



May 2025

HUNTSVILLE, ALABAMA MULTIFAMILY MARKET OVERVIEW

P r e s e n t e d b y :

David Wilson, MAI | Crunkleton Commercial Real Estate

John McCrary | Berkadia Real Estate Advisors (Alabama)



EXECUTIVE SUMMARY

COMMENTS ON SOURCES & OPINIONS

THE FOLLOWING PRESENTATION INCLUDES MULTIPLES SOURCES AND OPINIONS:

- **USING NATIONAL DATA SOURCES AVAILABLE TO BERKADIA**
 - **SOURCES AVAILABLE TO CRUNKLETON**
 - **AND INDEPENDENT DATA FROM PRIMARY RESEARCH BY DAVID WILSON WHO REPRESENTS CRUNKLETON FOR MULTIFAMILY PERSPECTIVES**
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- Crunkleton logos at bottom of page denote Crunkleton/David Wilson opinions/sources are used on that page
 - Berkadia logos at bottom will reflect Berkadia sources and opinions are used on that page

EXECUTIVE SUMMARY – Page 1 of 2

- 6,523 units delivered in 2024
- 51 properties now in Lease-Up - 33 are Fully Complete
- 29 properties are Actively Under Construction (6,180 units not yet delivered)
- 5,100+ units likely to be delivered in 2025
- 2024 Absorption = 4,850 to 6,500 units, depending on source
- Current Absorption = 3,400 to 5,900, depending on source (Trailing 12 as of Q1)
- Absorption trend had been improving – setting new records each quarter – until Q1 2025
- Occupancy Rate – Mid-80%’s overall
- Rent Growth remains negative
- Heavy concession usage (1-3 Months Free) – only 2 new properties not offering
- Class B market is feeling the impact of the new supply / particularly on renewal

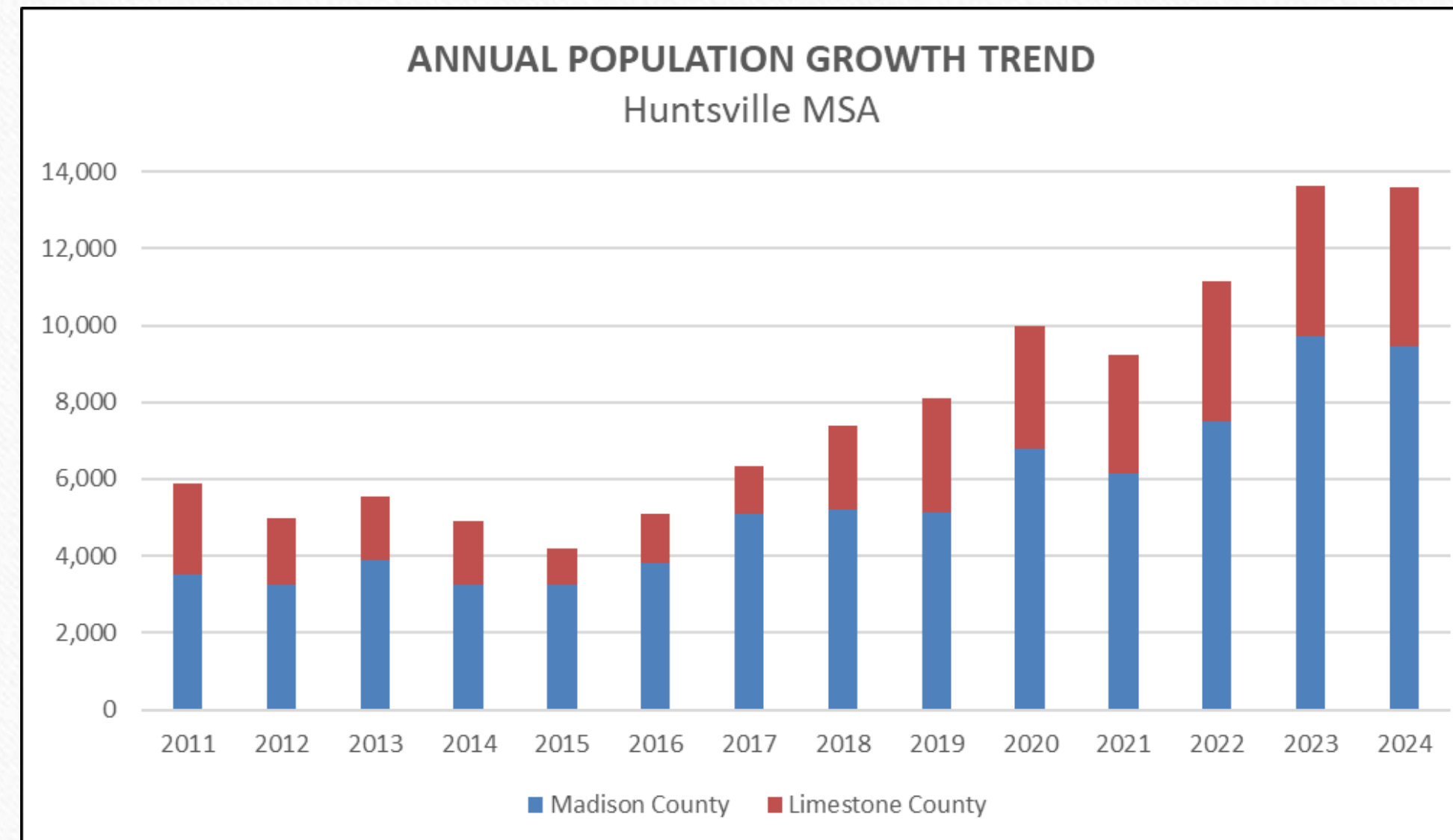
NOTE: Construction pipeline data is from David Wilson research

EXECUTIVE SUMMARY – Page 2 of 2

OUTLOOK

- 2025 will be challenging
- 2026 should begin seeing improvement
- At an Annual Absorption Rate of 4,500 units, we would achieve 90% occupancy in 1.5 years (1.2 years at 6,000/year) *(these are not forecasts, just math – see table herein)*
- Economic outlook is excellent, expecting escalating population growth
- ***Future new construction “starts” should be limited as:***
 - Effective Rents need to improve significantly to justify financial feasibility
 - Debt and equity sources are being extremely cautious
 - The current over-supply is causing most developers to tread slowly
 - Interest in land acquisitions is beginning to heat up

POPULATION GROWTH



Population growth rate has more than doubled in the past 6-7 years.
Was averaging near 5,000/year from 2012-2016, then averaged near 10,000/year from 2020-2022,
But has accelerated to over 13,000/year for past two years.
Expectation is for accelerated growth.

ALABAMA FUNDAMENTALS & NATIONAL SOURCE DATA

ALABAMA MAJOR MARKET COMPARISON

Market	Total Units in Survey	12 Mo. Delivered Units	12 Mo. Absorption Total (Units)	Occupancy Rate	12 Mo. Effective Rent Change %	# Transactions over 60 Units	Under Construction (Properties)	Under Construction (Units)
Birmingham	66,450	698	849	88.1%	0.4%	17	8	2,276
Huntsville	48,035	4,410	4,474	82.3%	-3.3%	3	8	2,323
Mobile County	22,250	0	6	91.6%	0.8%	6	1	252
Baldwin County	11,541	1,093	819	85.1%	-1.0%	1	2	238
Montgomery	21,100	0	229	89.3%	3.6%	11	2	282

Source: CoStar, early May 2025

HUNTSVILLE – PER NATIONAL SOURCES

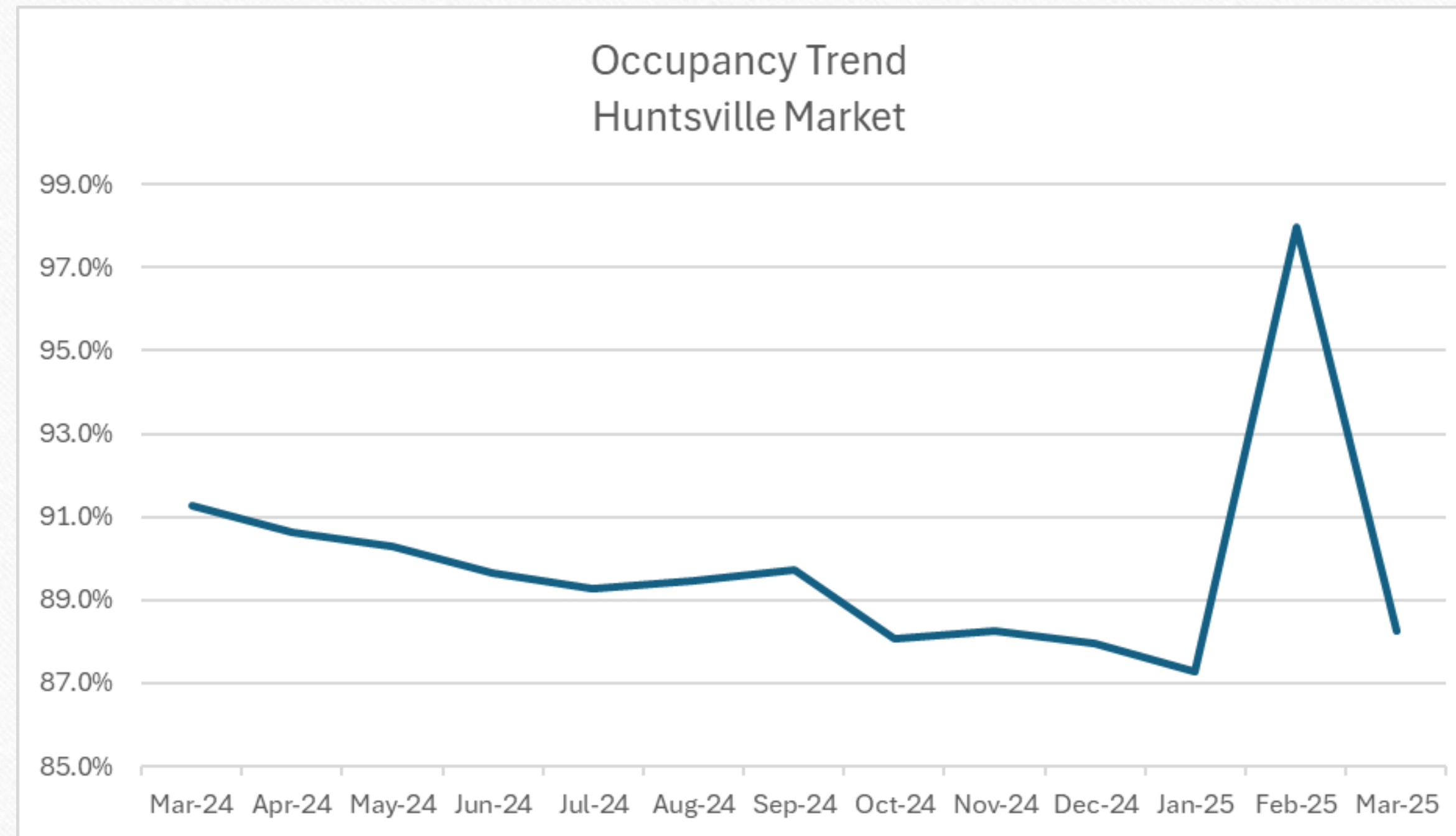
Forecast Revised on 03/06/2025

Market	History (Quarterly)				1-Year Forecast (Quarterly)				2-5 Year Forecast (4Q)				10-Year
	2024				2025				2026	2027	2028	2029	2034
	1	2	3	4	1	2	3	4	4	4	4	4	4
Huntsville													
Average Rental Rate (\$)	\$1,287	\$1,281	\$1,274	\$1,266	\$1,261	\$1,256	\$1,253	\$1,255	\$1,273	\$1,309	\$1,353	\$1,397	\$1,697
Year-over-year Rent Change (%)	-0.3%	-1.0%	-1.4%	-2.0%	-2.0%	-1.9%	-1.6%	-0.8%	1.4%	2.9%	3.3%	3.2%	3.8%
Occupancy Rate (%)	94.6%	94.4%	94.2%	94.1%	93.9%	93.7%	93.6%	93.5%	93.8%	93.9%	93.9%	93.8%	94.2%

