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BIRMINGHAM

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

Jobs Added / Lost

LAST 12 MONTHS
2,200

0.4% YOY

Unemployment

JUNE 2025
3.2%

50 BPS YOY

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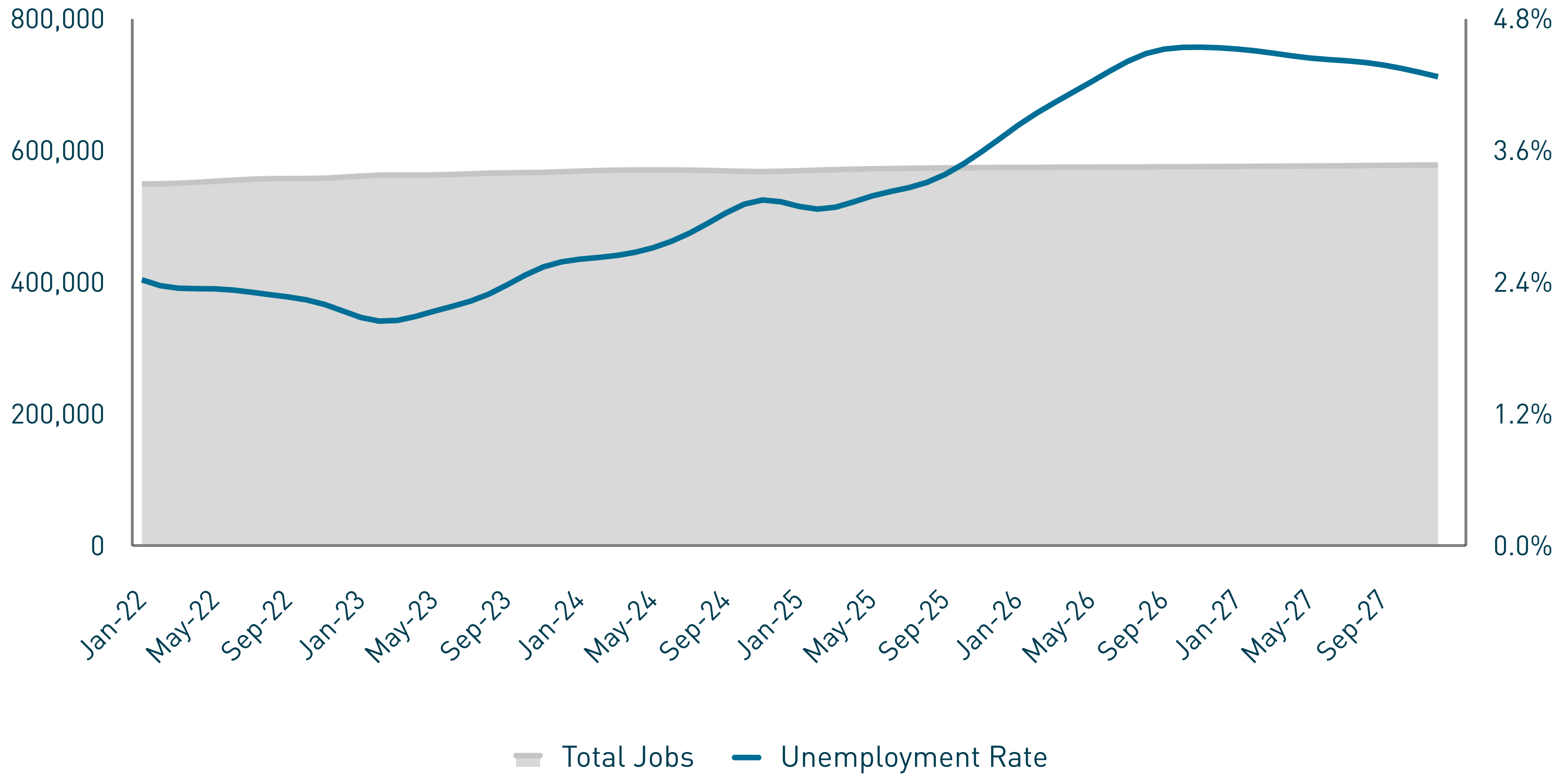
Source: Moody's Analytics

