs	Huntsville	East Huntsville	200	124	324	Hwy 72 East and Old Curley Pike, east of Shields Road
27	LEO at Flint Crossing	Unincorp Madison	Meridianville	87	179	266	NWQ Hwy 231 and Patterson Lane
28	Memorial Village I & II	Huntsville	SE Huntsville	22	153	175	Memorial Pkwy, south of Hobbs Road
29	Villas at Capital Twenty	Huntsville/Limestone	West Huntsville	24	138	162	Highway 20, west of County Line Rd
30	The Everstead at Madison	Madison	Madison - South	28	203	231	Mill Road, west of Hughes Road
31	Monrovia Flats (LIHTC)	Huntsville	West Huntsville	48	174	222	Old Monrovia Road, east of Wayne Rd
32	Hamlett at MidCity	Huntsville	West Huntsville	13	218	231	Old Monrovia Road, north of University Drive
Total Under Construction - Partially Complete / In Lease-Up				1,582	2,067	3,649	
33	Sanctuary at Indian Creek (BFR) **	Huntsville	West Huntsville	0	246	246	E/s Slaughter Road, next to Zen Garden
34	Dean at Chase Creek **	Huntsville	East Huntsville	0	336	336	Hwy 72 East at Shields Road (NEQ)
35	The Winchester **	Huntsville	NE Huntsville	0	264	264	Winchester Road at Homer Nance Road
36	Twenty Twenty at Providence **	Huntsville	West Huntsville	0	364	364	Providence Main Street
37	Livano at Town Madison **	Huntsville	Madison - South	0	300	300	Interpro Drive, east of Wall Triana Hwy
38	The Villas at Old Monrovia (BFR) **	Huntsville	West Huntsville	0	276	276	Old Monrovia Road, south of Oakwood
39	Holly Anne Rental Homes (SFR) **	Unincorp. Madison County	Hazel Green	0	155	155	Joe Quick Road, east of Hwy 231
40	Elio at Research Park (SFR) **	Huntsville	West Huntsville	0	161	161	Discovery Point Drive at Hwy 53
41	The Gallery at Lowe Mill	Huntsville	SW Huntsville	0	108	108	Seminole Ave. at Lowe Mill