Historical rents are in nominal terms, forecasted rents are in today's dollars

Source: YardiMatrix, 2025 Q1, per Berkadia

HUNTSVILLE – PER NATIONAL SOURCES

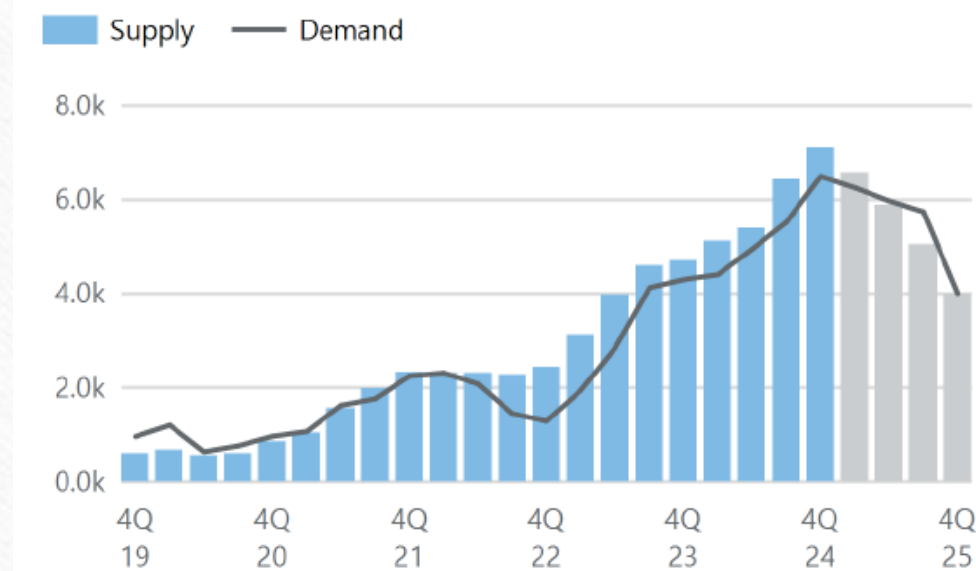


Source: YardiMatrix, April 2025, per Berkadia

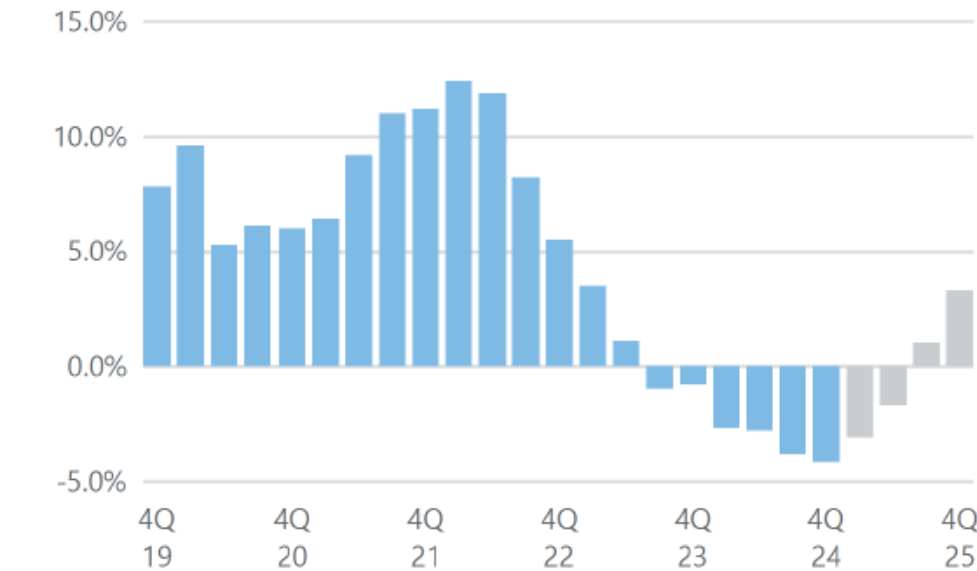
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HUNTSVILLE – PER NATIONAL SOURCES