Employment

Greater Birmingham's labor market continues to be anchored by growth in healthcare, education, and public-sector hiring. Over the past 12 months that ended in June 2025, the metro gained 2,200 nonfarm jobs, a 0.4% increase. While unemployment ticked up 50 basis points to 3.2%, it remains well below the U.S. average of 4.1% in the second quarter of 2025. Most of the job creation occurred in the private healthcare and education sector, which added 2,000 net new positions, supported primarily by the expansion of ambulatory care services in the metro. Over the past year, employment in the subsector has expanded more quickly than hospital-based care, reflecting a national shift toward outpatient facilities, specialty clinics, and medical office buildings. Recent investments, including the $120 million Cooper Green Mercy Health building and expansions by major systems like UAB reinforce Birmingham's position as a regional hub for accessible, lower-cost care delivery. In other news, Southern Research's August opening of a $98 million biotech facility will double its current lab capacity and create at least 100 new jobs. Employers in the public employment sector also made a meaningful contribution to the local economy as they created 1,000 jobs over the past 12 months, reflecting continued public investment. Industries such as financial activities, professional and business services, and the trade, transportation, and utilities sector each shed 500 positions during the same period, indicating sensitivity to macroeconomic pressures. However, Birmingham's employment base remains grounded in sectors less vulnerable to economic shifts.

Employment Trends



Source: Moody's Analytics

In the News

UAB plans $167M in construction, renovations
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$40M project breaks ground at Birmingham airport
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Brasfield & Gorrie completes $18.9M Birmingham expansion
[Read More]