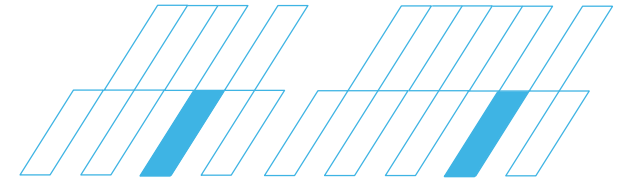
HUNTSVILLE AREA MULTIFAMILY PIPELINE

PROPERTIES UNDER CONSTRUCTION – 12.31.23

ID	PROPERTY	MUNICIPALITY	SUBMARKET	PREVIOUSLY DELIVERED	UNITS UNDER CONSTRUCTION	TOTAL UNITS	NOTES
42	Paxton Place	Huntsville	West Huntsville	0	350	350	Slaughter Road, south of Old Madison Pike
43	Liam at Hays Farm	Huntsville	SE Huntsville	0	329	329	Hays Farm Boulevard / National Dr.
44	The Gabriel	Unincorp. Madison County	Madison - North	0	288	288	Balch Road, north of Knox Creek Trail
45	Villas at Town Madison, I (BFR)	Madison	Madison - South	0	168	168	Lime Quarry Road, Town Madison
46	The Robert at Town Madison	Madison	Madison - South	0	284	284	Town Madison Blvd, east of Dunlop Road
47	Stella at Five Points	Huntsville	Downtown Huntsville	0	352	352	Pratt Avenue at White Street NE
48	Oakwood TH's	Huntsville	West Huntsville	0	96	96	Corner of Oakwood and Old Monrovia
49	The Manor at County Line	Huntsville	West Huntsville	0	316	316	County Line Rd, north of Old Hwy 20
50	Brio Parc (garden & THs)	Huntsville/Limestone	West Huntsville	0	451	451	Highway 20, west of County Line Rd
51	Boardwalk at Research Park	Huntsville	West Huntsville	0	240	240	Johns Road, north of Oakwood Rd
52	Vista at Councill Square	Huntsville	Downtown Huntsville	0	336	332	St. Clair, east of (behind Redstone FCU)
53	The Arcadia	Huntsville	West Huntsville	0	250	250	Bradford Drive and Wynn Drive
54	Wellory Living at MidCity	Huntsville	West Huntsville	0	328	328	Stak Street - MidCity District core
55	Anthem House at MidCity (micro)	Huntsville	West Huntsville	0	330	330	MidCity District core
56	Mural at Stovehouse	Huntsville	SW Huntsville	0	200	200	Contiguous with StoveHouse
57	Attain at Bradford Creek	Huntsville	West Huntsville	0	347	347	Martin Road, west of Lake Forest
58	Pebble Creek at River Landing (BFR)	Huntsville	West Huntsville	0	150	150	Wall Triana Hwy at Beadle Lane
59	Burwell at Dry Creek (LIHTC-4%)	Unincorp. Madison County	Harvest	0	177	177	Highway 53, north of Burwell Road
60	John's Landing	Huntsville	West Huntsville	0	175	175	Johns Road and Plummer Road
61	The Elroy	Huntsville	West Huntsville	0	190	190	Research Park Blvd, north of Oakwood Road
62	Freeman Row	Huntsville	SW Huntsville	0	26	26	Freeman Road SW at First Street
63	1010 Elliston, Phase II	Huntsville	West Huntsville	0	52	52	McCrary Road, west of Nance Road
64	Terraces at High Mountain	Huntsville	East Huntsville	0	198	198	Harris Hill Blvd, east of Hwy 72 East
65	Silver Collection at Town Madison	Madison	Madison - South	0	368	368	Town Madison Boulevard, across Toyota Field
66	Unnamed - cottages and TH's	Madison	Madison - South	0	300	300	Town Madison Boulevard, west of Toyota Field
67	Silver Collection at Clift Farm	Unincorp. Madison County	Madison - North	0	378	378	Balch Rd at Uncle Frank Blvd
68	The Collier at Clift Farm	Unincorp. Madison County	Madison - North	0	318	318	Wall Triana and Jack Clift Boulevard
69	Unnamed - at Clift Farm (BFR)	Unincorp. Madison County	Madison - North	0	200	200	Wall Triana and Jack Clift Boulevard
70	Kirby Lane TH's and SFR	Huntsville	West Huntsville	0	143	143	Kirby Lane, north of Highway 72 West
71	Nexus on Holmes (student focused)	Huntsville	West Huntsville	0	249	249	Holmes Avenue, adjacent to UAH
72	Solstice at Promenade	Huntsville	West Huntsville	0	258	258	Kirby Lane, along east side of lake
73	Jessam at Hays Farm	Huntsville	SE Huntsville	0	318	318	Haysland Road at R.W. Street
74	Bartley Lofts at City Centre	Huntsville	Downtown Huntsville	0	278	278	Monroe Street, south of Williams Avenue
75	Martinson Ranch	Huntsville	East Huntsville	0	240	240	Highway 72 East, west of Ryland Pike
76	Nestledown (BFR)	Huntsville	West Huntsville	0	202	202	Zeirdt Road, east of Williams School
Total Under Construction - No Deliveries				0	11,091	11,091	
TOTAL UNITS - UNDER CONSTRUCTION				1,582	13,158	14,740	