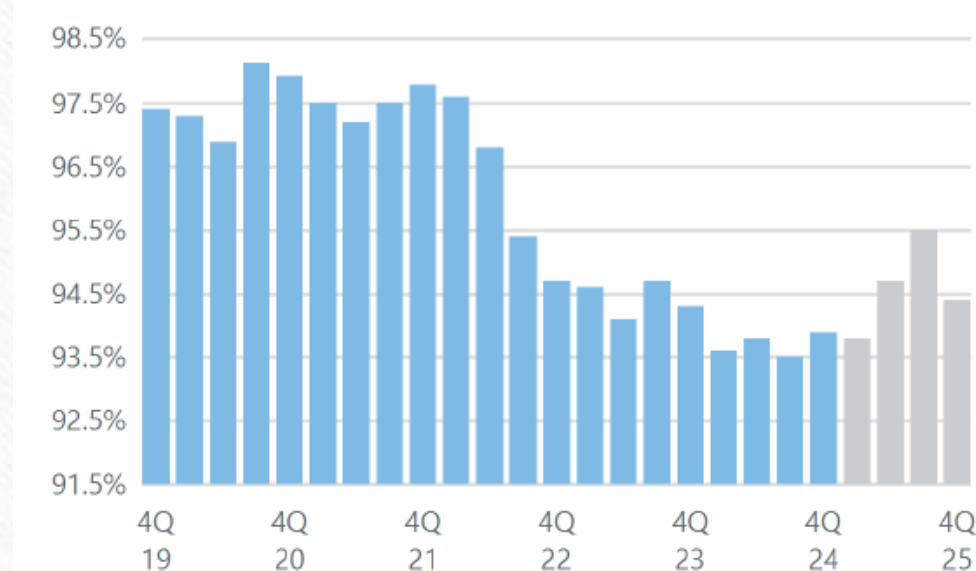
Annual Supply and Demand



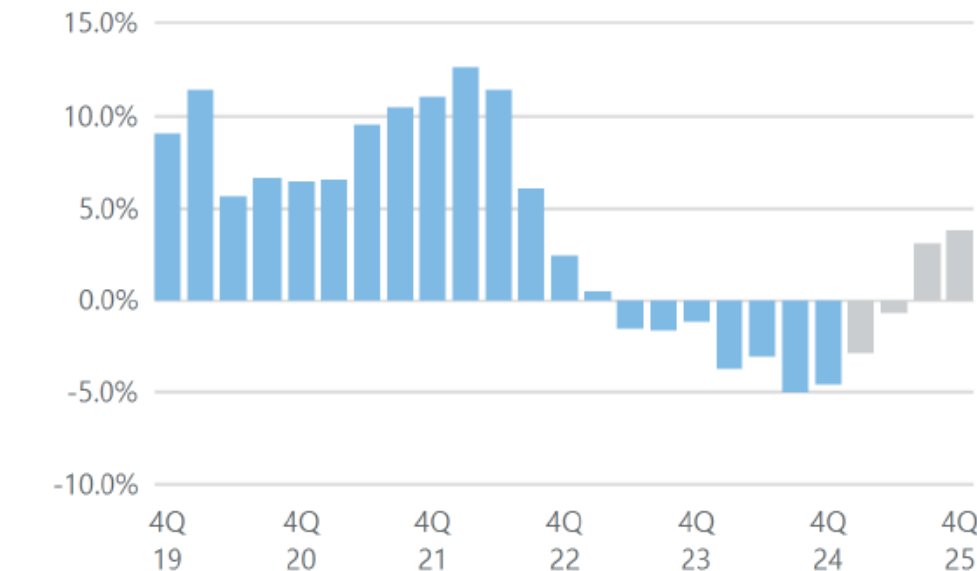
Annual Rent Change



Occupancy

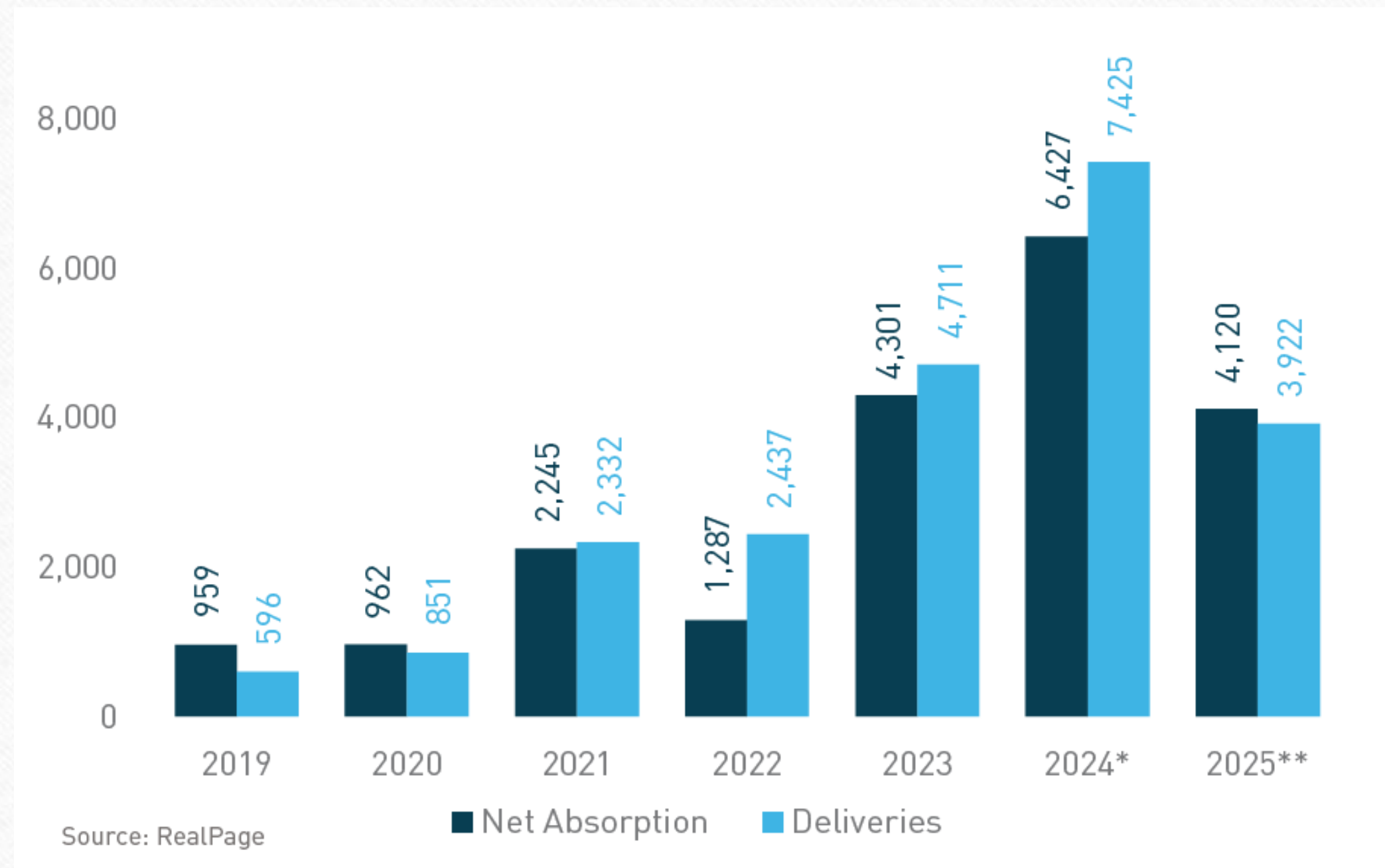


Annual Revenue Change



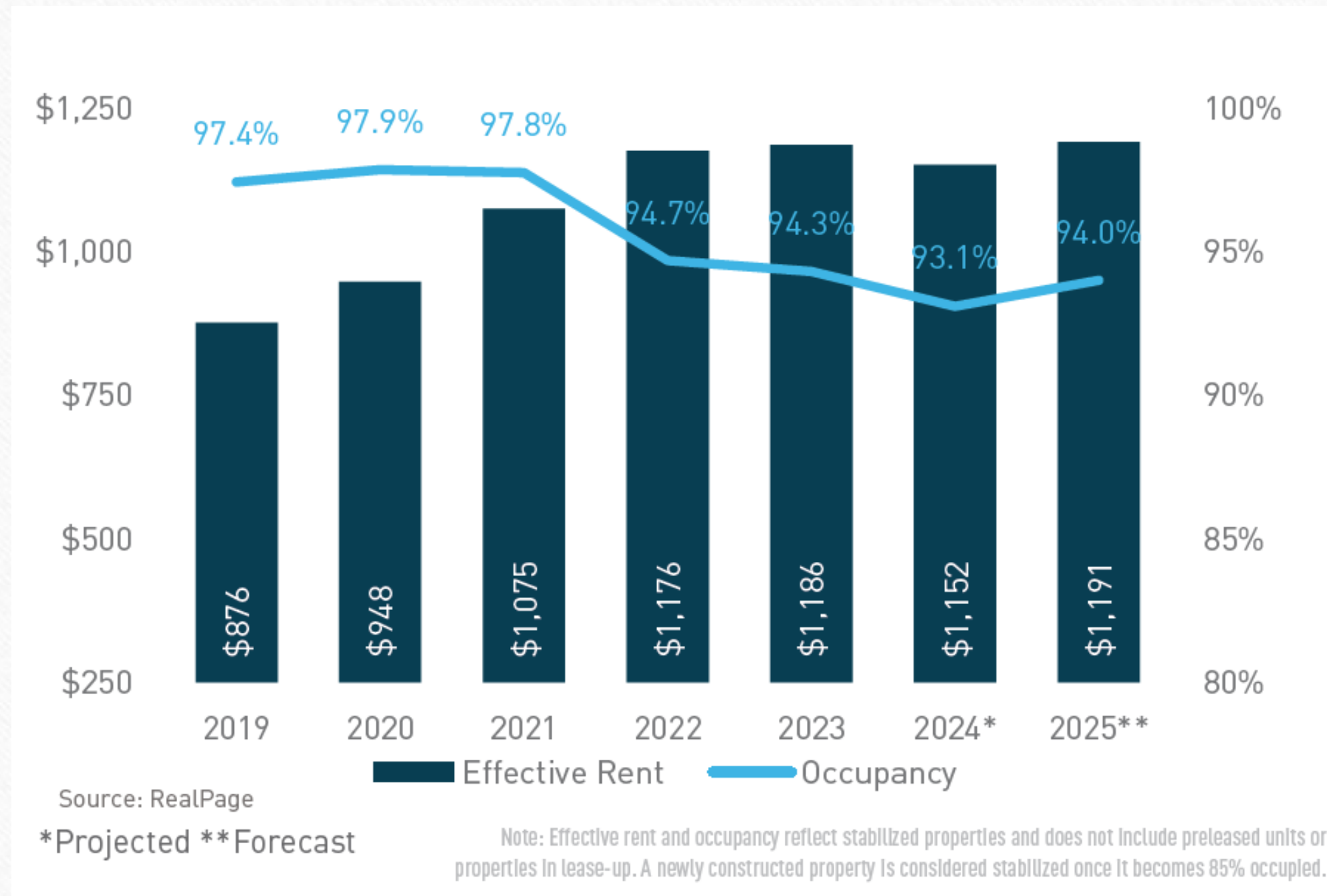
Source: RealPage, April 2025, per Berkadia

HUNTSVILLE – PER NATIONAL SOURCES



Source: Berkadia 2025 Forecast, as of Q1 2025, using RealPage source data

HUNTSVILLE – PER NATIONAL SOURCES



Source: Berkadia 2025 Forecast, as of Q1 2025, using RealPage source data

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NATIONAL BTR CONSTRUCTION ACTIVITY

Under Construction

TOP 10 MARKETS	UNITS	% OF EXISTING SFR/BTR STOCK
Phoenix	8,096	11.8%
Charlotte	3,779	5.5%
Dallas - North	3,292	4.8%
Atlanta - Suburban	2,887	4.2%
Orlando	2,818	4.1%
Houston - West	2,723	4.0%
→ Huntsville	2,551	3.7%
Austin	2,163	3.2%
Charleston	2,101	3.1%
Tampa-St. Petersburg- Clearwater	1,847	2.7%

TAKE AWAY:

Huntsville is the 7th most active new BTR construction market in the country (effectively only 1 property less than Suburban Atlanta, Orlando, and West Houston)

Source: Yardi Systems, via Berkadia SFR/ BTR Market Overview, Sept 2024

NEW CONSTRUCTION

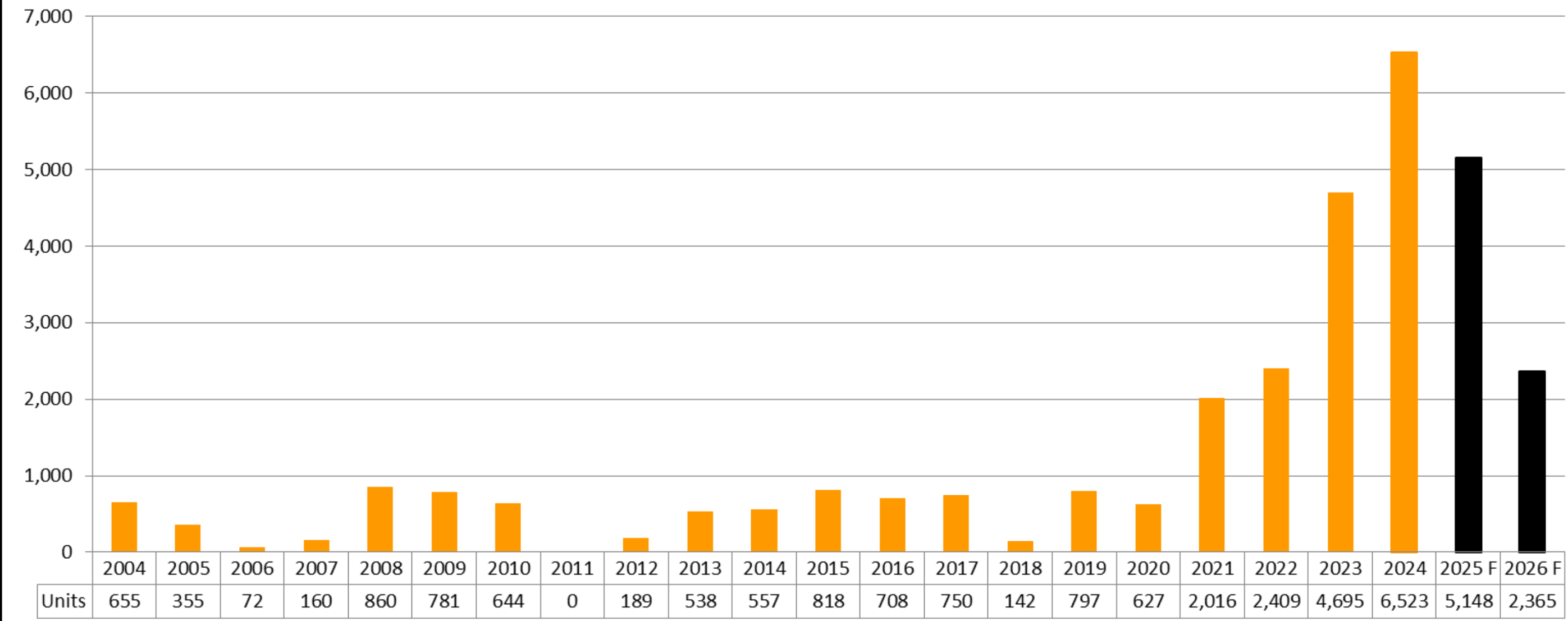
NEW UNIT DELIVERIES – History & Forecast

NEW UNIT DELIVERIES - HISTORY & FORECAST

Huntsville/Madison Area

as of April 30, 2025

BE ADVISED: THE 2025 AND 2026 FORECASTS ARE BASED ON PROJECTS ACTIVELY UNDER CONSTRUCTION
AND **DO NOT** INCLUDE ANY SPECULATIVE "FUTURE START" PROPERTIES
(Excludes Athens, AL)



**6,551 Units Added From
2009-2020 (12 Years)
vs.
6,523 Units Added in 2024**

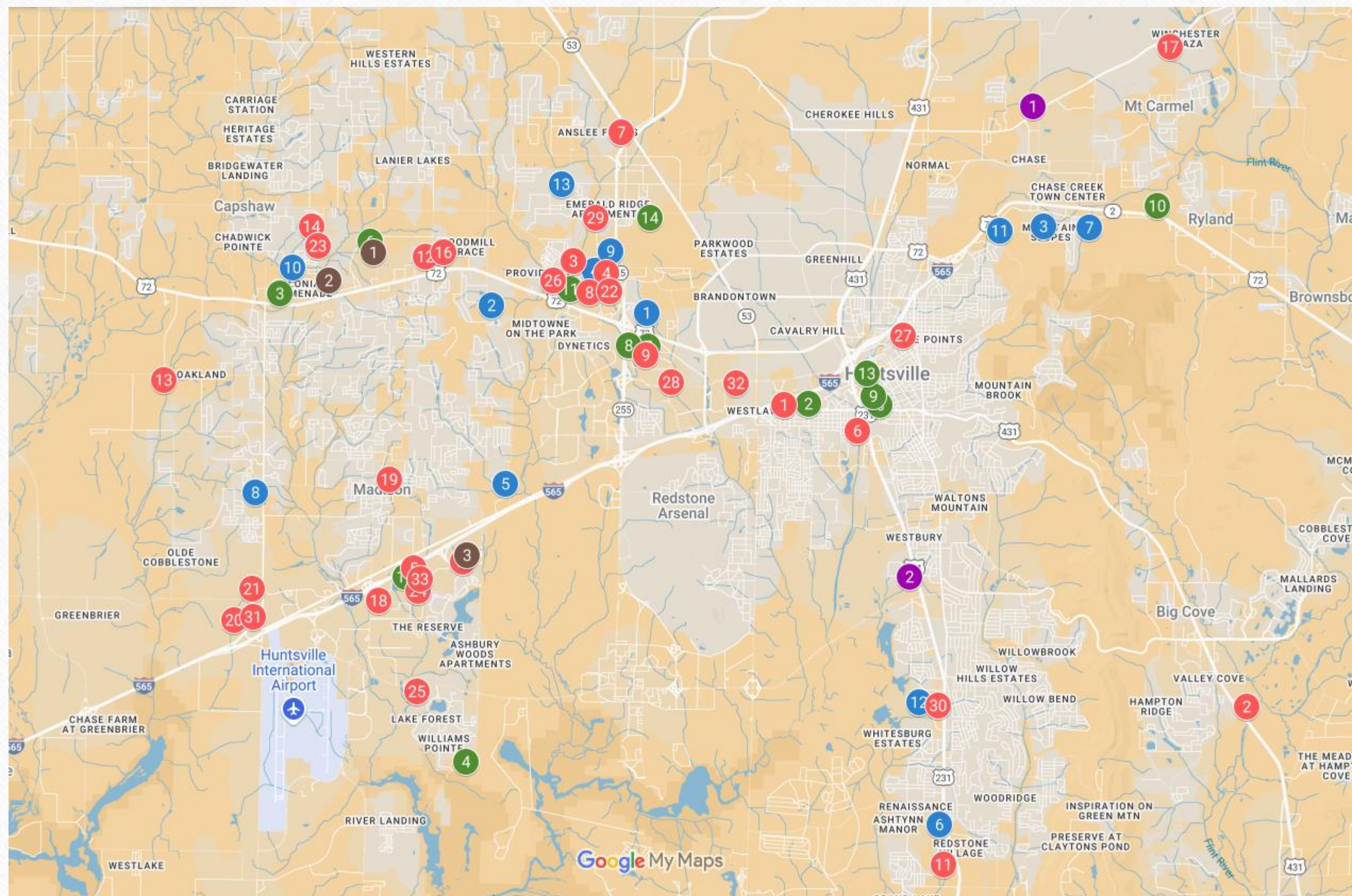
Source: David Wilson, MAI (Validated Every Year); 2014-2023 data compiled while at Berkadia Real Estate Advisors, and while at Rock Apartment Advisors before 2014 and Crunkleton in 2024-2025.