Deliveries & Absorption

2025 Year to Date

DELIVERIES
346 UNITS

ABSORPTION
1,098 UNITS

2025 Total*

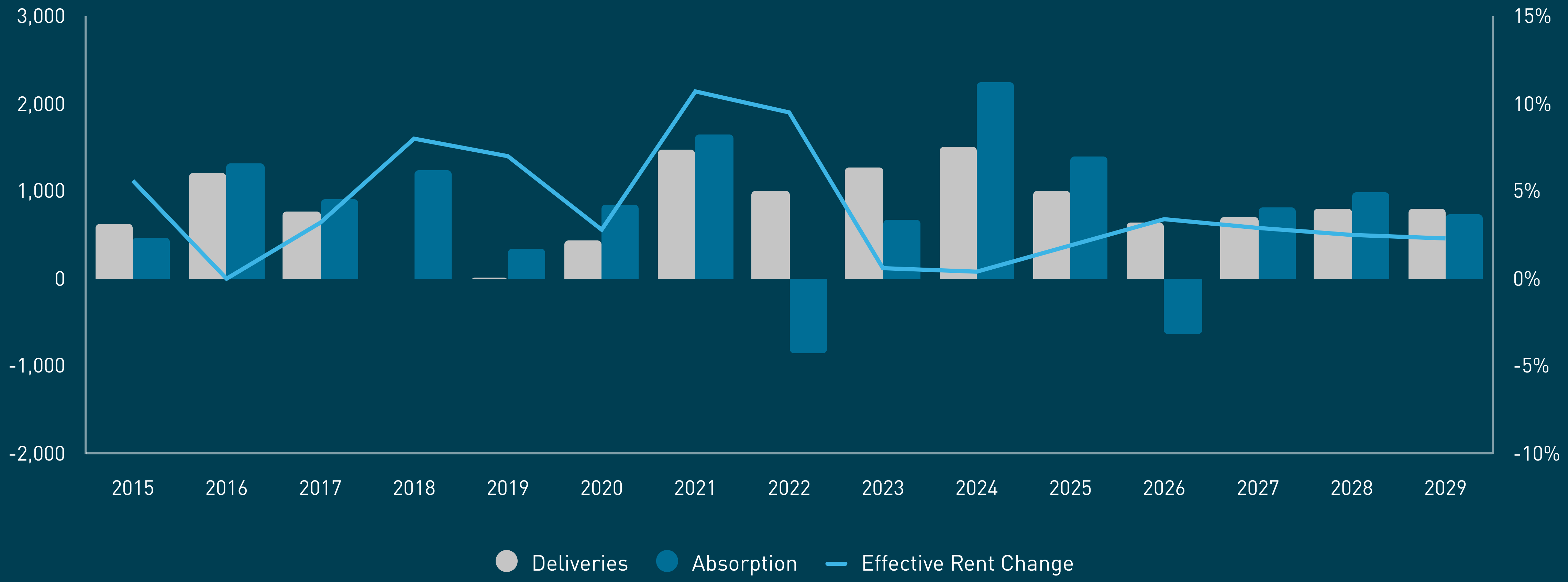
DELIVERIES
1,003 UNITS

ABSORPTION
1,394 UNITS

**Projected*
Source: RealPage

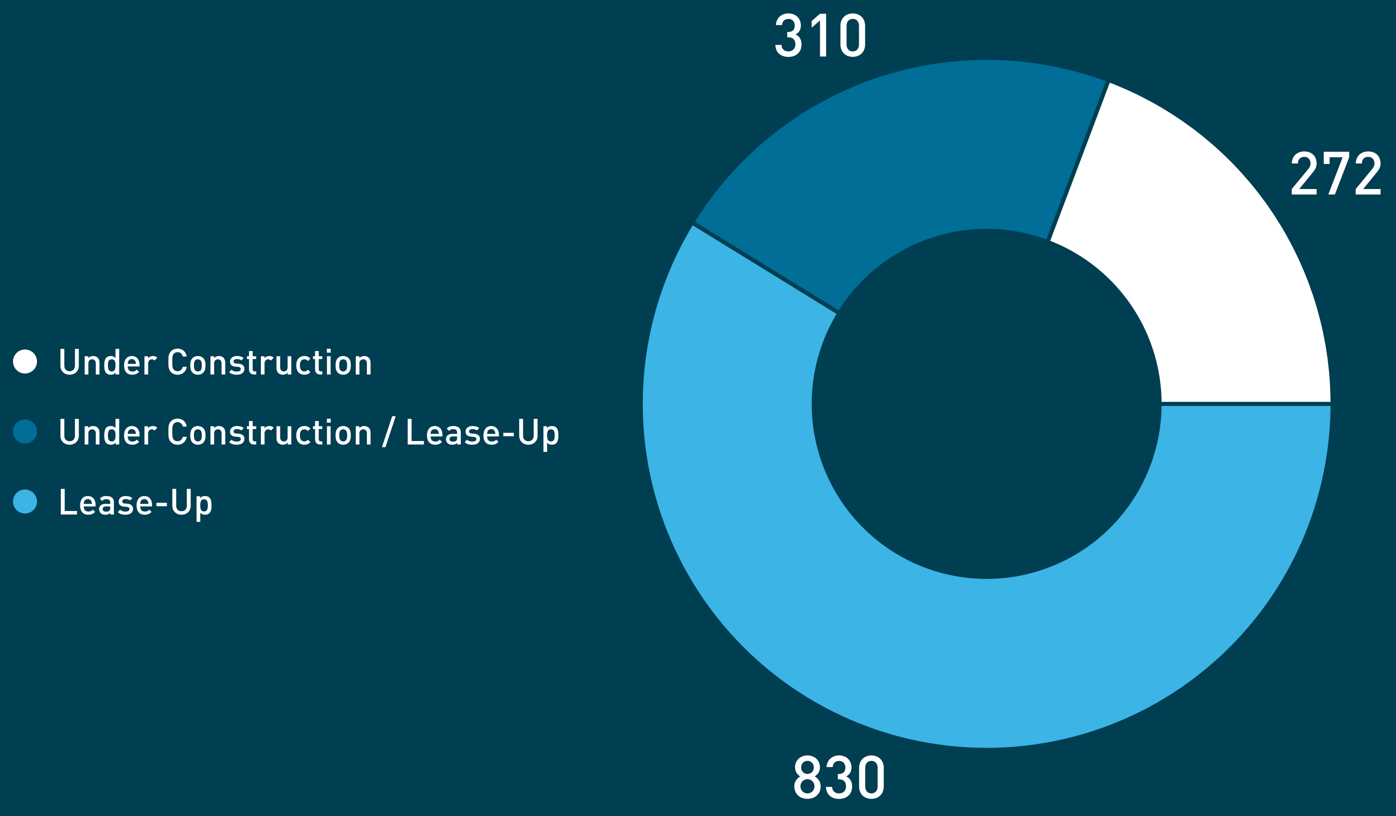
Renter demand surged past new supply in the first half of 2025, as the construction pipeline cooled after peaking in 2024. Net absorption totaled 1,098 units through the first two quarters, far outpacing the 346 new units delivered. The market is projected to maintain positive net absorption through year-end, showing sustained housing demand across the market. This momentum highlights a notable shift from prior years, when elevated deliveries outpaced absorption. Multifamily construction has been concentrated in just two of Birmingham's six submarkets; Homewood/Southwest Birmingham and Central Birmingham/Mountain Brook. These areas led the metro in both net absorption and deliveries, supported by their proximity to major hospitals, higher education institutions, and employment centers. These factors enhance their appeal to renters seeking shorter commutes and access to amenities, helping stabilize lease-up velocity amid higher inventory levels. Apartment communities in these submarkets have consistently both renters and developers, reinforcing their role as the market's demand drivers. By contrast, North Birmingham/Bessemer is forecast to record some of the metro's highest net absorption in the second half of the year. Average effective rent in the submarket is roughly 16% below the metro average, which has drawn cost-conscious renters. Net absorption is expected to exceed 500 units by year-end, against new supply of just 50 units, further tightening occupancy.