GENTLE WAVES



BIG WAVES

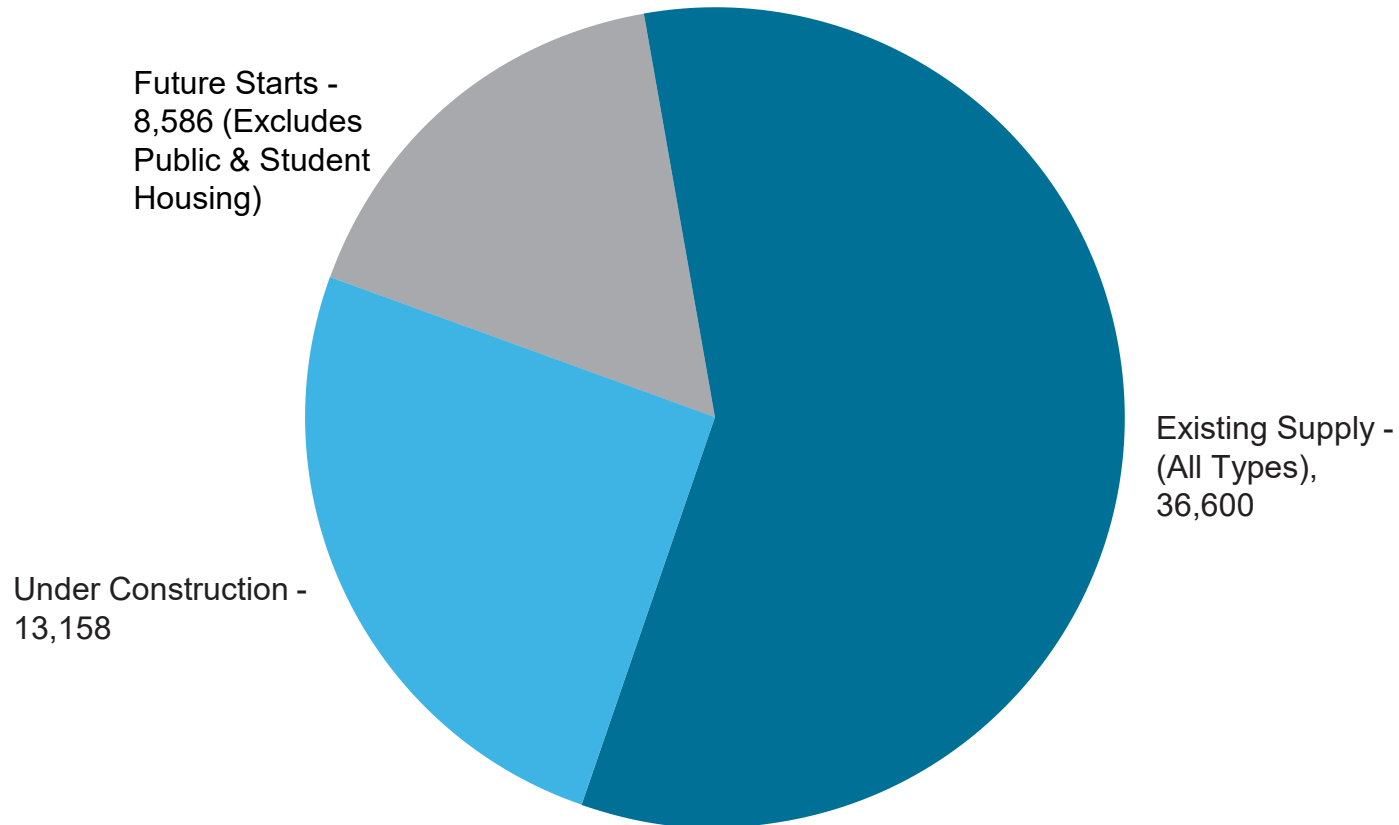
NEW CONSTRUCTION

SUPPLY PERSPECTIVE



EXISTING SUPPLY vs. UNDER
CONSTRUCTION/PLANNED

Huntsville/Madison Area as of 12/31/23



As a Percentage of the Existing Supply,
Huntsville's New Construction Underway is 35.9%
Reminiscent of Nashville and Austin in their emerging market days

Source: David Wilson, MAI

NEW CONSTRUCTION - 32 PROPERTIES IN LEASE-UP

RECENTLY COMPLETED IN LEASE-UP (AS OF 12/31/23)

RECENTLY COMPLETED / IN LEASE-UP / NOT STABILIZED				
#	Project Name	Submarket	Product Type	Total Units
1	Eclipse Residences	Downtown Huntsville	Elevator, structured park, air-conditioned corridor	278
2	The Lofts at Dallas Mill	Downtown Huntsville	Elevator, surface park, open-air corridor	148
3	Palmer House	Madison - South	Elevator, surface park, air-conditioned corridor	286
4	Mosby at BridgeStreet	West Huntsville	Elevator, surface park, air-conditioned corridor	290
5	Edison at Madison	West Huntsville	Garden, 3-story	252
6	The Watts Hampton Cove	Big Cove	Garden, 3-story	336
7	Aurora	West Huntsville	Garden, 3-story	324
8	Avenue 6	SW Huntsville	Garden, 3-story	26
9	Central Park Townhomes	Madison - South	2-story townhome (SFR)	56
10	The Dempsey by Novare	Madison - South	Elevator, surface park, air-conditioned corridor	290
11	The Foundry at Stovehouse	SW Huntsville	Elevator, surface park, air-conditioned corridor	274
12	Metronome at MidCity	West Huntsville	Elevator, structured park, air-conditioned corridor	298
13	Encore MidCity	West Huntsville	Elevator, structured park, air-conditioned corridor	232
14	The Rockwell	West Huntsville	Garden, 3-story	175
15	Belle Mor	West Huntsville	Garden, 2-story	272
16	Ariza	West Huntsville	Garden, 3-story	316
			Total	3,853

NOTEWORTHY

2,096 units in eight (8) properties are “Elevator Product,” with most others Garden-Style. Only one (1) SFR and no BFR.