NEW CONSTRUCTION – as of 04.30.25

	PROPERTIES	UNITS
Completed & In Lease-Up	33	8,345
Under Construction	29	6,482
Started, But Halted	3	946

Source: David Wilson, MAI. Via visual observation and personal validation



The BIG Map

Red

Complete, In Lease-Up

33 Properties – 8,345 Units

Map excludes 1 property in Meridianville

Blue

Partially Complete, Leasing

13 Properties – 2,752 Units

Map excludes 1 property in Hazel Green

Green

Underway, No Deliveries Yet

14 Properties – 3,594 Units

Map excludes 1 property in Hazel Green

Brown

Started, But On-Hold

3 Properties – 946 Units

Purple

2 Affordable Properties – 136 Units

RECENT LEASE-UPS

PROPERTIES STABILIZED DURING 2ND HALF OF 2024					
Market-Rate Properties					
#	Project Name	Total Units	Municipality	Submarket	Type
Market Rate Properties					
1	Eclipse Residences	278	Huntsville	Downtown	Class A, 5-sty elevator, parking deck, w/retail
2	Belle Mor	272	Huntsville	West Huntsville	Class A, 2-story garden-style
3	The Kelvin	301	Huntsville	West Huntsville	Class A, garden-style, no elevators
4	Avenue 6	26	Huntsville	SW Huntsville	Class B, 3-story garden-style
5	Metronome MidCity	298	Huntsville	West Huntsville	Class A urban; Part of mixed use
6	St. Andrews Villas, Phase I (BFR)	96	Unincorp Limestone Co.	Madison - South	Class A, one-story
7	Mosby at BridgeStreet	290	Huntsville	West Huntsville	Class A, 4-sty elevator, surface park, no retail
8	Central Park Townhomes (SFR)	56	Madison	Madison - South	Class A townhomes with garages
9	1010 Elliston, Phase II	52	Huntsville	West Huntsville	Class A, 3-story garden-style
Subtotal - Market Rate		1,669			
Affordable or Student					
10	The Dean at Chase Creek (student m	336	Huntsville	East Huntsville	Built as Class A - master leased to Alabama A&M
11	The Elroy (student master lease)	190	Huntsville	West Huntsville	Built as Class A - master leased to Alabama A&M
12	Monrovia Flats (LIHTC)	198	Huntsville	West Huntsville	4% LIHTC - 3-story garden-style
Subtotal - Affordable or Student		724			
TOTAL UNITS		2,393			

Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group

The Good News

- 12 New Properties Stabilized During 2nd Half of 2024

- Average Occupancy was 93% for the 9 Market Rate Properties as of 12.31.24

NEW CONSTRUCTION – Pipeline at a Glance

PIPELINE SUMMARY							
Huntsville/Madison/East Limestone Area (Excludes Athens)							
as of 04.30.25							
Status	Total Properties	Delivered Units	Under Construction	Total Units	Occupied Units	Occupancy Rate	
						On Delivered Units	On Total Units
Recently Stabilized - 2nd Half 2024 *	12	2,393	0	2,393	2,225	93.0%	
Recently Stabilized - Since 01.01.25	3	825	0	825	Unk.	Unk.	
*Occupancy Rate as of 12.31.24							
Completed, In Lease-Up	33	8,345	0	8,345	4,673	56.0%	
<u>Construction Pipeline Underway</u>							
Under Construction, Partially Complete	13	1,248	1,504	2,752	655	52.5%	23.8%
Under Construction, No Deliveries **	16	0	3,730	3,730	0	0.0%	0.0%
Construction Started, But Halted	3	0	946	946	0	0.0%	0.0%
TOTAL PIPELINE UNDERWAY	32	1,248	6,180	7,428	655	52.5%	8.8%
Percent Complete of Total Units		17%	83%				
** 5 of the 16 "No Deliveries" properties comprising 1,157 units have begun preleasing and deliveries are imminent							
Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group							

NEW CONSTRUCTION – Actively Leasing

ACTIVELY LEASING, BUT NOT STABILIZED Huntsville/Madison/East Limestone Area (Excludes Athens) as of 04.30.25							
Status	Total Properties	Delivered Units	Under Construction	Total Units	Occupied Units	Occupancy Rate	
						On Delivered Units	On Total Units
Completed, In Lease-Up	33	8,345	0	8,345	4,673	56.0%	56.0%
Under Construction, Partially Complete	13	1,248	1,504	2,752	655	52.5%	23.8%
Underway, No Deliveries, Pre-Leasing	5	0	1,157	1,157	0	0.0%	0.0%
TOTAL PROPERTIES LEASING	51	9,593	2,661	12,254	5,328	55.5%	43.5%
<i>Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group</i>							

- NOTE:**
- Of the 33 properties Completed, In Lease-Up, only 8 were absorbing at 10 units per month or greater in Q1 2025
 - Of the 13 properties Under Construction, Partially Complete, only 2 are absorbing at 10 units per month or more in Q1 2025, but both are doing 15-20/nits/month

NEW CONSTRUCTION UNDERWAY – Partially Complete

The Good News
45% are now Delivered

Average Occupancy
For Delivered Units =
52.5%

No So Good News
Most Are Offering 1-2 Months Free Rent –
Some at 3 Months Free

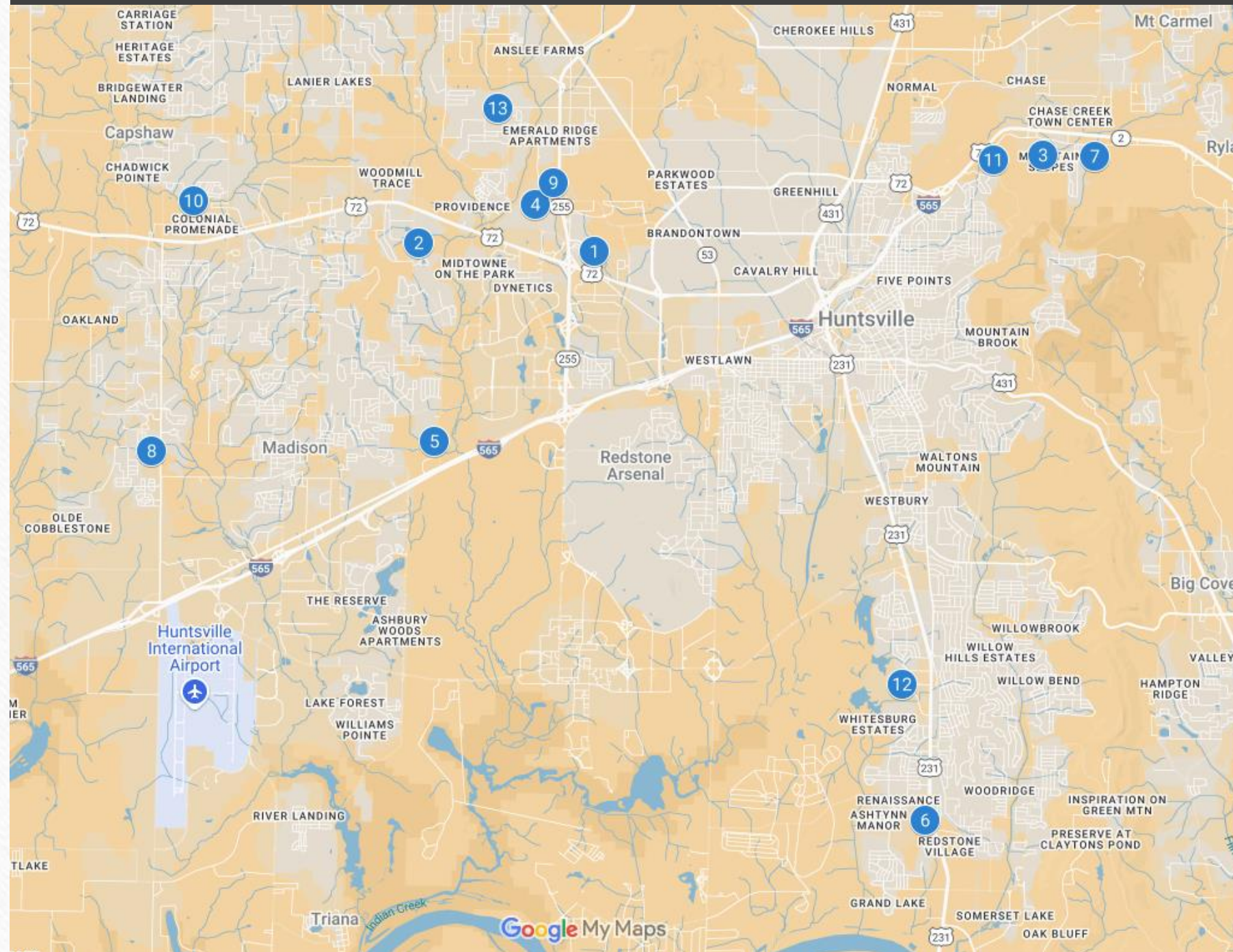
Leasing Velocity is Slow
(5 Units Per Month is Average; only 2
properties doing over 15/month

UNDER CONSTRUCTION Partially Complete & In Lease-Up as of 04.30.25						
#	Property Name	Municipality	Submarket	Previously Delivered	Units Under Construction	Total Units
1	Hamlett at MidCity (BFR)	Huntsville	West Huntsville	140	91	231
2	Sanctuary at Indian Creek (BFR)	Huntsville	West Huntsville	152	92	244
3	The Enclave at Trailhead	Huntsville	East Huntsville	28	56	84
4	1589 Residences	Huntsville	West Huntsville	76	20	96
5	Paxton Place	Huntsville	West Huntsville	300	50	350
6	Memorial Village I & II (BFR)	Huntsville	SE Huntsville	99	76	175
7	Chase Creek Apartment Homes	Huntsville	East Huntsville	216	154	370
8	Vlux (BFR)	Unincorp. Limestone County	Madison - South	56	178	234
9	Boardwalk at Research Park	Huntsville	West Huntsville	63	177	240
10	Lakeside Residences (TH's and SFR)	Huntsville	West Huntsville	21	122	143
11	Terraces at High Mountain	Huntsville	East Huntsville	37	161	198
12	Jessam at Hays Farm	Huntsville	SE Huntsville	52	266	318
13	Oaks at Indian Creek	Unincorp. Madison County	Harvest	8	61	69
TOTAL UNITS				1,248	1,504	2,752

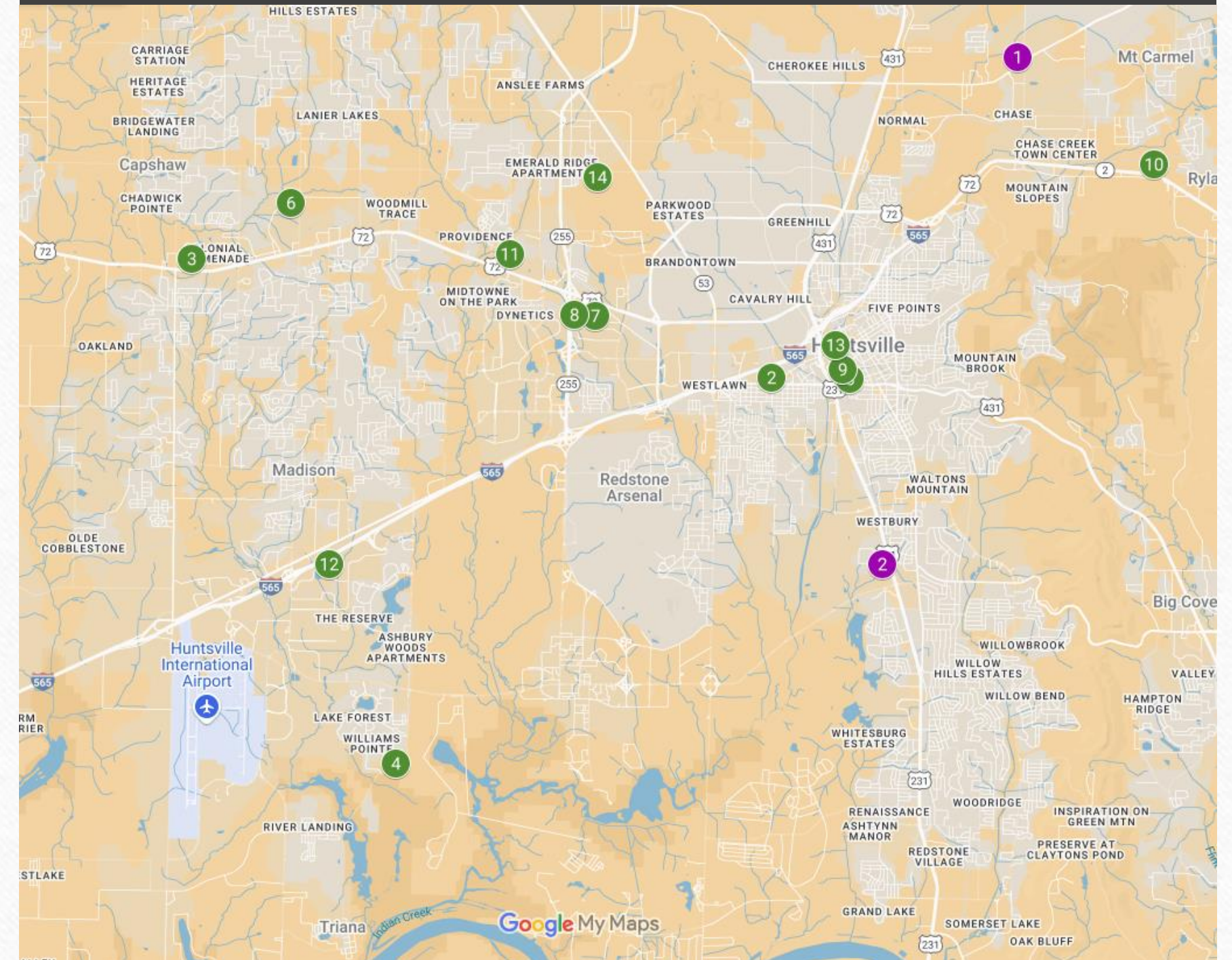
Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group

13 properties, comprising 2,752 units

13 properties, comprising 2,752 units



**16 properties, comprising 3,730 units
(Map below excludes three properties where constructed was halted)**



NEW CONSTRUCTION UNDERWAY – No Deliveries

UNDER CONSTRUCTION No Deliveries Yet as of 04.30.25						
#	Property Name	Municipality	Submarket	Previously Delivered	Units Under Construction	Total Units
1	Holly Anne Rental Homes (SFR) **	Unincorp. Madison County	Hazel Green	0	155	155
2	Mural at Stovehouse **	Huntsville	SW Huntsville	0	200	200
3	Solstice at Promenade **	Huntsville	West Huntsville	0	268	268
4	Nestledown Farms (BFR) **	Huntsville	West Huntsville	0	202	202
5	Vista **	Huntsville	Downtown	0	332	332
6	The Collier at Clift Farm	Unincorp. Madison County	West Huntsville	0	318	318
7	Wellory Living at MidCity	Huntsville	West Huntsville	0	328	328
8	Anthem House at MidCity (micro)	Huntsville	West Huntsville	0	330	330
9	Bartley Lofts at City Centre	Huntsville	Downtown	0	278	278
10	Rovena at Martinson Ranch	Huntsville	East Huntsville	0	240	240
11	Walden at Providence, Phase II	Huntsville	West Huntsville	0	130	130
12	Ovation at Town Madison, Ph II	Madison	Madison - South	0	96	96
13	Front Row	Huntsville	Downtown	0	545	545
14	Grant Park Townhomes (SFR)	Huntsville	North Huntsville	0	172	172
Subtotal - Market Rate Properties				0	3,594	3,594
15	Arbours at Moores Mill (LIHTC-senior)	Huntsville	North Huntsville	0	80	80
16	Primrose Place (LIHTC)	Huntsville	SE Huntsville	0	56	56
Subtotal - Affordable/LIHTC Properties				0	136	136
TOTAL UNITS				0	3,730	3,730

Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group

** Properties that have started preleasing, but have not yet delivered units

The Good News

The largest (Front Row) is very early in construction.