Deliveries, Absorption, & Effective Rent Change



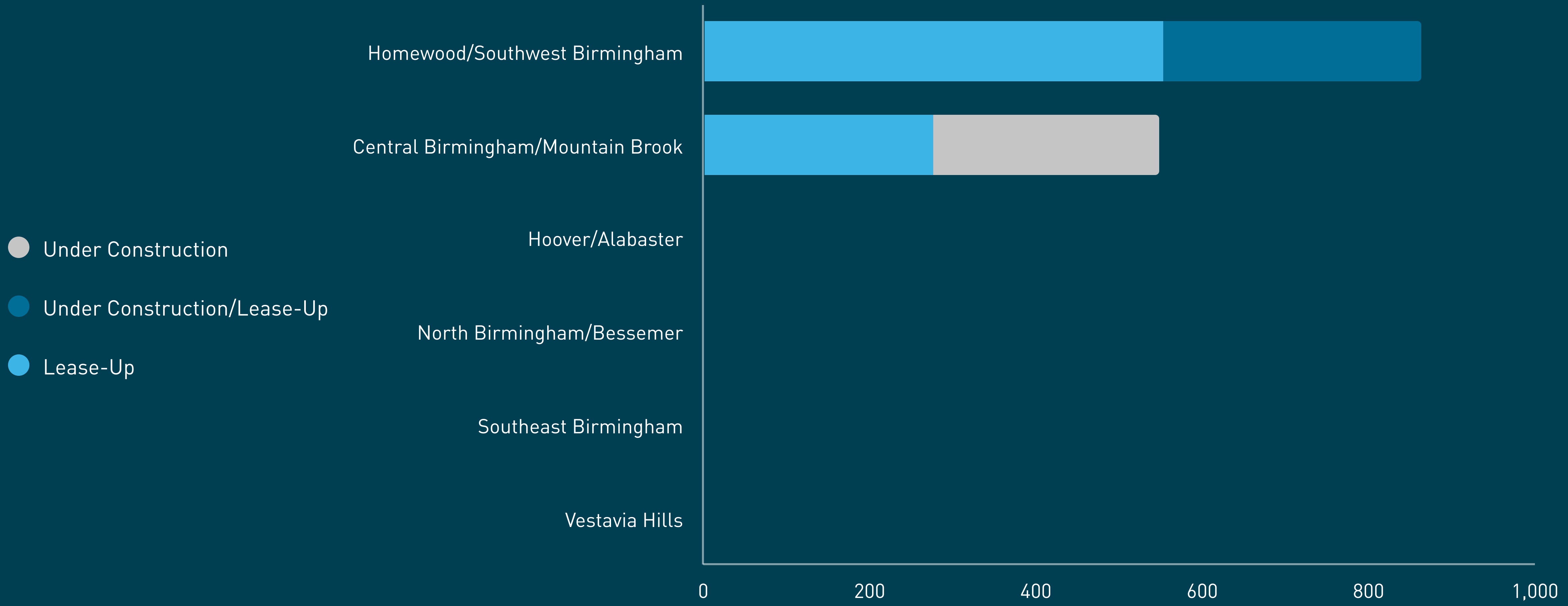
Source: RealPage

Birmingham Pipeline



Source: RealPage

Submarket Pipelines



Source: RealPage

Effective Rent

Q2 2025
$1,302

0.6% YOY

Occupancy

Q2 2025
95.0%

280 BPS YOY

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Source: RealPage

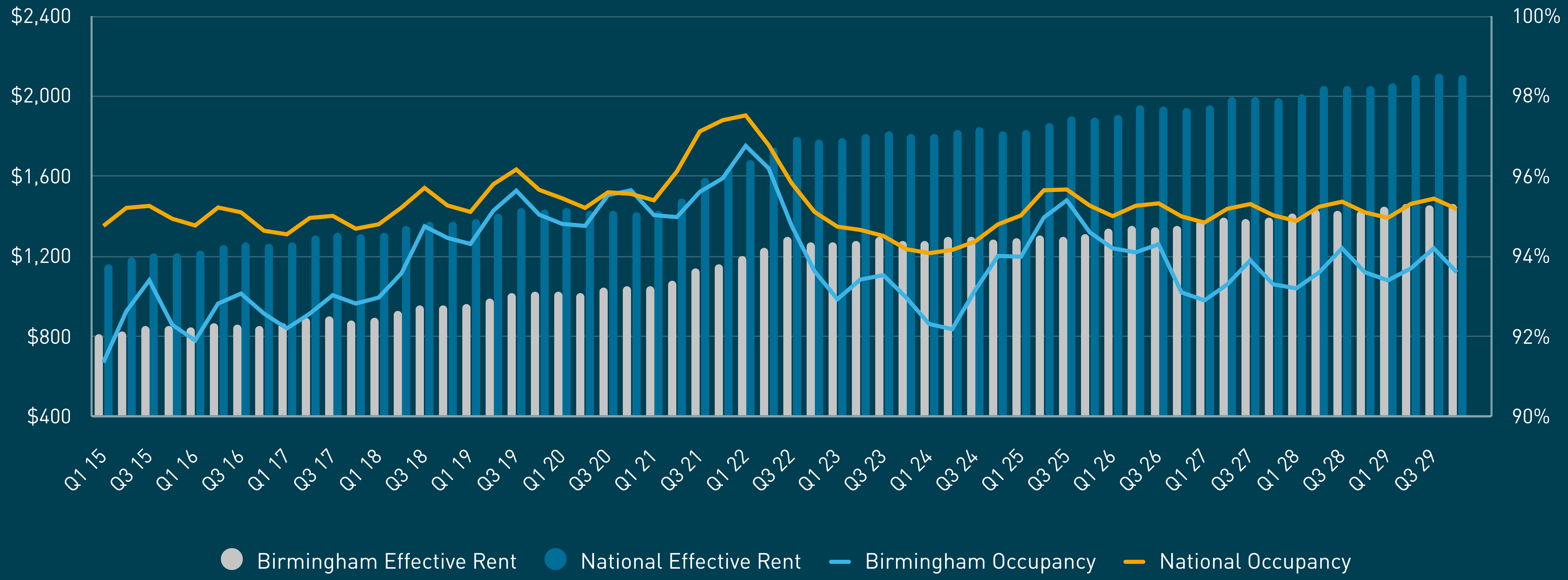
Rent & Occupancy

As net absorption continued to outweigh Metro Birmingham's shrinking pipeline, apartment occupancy levels climbed in the second quarter of 2025. Robust leasing contributed to a 100-basis-point increase over the last six months, putting the metro's occupancy at 95.0%, the highest it has been since the second quarter of 2022. Several submarkets posted even higher rates in the second quarter of 2025 due to limited construction activity and strong employment anchors. Homewood/Southwest Birmingham led the market with a 260-basis-point gain since the end of 2024. Rising occupancy in the submarket is attributed to robust demand from healthcare professionals, students, and households seeking proximity to urban amenities.

On the rent side, average effective rent in the Birmingham metro reached $1,302 per month in the second quarter of 2025, an increase of 1.4% since the fourth quarter of 2024. Year-to-date rent gains were present in four of the metro's six submarkets, with Southeast Birmingham undergoing the largest increase. The submarket has not had an increase in new inventory during the two quarters and has no new units in the supply pipeline. A lack of new supply has enabled operators to increase rents 2.8% year to date while apartment operators reported positive net absorption. Occupancy rates in the submarket also remain well above the market average, settling at 96.8% in the second quarter of 2025.

Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Birmingham vs. National Effective Rent & Occupancy



Source: RealPage

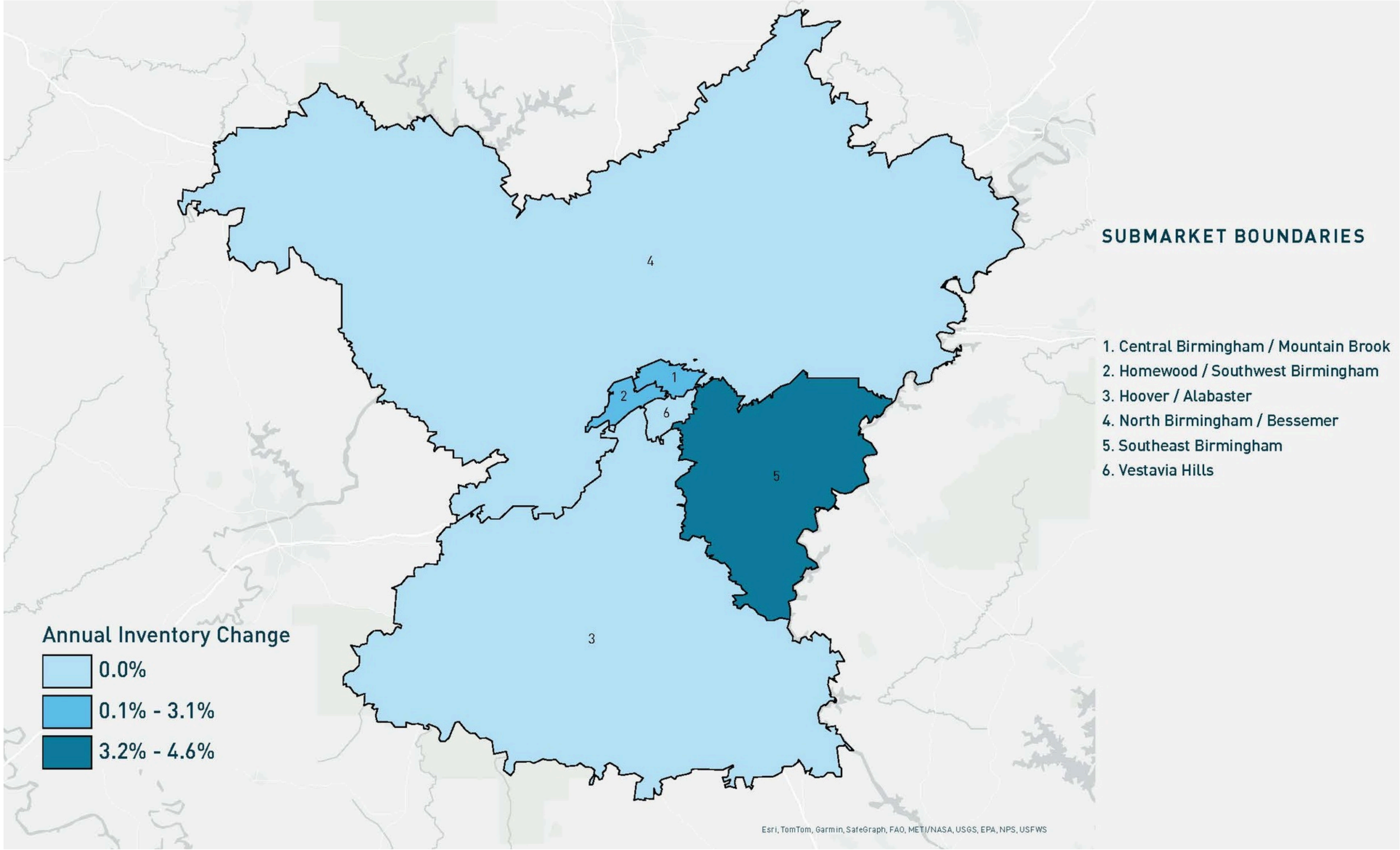
Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Central Birmingham/Mountain Brook	93.9%	310	$1,481	-3.2%
Homewood/Southwest Birmingham	94.6%	400	$1,320	-0.7%
Hoover/Alabaster	96.1%	270	$1,302	4.1%
North Birmingham/Bessemer	93.4%	110	$1,089	0.6%
Southeast Birmingham	96.8%	370	$1,291	-1.8%
Vestavia Hills	94.7%	240	$1,321	0.5%