Source: David Wilson, MAI

NEW CONSTRUCTION - 32 PROPERTIES IN LEASE-UP

PARTIALLY COMPLETED IN LEASE-UP (AS OF 12/31/23)

UNDER CONSTRUCTION / IN LEASE-UP						
#	Project Name	Submarket	Product Type	Previously Delivered	Units Underway	Total Units
17	New Monrovia (fka Virtuoso, II)	West Huntsville	1-story pre-fab (BFR)	100	122	222
18	Chase Creek Apartment Homes	East Huntsville	Garden, 3-story	90	280	370
19	Cottages at Oak Grove Dairy	SE Huntsville	1-story, detached (BFR)	150	168	318
20	St. Andrews Villas	West Huntsville	1-story BFR	96	32	128
21	Twin Oaks	West Huntsville	1-story SFR	85	50	135
22	The Lofts at Town Madison	Madison - South	Garden, 3-story	21	21	42
23	The Kelvin	West Huntsville	Garden, 3-story	220	81	301
24	Highfield at Madison	West Huntsville	Garden, 3-story	228	30	258
25	Argento at Oakland Springs	Madison - South	Garden, 3-story	170	94	264
26	Waterleaf at Cold Springs	East Huntsville	Garden, 3-story	200	124	324
27	LEO at Flint Crossing	Meridianville	1 and 2-story, BFR	87	179	266
28	Memorial Village I & II	SE Huntsville	1 and 2-story, BFR	22	153	175
29	Villas at Capital Twenty	West Huntsville	1 and 2-story, BFR	24	138	162
30	The Everstead at Madison	Madison - South	1 and 2-story, BFR	28	203	231
31	Monrovia Flats (LIHTC)	West Huntsville	Garden, 3-story (LIHTC-4%)	48	174	222
32	Hamlett at MidCity	West Huntsville	1 story BFR	13	218	231
Total				1,582	2,067	3,649

NOTEWORTHY

No “Elevator Product,” but 1,868 units in nine (9) properties are “BFR.”

Source: David Wilson, MAI

NEW CONSTRUCTION

PIPELINE IN MIXED USE AREAS (AS OF 12/31/23)



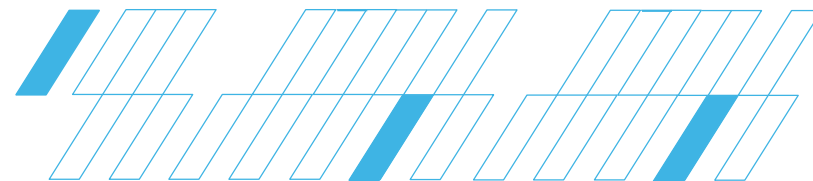
PIPELINE IN MIXED-USE AREAS						
Area	Actively Under Construction				Future Starts	
	Properties	Units Previously Delivered	Units Underway	Total Units	Properties	Total Units
Town Madison	2	576	6	21	1,441	1,462
Clift Farm	0	0	3	0	896	896
Downtown Area	2	426	3	0	962	962
MidCity District	2	530	0	0	0	0
Hays Farm	0	0	2	0	647	647
Village of Providence	1	175	1	0	364	364
Village at Oakland Springs	0	0	1	170	94	264
BridgeStreet Towne Center	1	290	0	0	0	0
Big Cove Village (Drake Farm)	0	0	0	0	0	0
Total	8	1,997	16	191	4,404	4,595
Research Park Blvd Corridor ⁽¹⁾	5	1,311	15	381	3,369	3,750

NOTE: Properties in MidCity, Village at Providence and BridgeStreet Towne Center are also in the Research Park Boulevard corridor totals.

Source: David Wilson, MAI

NEW CONSTRUCTION

CURRENT & FUTURE CONSTRUCTION



CONSTRUCTION PIPELINE COMPARISON UNITS / PROPERTIES

Source	Under Construction	Identified Future Starts	As of Date
CoStar	5,850 / 22	1,086 / 3	12.31.23
RealPage (Axiometrics)	11,479 / 45	6,421 / 23	12.31.23
Yardi Matrix	12,089 / 44	7,972 / 35	12.31.23
Yardi Matrix (recategorized*)	14,355 / 54	5,706 / 25	12.31.23
David Wilson / Berkadia	13,158 / 60	8,586 / 33	12.31.23

NOTE 1: Excludes Athens, Decatur, Boaz and Albertville

NOTE 2: Wilson's unit count for under construction, excludes units already delivered in those properties that are still in construction

* YardiMatrix list of properties recategorized to match David Wilson's construction status.

10 properties shown by YardiMatrix to be Future Starts are actually under construction per David Wilson.