5 properties are already pre-leasing

Huntsville's economy is strong, and the outlook is exceptional

No So Good News

Absorption rates and rental rates at existing properties are already stressed

NEW CONSTRUCTION – “Hold the Horses”

STARTED - BUT ON HOLD						
No Deliveries Yet						
as of 04.30.25						
#	Property Name	Municipality	Submarket	Previously Delivered	Units Under Construction	Total Units
1	Ovation at Clift Farm (BFR)	Unincorp. Madison County	West Huntsville	0	200	200
2	Silver Collection at Clift Farm	Unincorp. Madison County	West Huntsville	0	378	378
3	Silver Collection at Town Madison	Madison	Madison - South	0	368	368
TOTAL UNITS				0	946	946
Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group						

The Silver Collection properties already have their site work complete, and parking lots partially complete. Just waiting to start going vertical. Developer builds with “all cash” and can therefore wait on optimal timing to commence.

Ovation developer is also an “all cash” developer and can wait on the market. Ovation’s site work is only partially complete, but no paving.

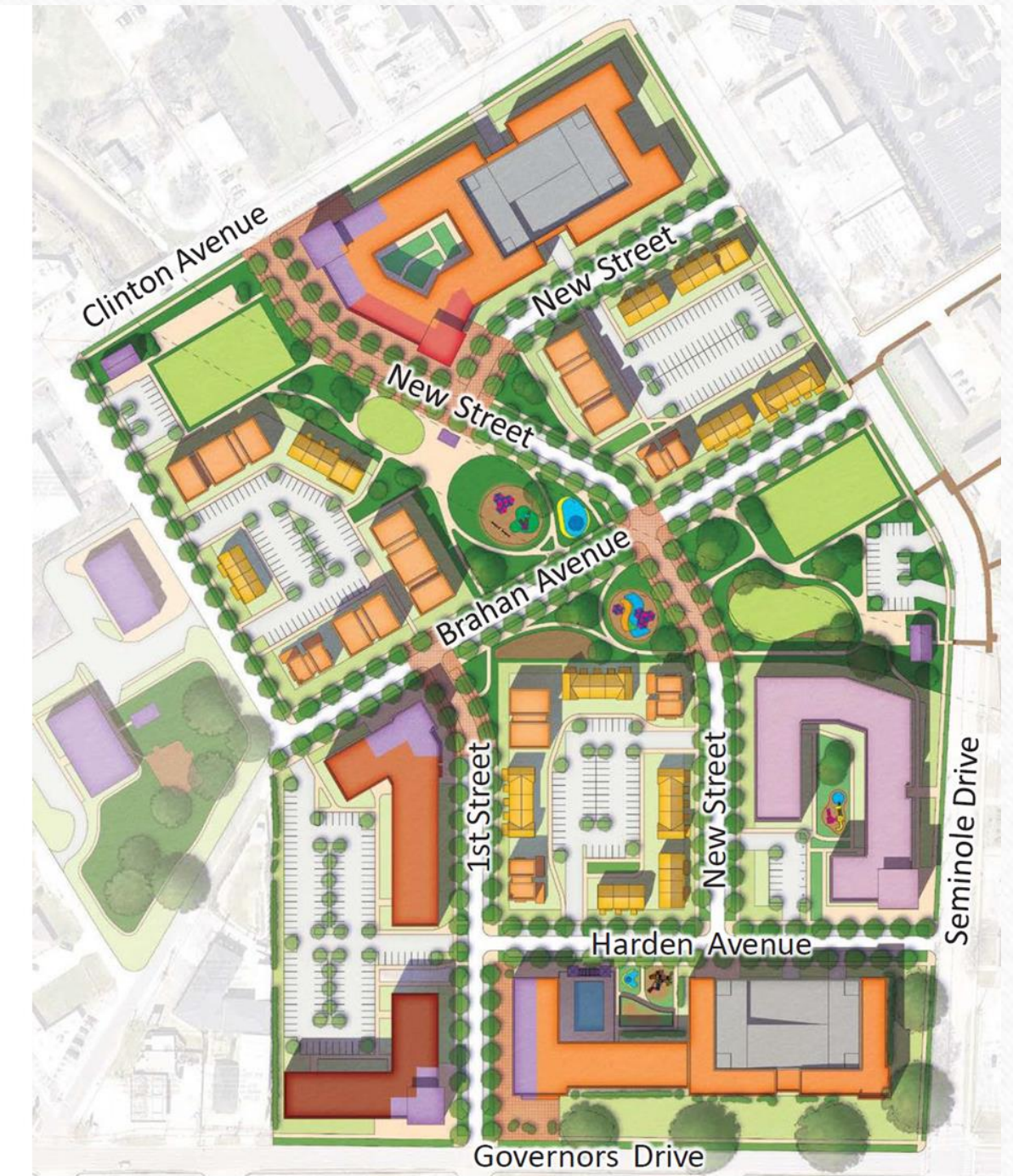
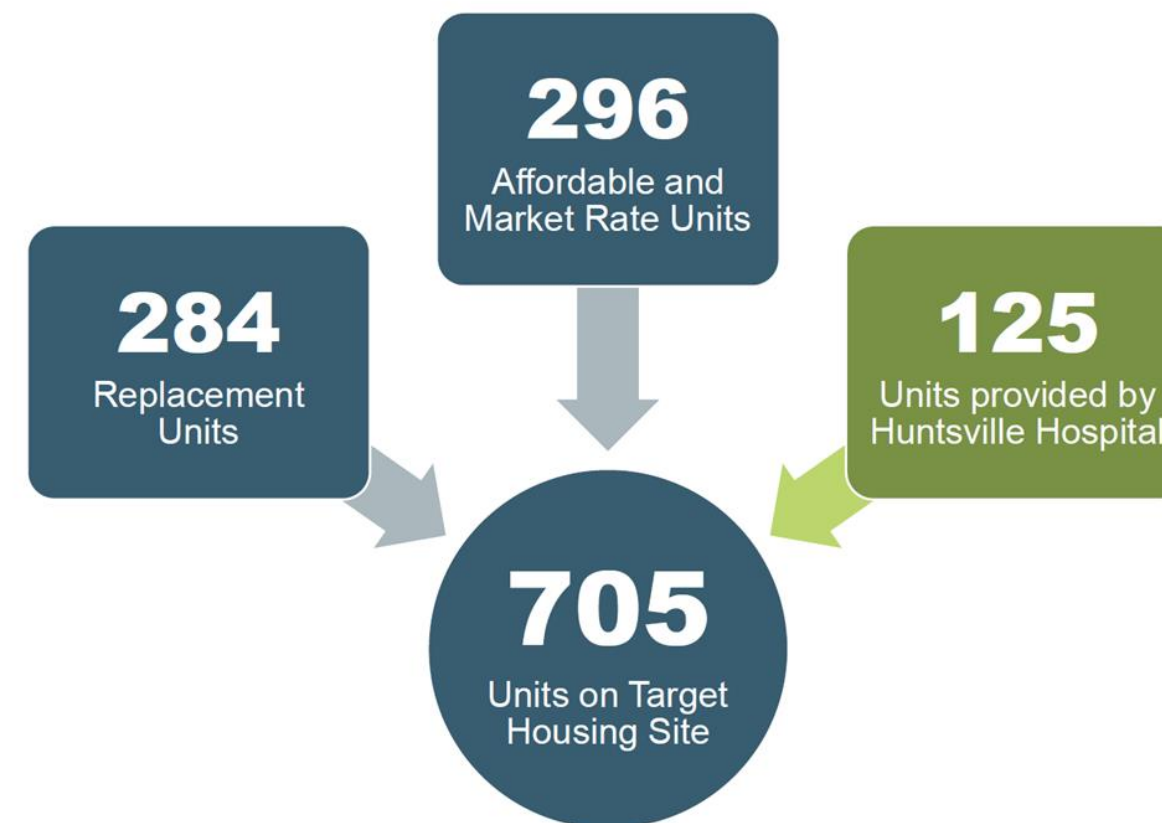
FUTURE CONSTRUCTION – Affordable Housing

NEAR DOWNTOWN

- Fronts Governors & Clinton
- 705 new housing units
- Constructed over 4-5 years
- LIHTC, Public Housing & Market
- Developer has been selected
- Could commence in 2025
- Will include retail components

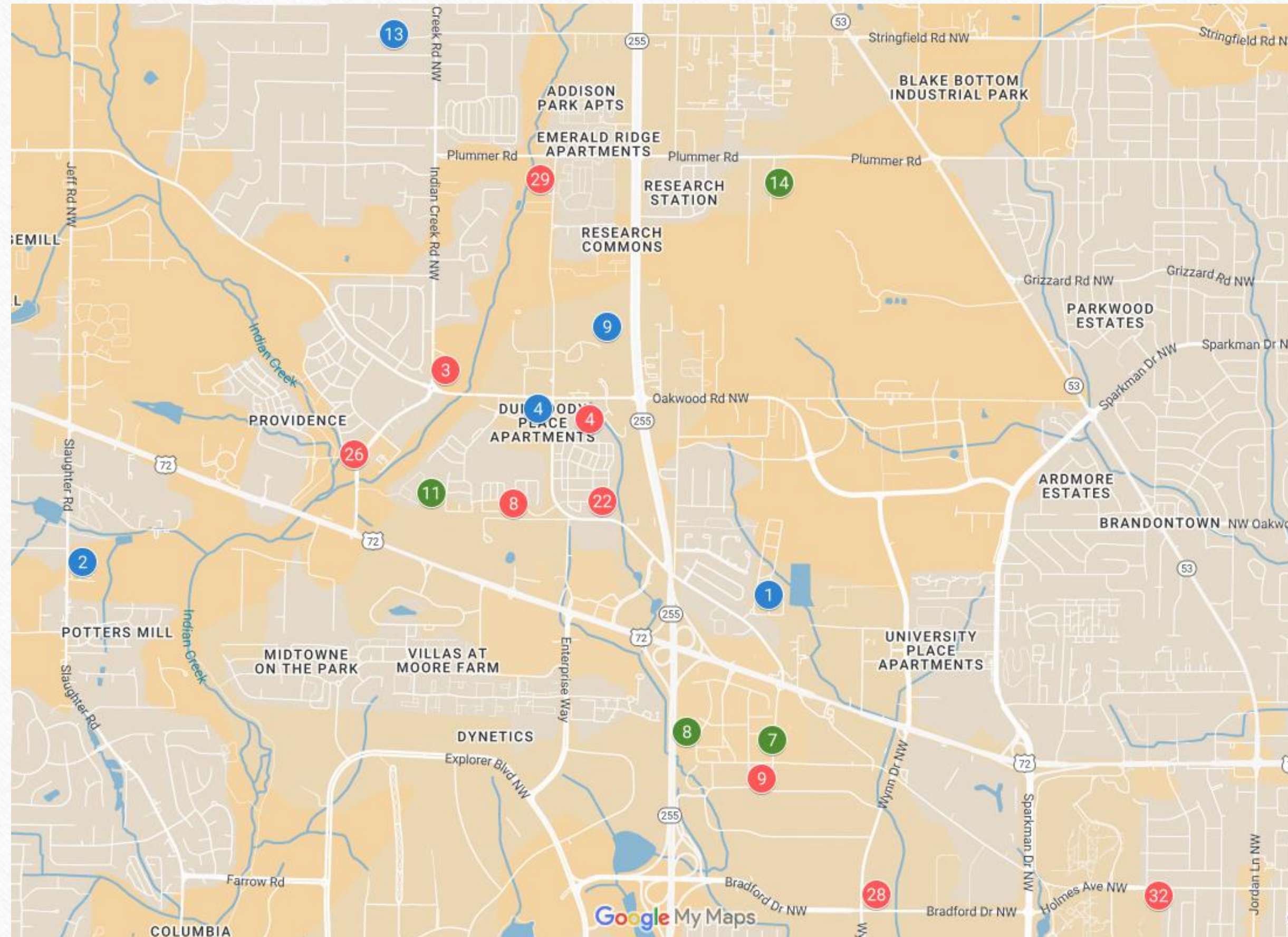
Huntsville Hospital has committed to be involved with one development to provide affordable housing for their employees.