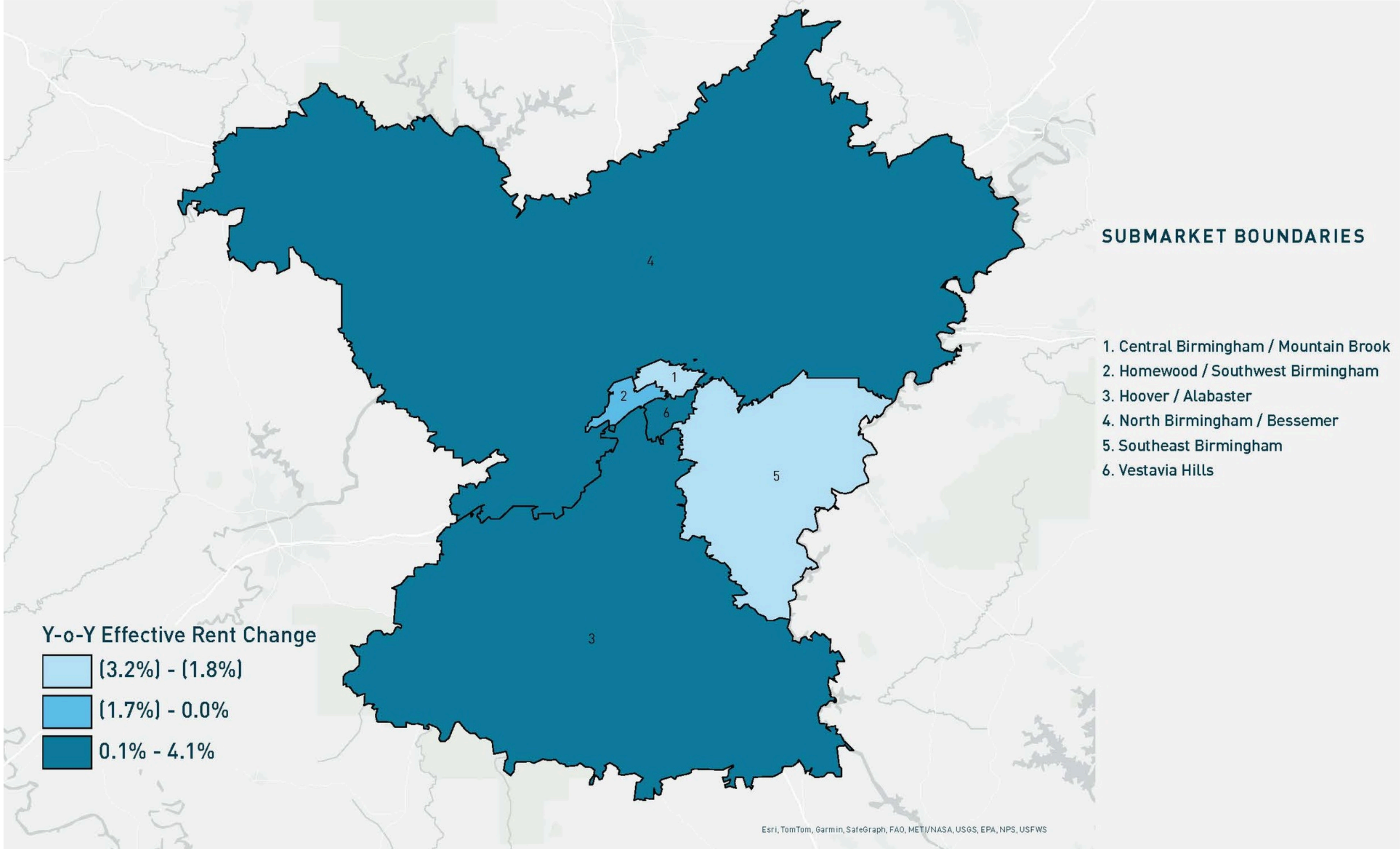
Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change



Source: RealPage

Submarket Mid-Year 2025 Annual Effective Rent Change



Source: RealPage

Sales

2025 Year to Date*		What's Trading?*	
Volume $310.1M	**Price Per Unit (Avg)** $120,447	**Units (Avg)** 213	**Year Built (Avg)** 1980s
Transactions 11	**Cap Rate (Avg)** 5.7%	**Buildings (Avg)** 15	**Acres (Avg)** 17.20

$2.5M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

Buyer	Location
Avenue Living	Calgary, CAN
EBSCO Industries	Birmingham, AL
Welden Field	Birmingham, AL
Sandhurst Apartment Management	Charlotte, NC
Obsidian Capital Co	Cedar Park, TX

Top Sellers*

Seller	Location
Independence Realty Trust	Chicago, IL
BREIT	New York, NY
Tynes Development	Birmingham, AL
Providence Investments	Shoal Creek, AL
Walden Group	Jackson, NJ

$2.5M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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