FUTURE STARTS (AS OF 12/31/23)

FUTURE STARTS - BY SUBMARKET LOCATION

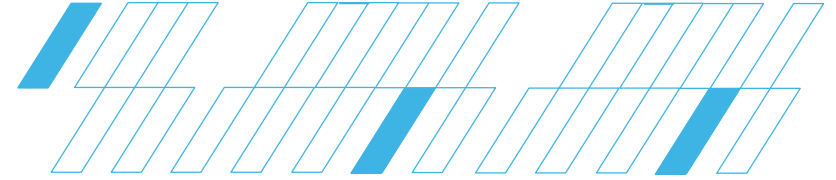
SUBMARKET	AS OF 12.31.23		AS OF 05.08.23	
	NUMBER OF PROPERTIES	TOTAL UNITS	NUMBER OF PROPERTIES	TOTAL UNITS
Downtown Huntsville	1	545	1	545
Southeast Huntsville	3	312	3	312
Southwest Huntsville	0	0	0	0
East Huntsville	0	0	0	0
West Huntsville	14	3,256	14	3,256
North Huntsville	3	702	3	702
Meridianville/Hazel Green	2	465	2	465
Madison	2	540	2	540
East Limestone	3	1,656	3	1,656
Big Cove	5	1,110	5	1,110
TOTAL	33	8,586	33	8,586

Source: David Wilson, MAI, Berkadia Real Estate Advisors, LLC

IMPORTANT NOTE

The Future Starts includes many projects that are in early stages of due diligence, and others further along in the process. Capital market disruptions & other factors are threatening the viability of numerous projects. However, several projects are expected to break ground in early-2024.

NEW CONSTRUCTION



ABSORPTION

- **Trailing 12 Absorption Has Been Improving Significantly – Each New Report Typically Shows Higher Number**
- Many New Construction Properties Now Leasing at Pace of Under 10 Units Per Month
- Some Properties Absorbing at 10-15 or 15-20 Per Month, but Few Over 20 Units per Month
- A Few Have Absorbed as High as 30+ per Month, but Have Slashed Rents Dramatically to Achieve Absorption
- Pace of Absorption at Individual Properties is Likely to Continue to Decline
- Concessions Use Intensifying to Spur Absorption
- High Absorption at Some Properties is Due to Alabama A&M University Master-Leases for Blocks of Units

RENTS

- Concessions Use Typically At Least 1 Month Free – Many at 2 Months Free – Some Higher
- Concessions Use Intensifying
- New Downtown Class A Product Targeting \$2.15 to \$2.25/SF in 2022 – All Well Below \$2.00 Effective
- **New Suburban Class A Product Typically in \$1.20 - \$1.50/SF Effective – Some Higher, Many Lower**

NEW CONSTRUCTION

SINGLE FAMILY “FOR RENT” (SFR) IS EMERGING

“Shadow Market” to Multifamily

- SFR is Sweeping the Country - a New Phenomenon
- Detached Single-Family, Often with Multifamily Amenities
- Individually Platted Lots
- Larger Floorplans than Apartments - Typically
- Usually Weighted to Two and Three Bedrooms
- Flies Below the Radar with Local Planning Depts. and Data Services

LOCAL EXAMPLES OF SFR:

- Twin Oaks Townhomes (135 Units) – Balch Road, south of Capshaw Road
- Central Park Townhomes (56 Units) – Royal Drive, Madison

EXAMPLES OF SINGLE-PLAT “BFR”

- The Cottages at Old Monrovia
- The Cottages at Oak Dairy
- Virtuoso Living
- New Monrovia HouseMents

Central Park Townhomes, Madison



NEW CONSTRUCTION CONCLUSION

- 32 Properties in Lease-Up as of 12/31/23 – Up from 23 at Mid-Year
- New Construction Deliveries Have Accelerated (Approx. 3,000 Units Delivered in 2nd Half of 2023)
- The Active New Construction is Diverse in Product Type – Shifting to BFR/SFR
- Absorption per Property is Mixed, Most Slow – Many Properties Sacrificing Rates to Speed Absorption

Single-Family Fundamentals

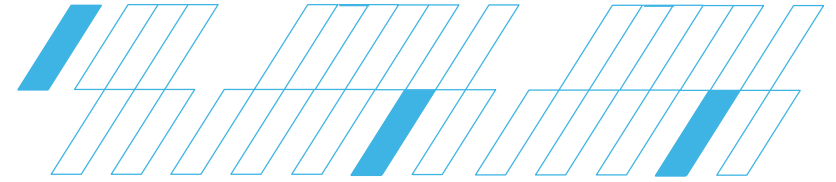
- Severe Housing Shortage has Moderated
- Days on Market Still Low
- Sales Volume Still Low – But Healthy
- Interest Rates Preventing Moves
- **Single-Family Fundamentals are Helping Multifamily Demand**