Housing Plan



HOT SPOTS & OCCUPANCY RATES

NOTE: The following data is as of late-April 2025 and
as reported by each property to David Wilson



Hot Spot #1 Near Research Park

Red

Complete, In Lease-Up

10 Properties – 2,297 Units

57% Average Occupancy Rate

Blue

Partially Complete, Leasing

5 Properties – 880 Units

49.2% Avg Occupancy on Delivered Units

24.6% Av Occupancy on Total Units

Green

Underway, No Deliveries Yet

4 Properties – 960 Units

NOTE: Approx. 150 of these units in MidCity are not true apartments

#14 is a New Start

Hot Spot #2

Downtown Area

Red

Complete, In Lease-Up

3 Properties – 734 Units

50-60% Average Occupancy

Blue

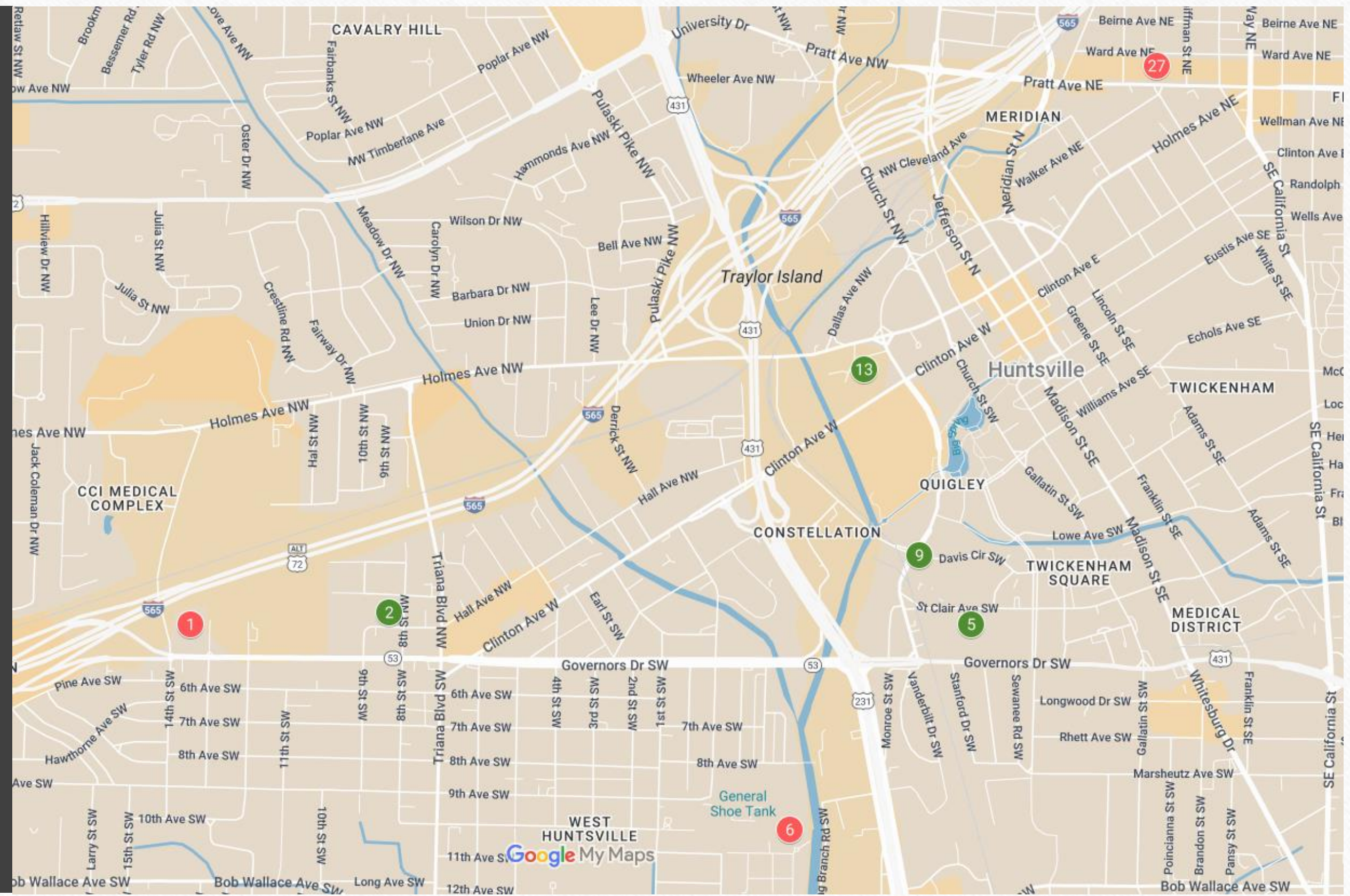
Partially Complete, Leasing

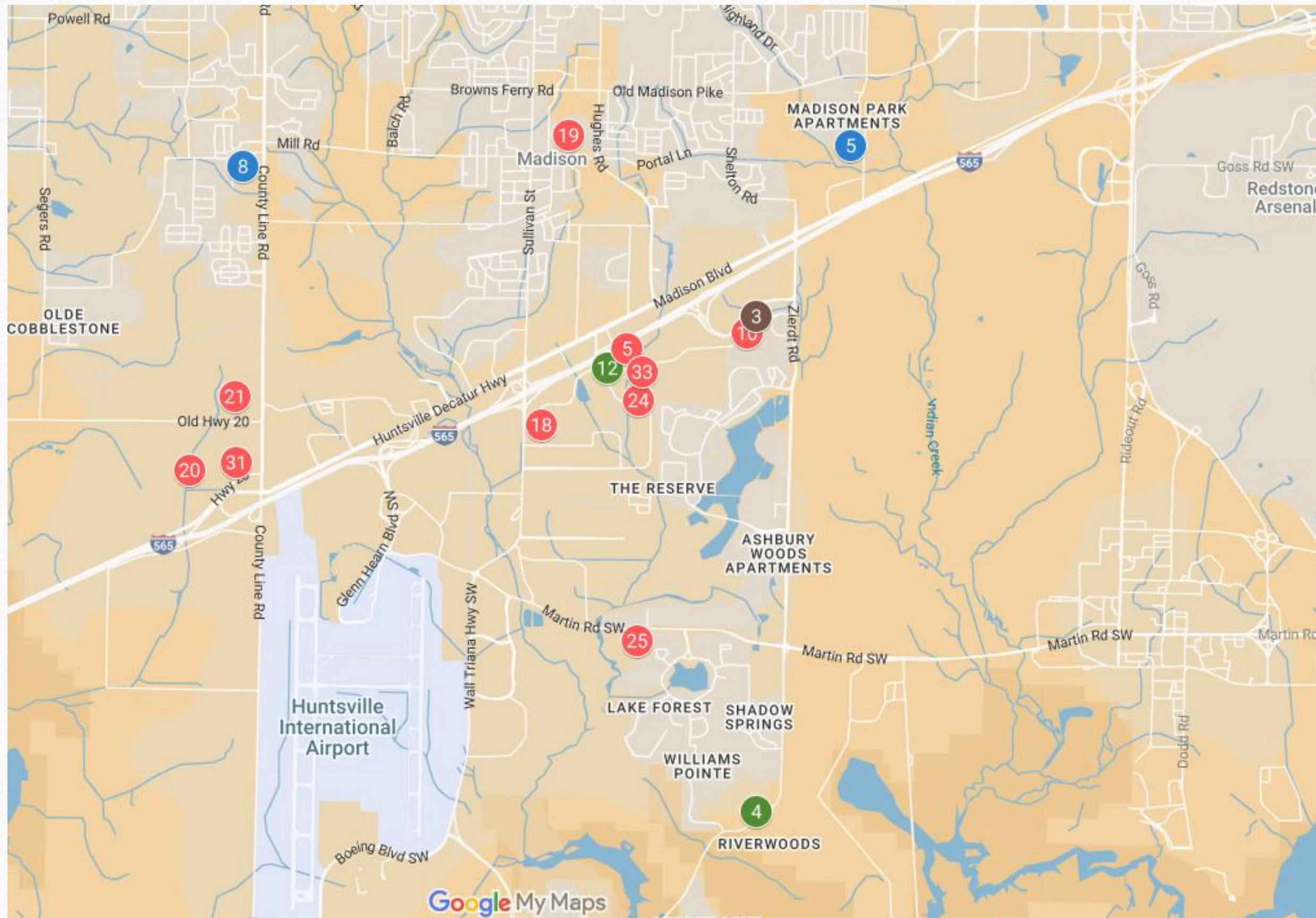
0 Properties

Green

Underway, No Deliveries Yet

4 Properties – 1,355 Units





Hot Spot #3

Madison Area - South

Red

Complete, In Lease-Up

10 Properties – 2,604 Units
50% Average Occupancy Rate

Blue

Partially Complete, Leasing

2 Properties – 356 Units
Avg Occupancy – Held Confidential

Green

Underway, No Deliveries Yet

2 BFR Properties – 298 Units

Brown

Started, But On-Hold

1 Property – 368 Units

Hot Spot #4

Madison Area - North

Red

Complete, In Lease-Up

5 Properties – 1,197 Units
68% Average Occupancy

Blue

Partially Complete, Leasing

1 Property – 143 Units
Leasing Just Began

Green

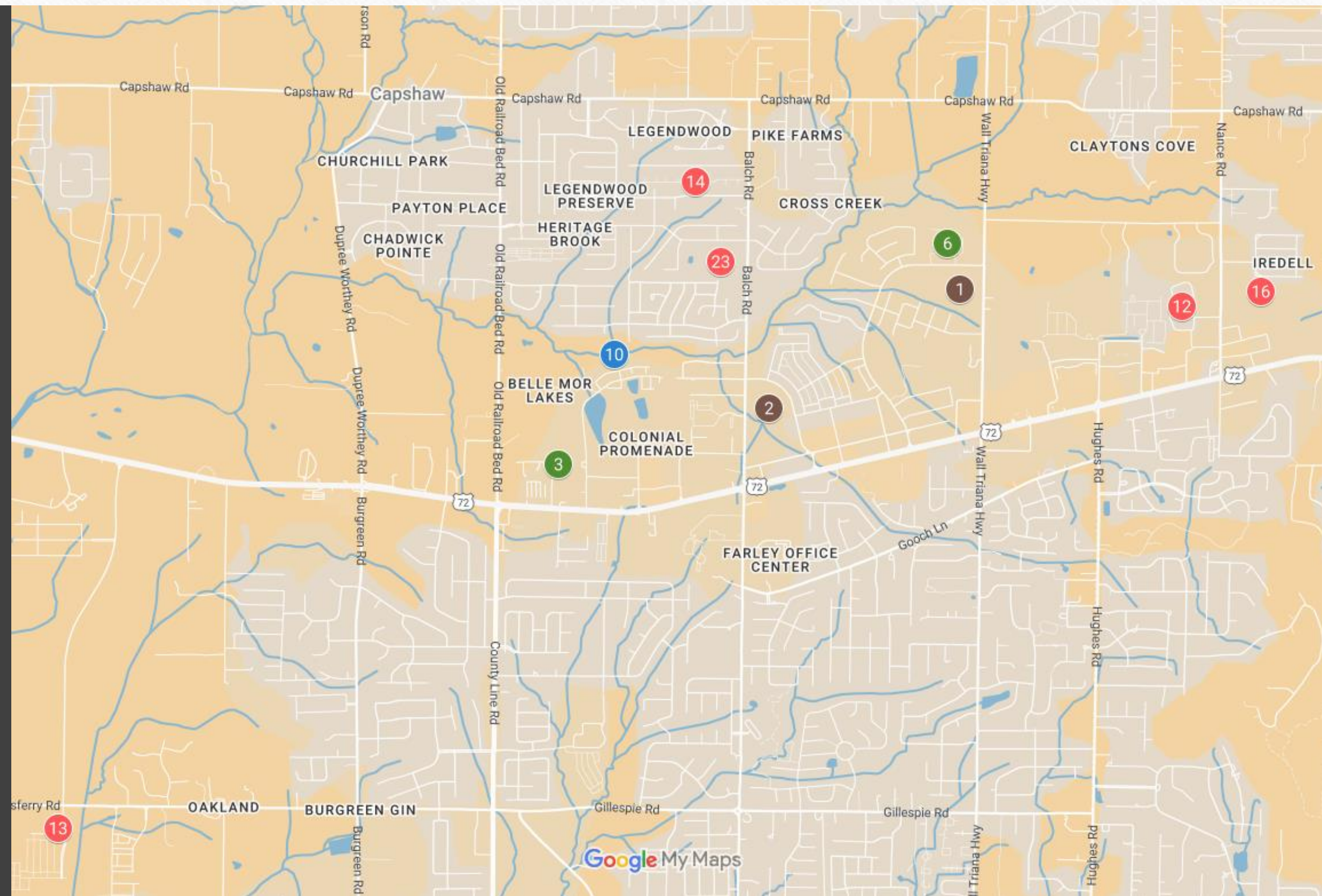
Underway, No Deliveries Yet

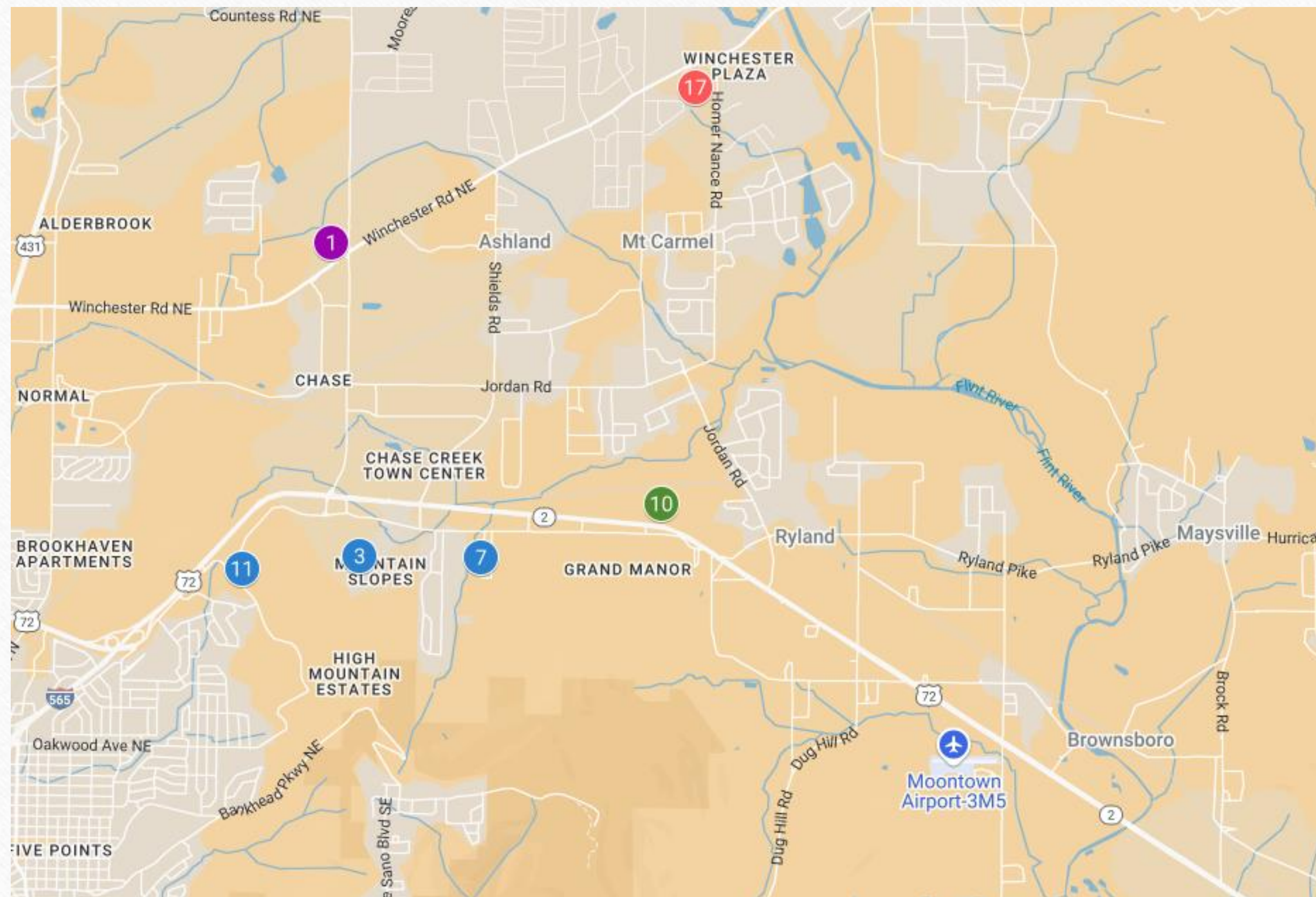
2 Properties – 586 Units

Brown

Started, But On-Hold

2 Properties – 578 Units





Hot Spot #5

East Huntsville

Red

Complete, In Lease-Up

1 Property – 264 Units

Avg Occupancy – Held Confidential

Blue

Partially Complete, Leasing

3 Properties – 652 Units

74% Avg Occupancy on Delivered Units

Green

Underway, No Deliveries Yet

1 Property – 240 Units

Purple

Underway, No Deliveries

1 Affordable Property - 80 Units

NEW CONSTRUCTION HIGHLIGHTS



2020

— AT PROVIDENCE —

BEST IN CLASS

1st Deliveries – May 2024

Completed – Dec. 2024

360 Apartment Units

+20,000 SF Retail

Market Rents –

Over \$2.00/SF

No Concessions



UNDER CONSTRUCTION

.....

Framing Just Getting Started
1st Deliveries – Target 2026

.....





MULTIFAMILY OFFERINGS

Metronome – 298 Units
Complete – Stabilized

Encore MidCity – 232 Units
Complete – In Lease-Up

Wellory Living – 328 Units “Net Zero”
Underway, 1st Units in Late 2025

Anthem House – 330 Micro Units
Underway – 1st Units in Late 2025

1,188 TOTAL UNITS

Approx. 50% of Anthem House will be offered as extended stay hotel

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 improving Absorption
- Fantastic employment growth, coupled with high incomes
- Numerous #1 rankings nationally for Quality of Life, “Best Place to...”
- Cheap money - ridiculously low interest rates
- Abundant vacant land - no barriers to entry
- 3rd-party data under-reporting supply/deliveries
- 3rd-party sources continuing to report occupancy rates of 93% - despite the deluge of supply – and some still are today



OCCUPANCY
+
HOW LONG TO STABILIZATION?
+
RENTS

OVERALL OCCUPANCY RATE ESTIMATE – Here's The Math

OVERALL OCCUPANCY RATE ESTIMATE Market-Rate Properties - Huntsville/Madison/East Limestone Area (Excludes Athens) as of 04.30.25								
Status	Total Properties	Delivered Units	Under Construction	Total Units	Vacant Units (Includes Non-Delivered)	Occupied Units	Occupancy Rate On Delivered Units	Occupancy Rate On Total Units
Established Properties - All Ages	136	30,029	0	30,029	2,102	27,927	93.0%	93.0%
Completed, Actively In Lease-Up	33	8,345	0	8,345	3,672	4,673	56.0%	56.0%
