



MARKET AT A GLANCE



OCCUPANCY RATE **93.1%**

Up **10 bps** since 3Q16



ASKING RENT **\$910**

Up **1.7%** since 3Q16



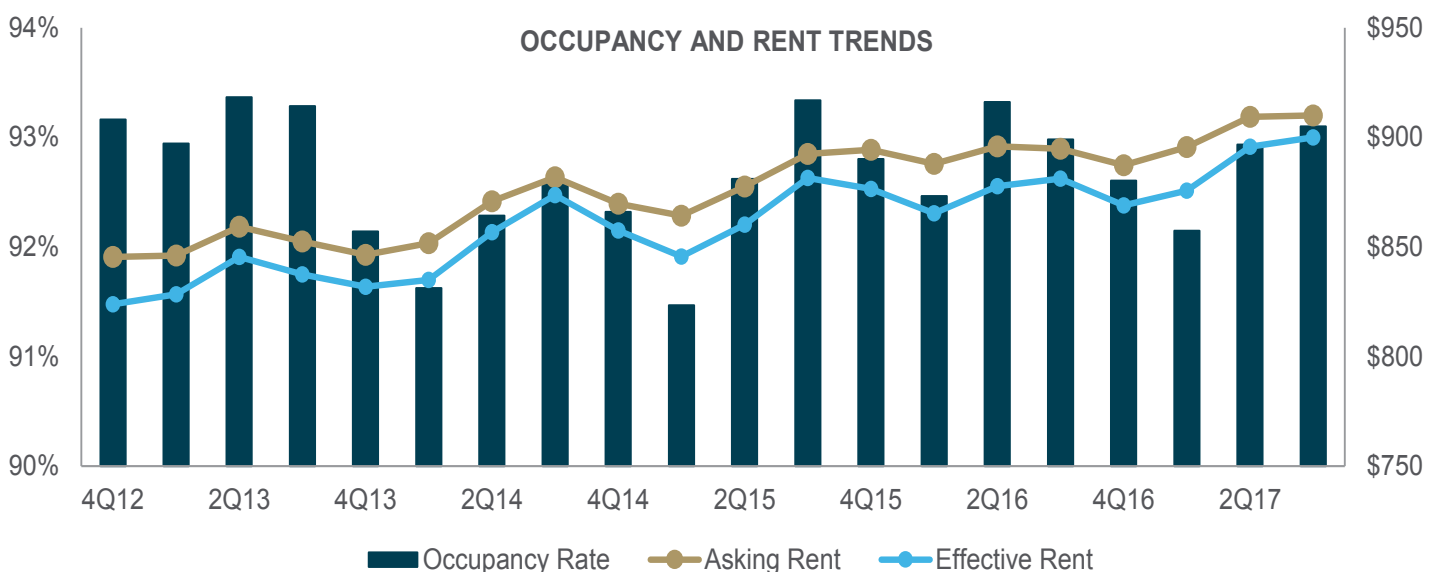
CONCESSIONS **1.1%**

Down **30 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

APARTMENT DEMAND, DEVELOPMENT FOCUSED IN CENTRAL BIRMINGHAM

With limited apartment inventory growth, occupancy elevated in the Birmingham metropolitan area during the third quarter. Located in the Central submarket, the final phase of the Flats on 4th apartment community completed, the only market-rate additions to the metro during the last three months. With the lowest quarterly deliveries in more than two years, metrowide occupancy elevated 20 basis points to 93.1% in the third quarter. With the upswing, occupancy was 40 basis points higher than the five-year average. Builders were working to meet the demand, with construction underway on two properties during the third quarter that were scheduled to add 508 market-rate units by year-end 2018. Development was focused in the Central submarket, where both properties are located. Renters were attracted to the new inventory as leasing activity was highest in the Central area during the third quarter. To also boost demand in the area, operators trimmed asking rent 1.1% from June to September, resulting in average rent of \$943 per month. Metrowide, average asking rent advanced 0.1% to \$910 per month in the third quarter. To further optimize returns, operators lowered concessions to 1.1% of asking rent which advanced effective rent 0.5% quarter over quarter.