Multi-Family Construction

- 2022 Deliveries – 2,409
- 2023 Deliveries – 4,715
- 2024 Forecast Deliveries – 8,600
- Delays in Inspections & Supply Chain Slowed Deliveries in 2023
- **Many “Future Starts” Will Get Tabled, and Some Already Underway Are Being Tabled or Slowed In Response to Magnitude of Supply Underway**

NEW CONSTRUCTION

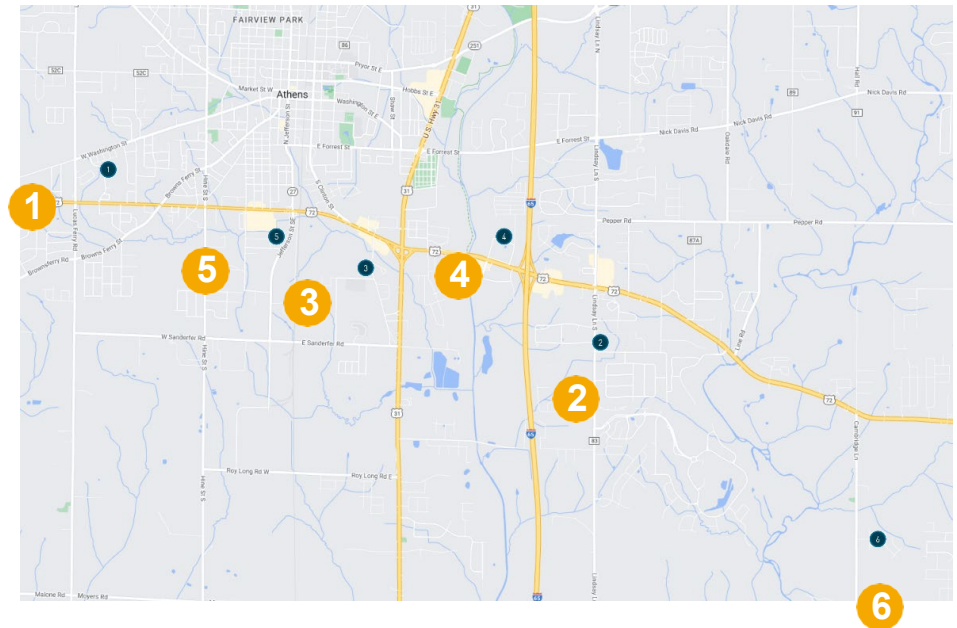
ATHENS, ALABAMA CONSTRUCTION PIPELINE 12.31.23



CITY OF ATHENS ALABAMA						
#	Property Name	Status	Type	Previously Delivered	Units Under Construction	Total Units
1	Lucas Ferry Townhomes	Phase 2 underway	BFR - 1 story	84	23	107
2	Cambridge Townhomes	Phase 2 underway	BFR - 2 story	98	81	179
3	Signature Pointe	Well underway	Garden - 3-story	36	464	500
4	Gateway Village at Swan Creek	Well underway	Garden - 4-story	0	256	256
5	Autumn Falls	Well underway	BFR - 1 story	0	42	42
6	Parallel 36 at Liberty	1st few houses complete	SFR - 2-story	6	480	486
TOTALS				224	1,346	1,570

Properties Under Construction

- Athens offers an attractive and very accessible small-town environment convenient to Huntsville
- Lucas Ferry Townhomes reflect the first market-rate units to be developed in Athens in decades
- Cambridge Townhomes offer an “elevated” Class A product with rents comparable to similar product in Huntsville
- Gateway Village is the first 4-story product in Athens and will set the bar for the “most amenitized” property



Athens is Not Included in the New Construction Pipeline Data or Delivery Forecast by David Wilson/Berkadia noted herein

NEW CONSTRUCTION CONCLUSION

How'd We Get Over Supplied?