Under Construction, Partially Complete	13	1,248	1,504	2,752	2,097	655	52.5%	23.8%
OVERALL	182	39,622	1,504	41,126	7,871	33,255	83.9%	80.9%
				Excluding non-delivered	6,367			
NOTE 1 - Established Properties count based on various publications by David Wilson from 1994-2024 and includes properties with 60+ units, of all ages/class, excluding LIHTC, student and public housing. NOTE 2 - Established Properties occupancy rate of 93% is an assumption and "approximate" based on various national publications.								
Source: David Wilson, MAI; Crunkleton Commercial Real Estate Group								

OVERALL OCCUPANCY – as of 04.30.25

	PROPERTIES	UNITS	OCCUPANCY RATE
Established Properties	136	30,029	93% (assumed; per 3 rd parties)
Fully Complete/In Lease-up	33	8,345	56%
Under Construction- Partially Complete	13	1,248	52.5% on delivered units
OVERALL	182	39,622	83.9% on delivered units
Under Construction- No Deliveries	16	5,234	0%
TOTAL SUPPLY/INVENTORY	198	44,856	

Source: David Wilson, MAI. See footnotes on following page for important notes.

ABSORPTION

- 2023 Absorption = 2,700 to 5,200 units, depending on source
- 2024 Absorption = 4,850 to 6,500 units, depending on source
- **Current Absorption = 3,400 to 5,900, depending on source (Trailing 12 as of Q1 2025)**
- Absorption trend had been improving – setting new records each quarter – until Q1 2025
- The “macro” absorption has been record-setting; but individual property is weak
- Many new properties are leasing at pace of under 5-10 Units per Month
- Concessions use intensifying to propel absorption
- National sources indicate absorption slowed in Q1 compared to previous months/quarter

In 2024, Alabama A&M University master-leased two whole properties (526 units collectively) and also leased blocks of units at numerous properties, helping to inflate organic absorption.

HOW LONG TO STABILIZATION?

Just Math – Not a Forecast

	Scenario #1	Scenario #2
Total Supply/Inventory at Completion (DW Estimate)	44,856	44,856
Assumed Stabilization Rate	90%	93%
Occupied Units at Stabilization Rate	40,370	41,716
Total Occupied Units - 04.30.25 (DW Estimate)	33,255	33,255
Absorption Needed to Achieve Stabilization	7,115	8,461
Annual Absorption Assumed **	4,500	4,500
Years to Achieve Stabilization	1.58	1.88

Source: David Wilson, MAI

NOTE:

The Annual Absorption Assumed above is simply an indication within the range of prevailing national estimates. It is used for illustrative purposes to provide context to potential stabilization timing and is not meant to be a forecast.

RENTAL RATES

- Effective Rent Growth is negative - and has been for 2+ years
- Concessions of 1-3 months free is the norm for new construction
- Only 2 new construction properties are NOT offering concessions (2020 Providence & Trailhead)
- Concessions use is intensifying as count of new projects in lease-up escalates

- Top-of-Market Rent – Just over \$2.00/SF at 2020 Providence (Best in Class)
- The new “Vista” property opening downtown in May 2025 is targeting over \$2.00/SF
- Downtown rents have usually been highest – but most now \$1.50 to \$1.75
- Suburban Class A “effective” rents are now \$1.20 - \$1.50/SF, but some higher, some lower

Rent growth will likely not turn positive until occupancy trend improves.

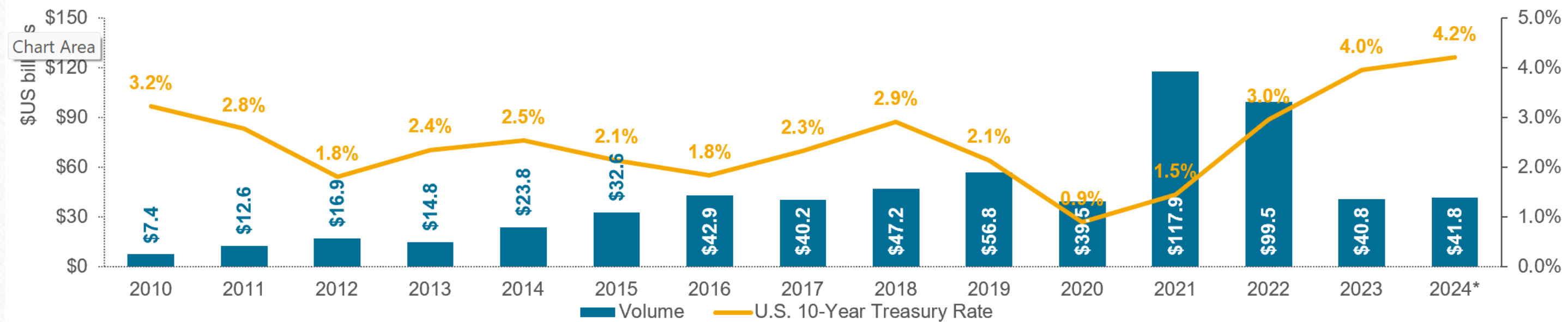
But the stage is being set for some substantial rent growth in a year or so, if absorption holds up, as 2026+ deliveries are very likely to be a fraction of their current pace. National forecasts expect positive growth in late-2025/early-2026.