BIRMINGHAM

MULTIFAMILY REPORT

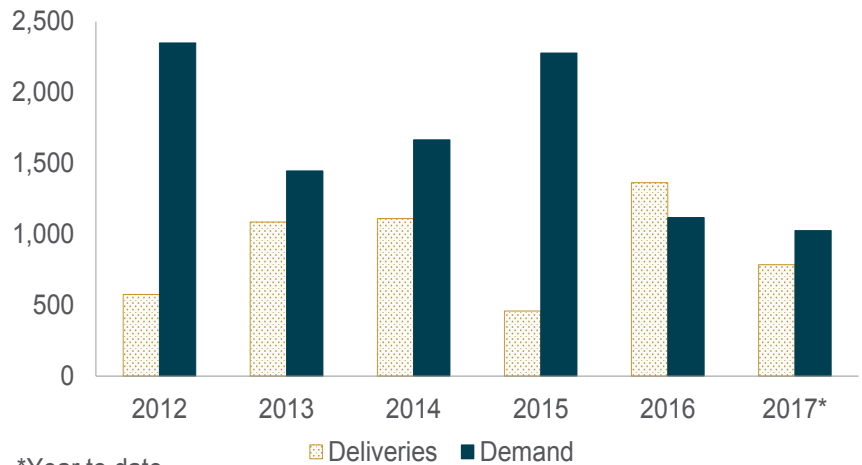
DELIVERIES AND DEMAND



DELIVERIES 786
Units YTD



NET ABSORPTION 1,026
Units YTD



*Year to date

▨ Deliveries ■ Demand

ECONOMIC TRENDS

2016 5.6% **UNEMPLOYMENT*** 2017 3.9%
-170 BPS CHANGE

2016 522.4k **EMPLOYMENT*** 2017 527.3k
0.9% CHANGE

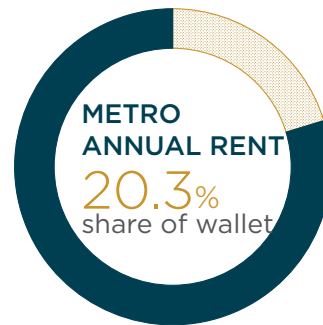
2016 28.2k **EXISTING SFH SALES**** 2017 34.4k
22.0% CHANGE

2016 \$182.8k **MEDIAN SFH PRICE**** 2017 \$195.3k
6.8% CHANGE

2016 1.63% **10-YEAR TREASURY**** 2017 2.20%
60 BPS CHANGE

*August; **September

Helping underpin apartment demand, total nonfarm employment expanded 0.9% annually through August 2017, up from 0.8% growth during the preceding year. Hiring in the education and health services sector was a significant economic driver across the metro since August 2016. Education and health services organizations recruited a metro-high 1,800 personnel for 2.5% growth. Hiring was also robust in the construction industry, where 1,500 workers were added for a 6.0% increase. Part of the additions were by Johnson Bros. Corp., which hired more than 200 workers for the \$474.8 million demolition and replacement of the Interstate 59/20 bridges in Downtown Birmingham. As Greater Birmingham's largest employment sector, job losses in the trade, transportation, and utilities segment tamped down overall growth. Employers in the industry eliminated a net 800 positions for a 0.7% contraction. With most employment sectors posting job gains, unemployment was 3.9% in August 2017, a 170-basis-point, year-over-year decrease.



BIRMINGHAM

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Central	93.6%	93.2%	-8.4%	4.4%	\$903	\$943	75	368	28	472
East	92.8%	93.1%	0.9%	2.7%	\$952	\$978	2	483	0	469
North	92.2%	92.9%	-4.3%	1.5%	\$677	\$687	-63	391	0	263
Shelby County / Other	92.0%	94.3%	5.3%	-3.6%	\$925	\$892	-11	18	0	0
South	93.2%	92.8%	1.3%	1.3%	\$912	\$924	62	-67	0	0
St. Clair County	97.4%	96.3%	2.7%	3.6%	\$808	\$837	12	-16	0	0
TOTALS	93.0%	93.1%	0.3%	1.7%	\$895	\$910	77	1,177	28	1,204



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