- Several Years of Very Low Deliveries (2018-2020)
- 3+ Years of Very High Effective Rent Growth
- 3+ Years of 96%+ Occupancy
- Continuously Increasing Absorption Indications
- Fantastic Job Growth, Coupled with High Incomes
- **Cheap Money (Ultra Low Interest Rates)**
- Abundant Vacant Land (Low Barriers to Entry)
- **Third-Party Data Lagging the Market & Under-Reporting Supply/Activity**



A Perfect Storm

- Underlying Great Economy (Which Will Also Pull Us Through It)
- Huntsville's economy is extremely healthy with strong jobs and high incomes
- Huntsville's Unemployment Rate was under 2% - among the lowest in the country
- **Over 13,000 jobs remain unfilled (highly skilled and unskilled) – was 18,000 in mid-2023**
- **The jobs are here, we need the people to fill them and our apartments**

NEW CONSTRUCTION CONCLUSION

How Long Before We Stabilize?



Without Major Catalytic Improvement,
It Won't be 2024 or 2025

An aerial photograph of a city, likely Knoxville, Tennessee, showing a dense urban area with various buildings, parking lots, and streets. The city is set against a backdrop of rolling hills under a bright blue sky with scattered white clouds. A large, dark blue geometric shape, resembling a stylized 'L' or a corner, is overlaid on the left side of the image. The text 'TRANSACTIONS OVERVIEW' is written in large, white, bold, sans-serif capital letters across the middle of this blue shape. At the bottom of the blue shape, there are several thin, white, parallel lines that create a sense of motion or a grid pattern.

TRANSACTIONS OVERVIEW

2023 TRANSACTIONS

APARTMENT SALES SUMMARY

All 2023 Sales



#	Property Name	Submarket	Asset Class	Units	Built	Average Unit Size	Date of Sale	Average Quoted Rent	Price Per Unit	Price/SF
1	Patterson Place	North Huntsville	LIHTC	52	1999	982	11/30/23		\$90,000	\$92
2	Silver Stone	SW Huntsville	2-story garden	104	1979	842	08/31/23	\$825	\$80,769	\$96
3	Central Park (Portfolio sale)	Madison - south	2-story TH BFR	56	2023	1,380	06/26/23	\$1,970	\$243,393	\$176
4	Cherokee Bend	SW Huntsville	Section 8	50	1979	1,016	06/02/23	Affordable	\$44,000	\$43
5	French Quarter	SW Huntsville	2-story garden	28	1977	450	05/25/23	\$845	\$81,429	\$181
6	Creekside Athens	Athens	1-story BFR	98	2021	1,336	04/07/23	\$1,510	\$225,765	\$169
7	Patterson Place	Madison	LIHTC	52	1999	982	01/13/23	\$536	\$52,500	\$53
8	Glenview	SE Huntsville	1 story modular	90	1986	515	01/06/23	\$720	\$76,444	\$148

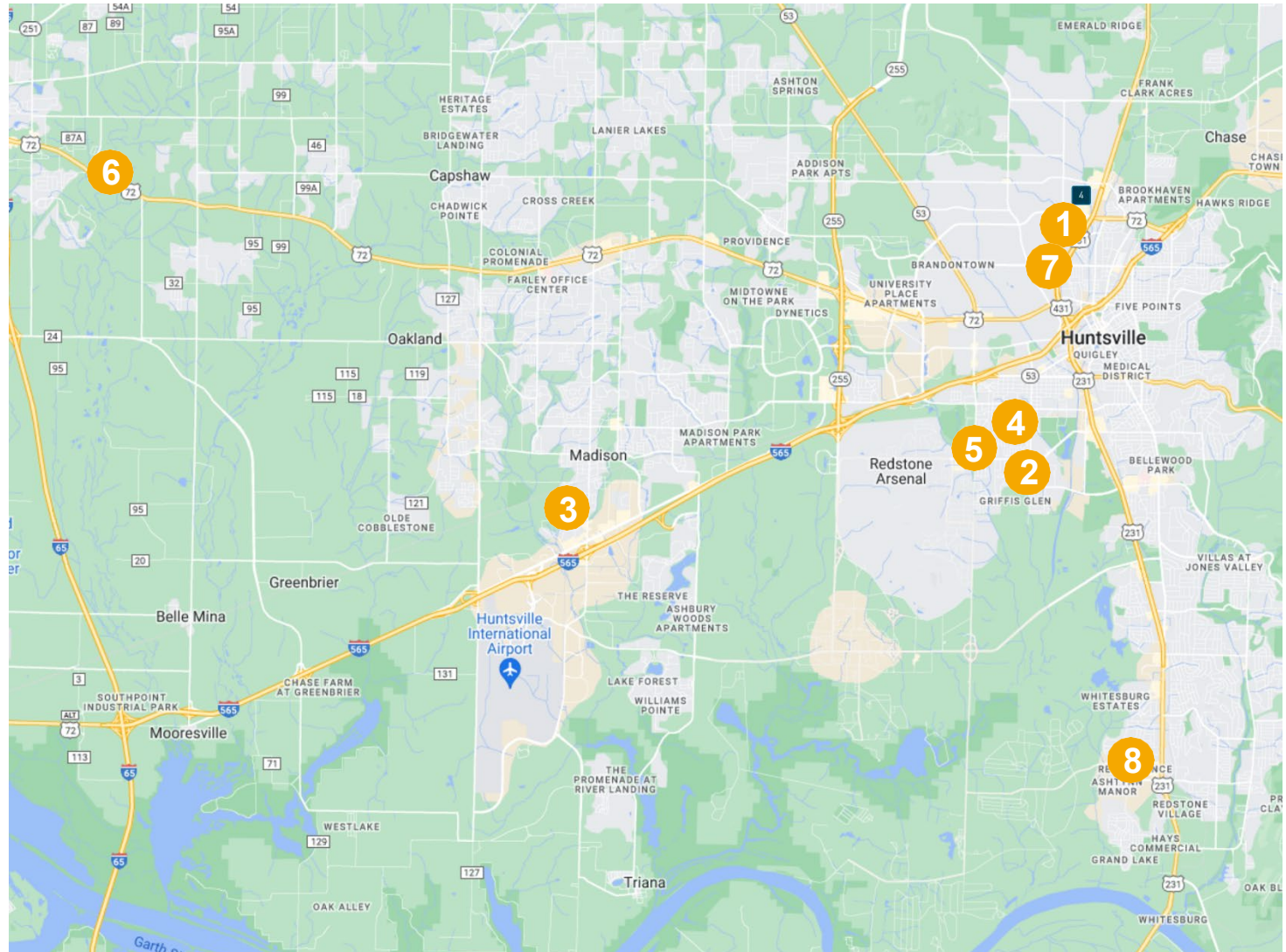
Historically Slow Volume – But Strong Buyer Interest

2023 TRANSACTIONS

APARTMENT SALES SUMMARY MAP - JANUARY - DECEMBER 2023

Sales Comps

- 1 Patterson Place
- 2 Silver Stone
- 3 Central Park (Portfolio)
- 4 Cherokee Bend
- 5 French Quarter
- 6 Creekside Athens
- 7 Patterson Place
- 8 Glenview



2022 TRANSACTIONS – Much More Active Than 2023

APARTMENT SALES SUMMARY | SELECTED SALES DEC. 2021 – DEC. 2022

Class A Sales

#	Property Name	Submarket	Asset Class	Units	Built	Average Unit Size	Date of Sale	Average Quoted Rent	Price Per Unit	Price Per SF
1	Cottages at Old Monrovia	West	A	275	2021	894	04/14/22	\$1,650	Confidential	Confidential
2	Seleno at Bridge Street	West	A	244	2019	993	06/30/22	\$1,523	\$318,020	\$320
3	Virtuoso Living, Phase I	West	A	178	2019	875	03/31/22	\$1,700	\$300,000	\$343
4	Station at Clift Farm	Madison	A	315	2021	1,065	12/29/21	\$1,470	\$293,587	\$276
5	FarmHaus	Northwest	A	324	2022	973	09/29/22	\$1,525	\$292,000	\$300
6	Chaney Place	SE	A	80	2015	1,194	06/13/22	\$1,567	\$290,000	\$243
7	Henry House at Clift Farm	Madison	A	273	2021	1,074	12/21/21	\$1,442	\$288,462	\$269
8	Gravity at 255	West	A	334	2008	883	07/25/22	\$1,362	\$231,287	\$262



TRANSACTIONS CONCLUSION

- Tumultuous Capital Markets Threw Transaction Market into Tailspin in 2022
- Sale Prices Declined Significantly in 2nd Half of 2022 and in 2023 (Nationwide)
- Rising Expenses and Hazard Insurance Rates Have Led to More Conservative Pricing
- Historically Volatile Mortgage Rates (uncertainty) Result in Conservative Underwriting
- Very Few Trades Make Pegging Price Challenging
- **Seller Expectations Still Very High – Disconnected with Buyers (Wide Bid-Ask Spread)**
- **Strong Buyer Interest; But Sellers Not Willing to Meet the Market on Pricing = Stalemate**



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An aerial photograph of a city, likely Denver, Colorado, showing various buildings, streets, and green spaces. The image is overlaid with a semi-transparent blue filter. In the center, the word "BERKADIA" is written in a bold, white, sans-serif font, with a registered trademark symbol (®) to its upper right. The text is underlined with a white horizontal line.

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