TRANSACTIONS

TRANSACTION ACTIVITY - NATIONAL

Treasury Volatility and its Impact on Multifamily Transactions

U.S. Apartment Sales Transaction Volume by Year, 2010-2024 (\$50M+) (Excludes Portfolios and Recaps)**



Deals



*Preliminary data for Q4 24

**Based on individual property sales of \$50 million and greater.

Excludes age-restricted, student housing, and subsidized deals.

Source: RCA; St. Louis FRED

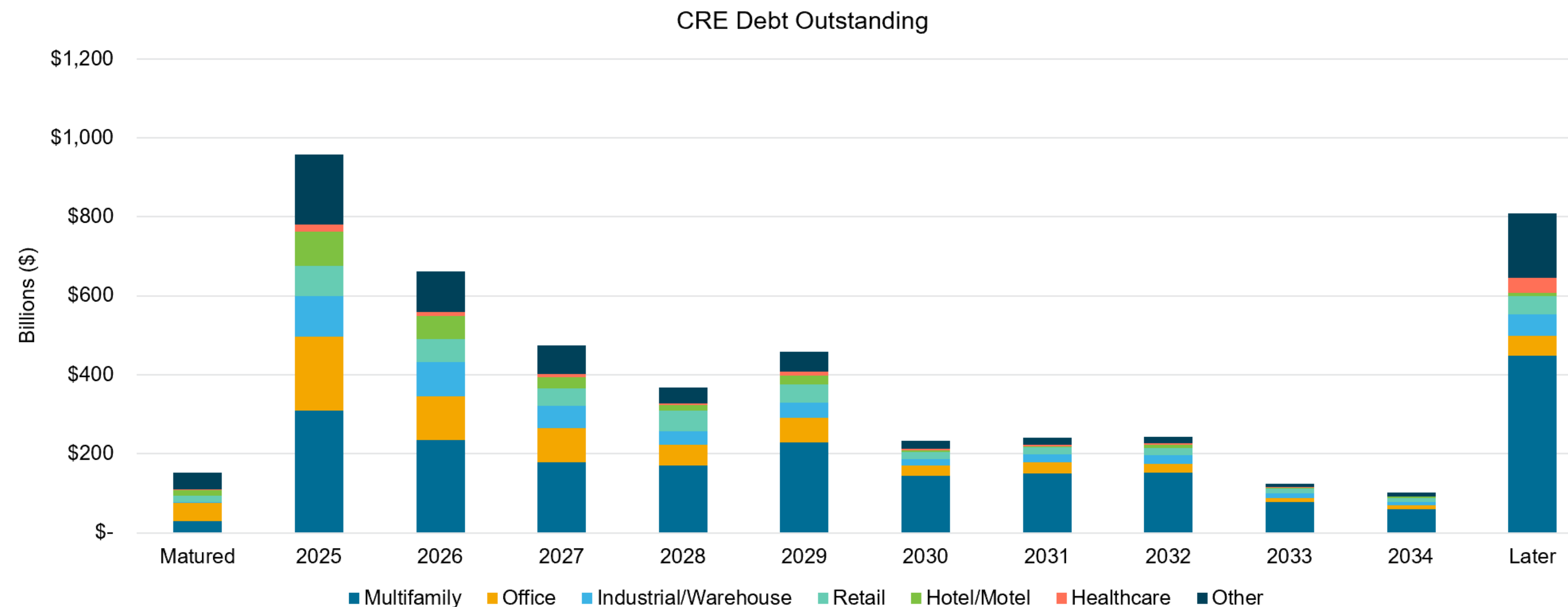
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TRANSACTION ACTIVITY – Loan Maturity Triggers

CRE Debt Outstanding By Asset Type

\$957 billion of CRE mortgages are set to mature in 2025, or roughly 20% of the total CRE mortgage debt outstanding landscape. More than a quarter of that is concentrated in multifamily.



Source: Mortgage Bankers Association
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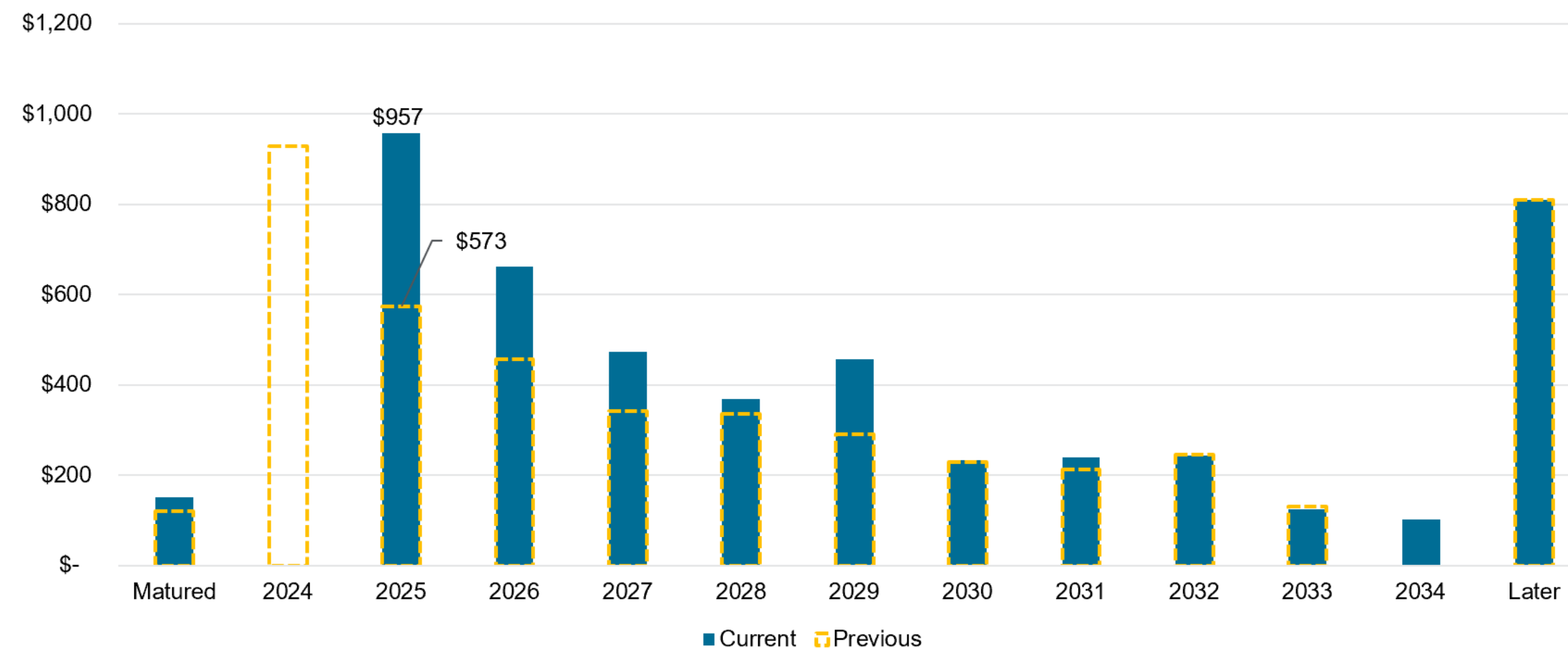
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TRANSACTION ACTIVITY – Limited Distress

déjà vu: CRE Debt Outstanding – Extend & Pretend

\$957 billion of CRE mortgages are set to mature in 2025, or roughly 20% of the total CRE mortgage debt outstanding landscape. More than a quarter of that is concentrated in multifamily. The 2025 maturity wall grew significantly vs previous projections due to borrowers exercising extension options.

Loan Maturity Schedule: Current vs 2024 Projections (\$ Billions)



Source: Mortgage Bankers Association
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NOTABLE HUNTSVILLE SALES - LAST 12 MONTHS



THE WINCHESTER

Price per Unit	\$230,757
Total Units / Year Built / Status	264 / 2024 / In Lease-Up
Location	Winchester Road corridor / East Huntsville



SHELTON PARK

Price per Unit	\$105,000
Total Units / Year Built / Status	100 / 1984 / Stable
Location:	Madison - South

TRANSACTION OVERVIEW

- Interest rate spikes in early-2022 “froze” the capital markets - nationwide
 - Cap rates increased accordingly – they follow interest rate trends closely
 - Triggering big declines in Market Value for apartments (20%+ in many cases in Alabama)
 - Triggered tighter lending/underwriting criteria which negatively affects values
 - Meanwhile: rents, expenses, occupancy rates and other metrics have gone the wrong direction
- **RESULT: Sellers are still in shock and are reluctant to sell at the steeply lower values**
- National transaction volume in 2023 and 2024 at “all-time lows”
- Buyers are waiting for “distress” – but it hasn’t happened
- Lenders are reluctant to force sales – instead they “extend and hope for improvement”
- Nationally, economy is healthy, and multifamily world expects things to “thaw-out” soon

Huntsville area sales volume in 2024 was weak in keeping with national trends. Only 4 sales involving properties of 60+ units. Normal annual sales count was 17 to 20+.

CONCLUSION

CONCLUSION - THE GOOD NEWS

- Multifamily supply deliveries will slow as 2025 progresses
- Absorption has been continually increasing – record pace; until Q1 2025
- Huntsville's outlook is strong and rapid growth is still occurring
- **Outlook for Huntsville's continued growth is exceptional**
 - FBI expansion could lead to 4,000 direct jobs in next few years
 - Huntsville's mix of technology, missile defense, cybersecurity, genetics research and other STEM-economy jobs are recipe for future growth
 - City of Huntsville investing heavily in Quality of Life initiatives, making Huntsville “cool” and inviting to young professionals and others
 - Expectation is high for U.S. Space Force move to Huntsville

YOUR PRESENTERS & MARKET EXPERTS

BERKADIA – ALABAMA TEAM

Investment Sales



JOHN MCCRARY
Director

John McCrary joined Berkadia in January of 2024 as a Director in the Birmingham, AL office focusing on investment sales throughout Alabama, East Tennessee and south Mississippi.

John was formerly with Newmark's Birmingham investment sales team for over four years focusing on the disposition of multifamily assets throughout the southeast and has been involved with over \$1.5 billion in transaction volume. John was also with Colliers International in Birmingham for two years as a financial analyst.

John graduated with a Bachelor's degree in finance from Auburn University in 2015. Following his undergraduate degree, he received his Master of Business Administration and Master of Finance in 2017 from Auburn.

Education

Auburn Undergrad – Finance 2015

Auburn Graduate School – MBA 2016

Auburn Graduate School – Auburn Masters of Finance 2017

Transaction Support Team

KATE HARTMAN

Senior Transaction Manager

SHAWN HARTZELL

Financial Analyst

ANDREW SULLIVAN

Marketing Project Manager

BERKADIA – ALABAMA INSTITUTIONAL LEAD

Investment Sales



RUSS HARDY
Managing Director

Russ Hardy, Managing Director of Investment Sales based in Atlanta, GA, brings extensive multifamily investment sales experience to Berkadia. During his career, he has transacted over \$17 billion in sales and been involved in the marketing of hundreds of institutional assets across the Southeast. He specializes in multifamily properties across a variety of construction types, geographies, and risk profiles. In addition to his investment sales experience, Mr. Hardy also has extensive experience on the principal side of the business.

Prior to joining Berkadia, he worked for the boutique private equity firm Westplan Investors, a closed-end real estate investment fund creator and manager focused on Class A multifamily assets in the Southeast and new development opportunities. Mr. Hardy started his career in commercial real estate with Bell Partners, Inc., an apartment investment and management company focused on high-quality multifamily communities throughout the United States.

Education

Georgia Tech – B.S. in Management

George State – M.B.A. in Finance

Georgia State – M.S. in Real Estate

Transaction Support Team

SIDRA LEWIS

Senior Transaction Manager

CONNER AKERS

Senior Financial Analyst

MICHAEL HANSEN

Marketing Project Manager

BERKADIA

BERKADIA NATIONALLY

#2
NATIONALLY

In combined Investment
Sales & Mortgage Banking
Transactions since 2015



2,890+ Team
Members

349 Investment Sales &
Mortgage Banking
Producers

70+ Offices Nationwide

Investment Sales &
Mortgage Banking Offices



DAVID WILSON, MAI



- David joined Crunkleton Commercial Real Estate Group in November 2024 as a Land Specialist, capitalizing on his extensive background across numerous property types and his 30+ years of local contacts.
- David was an apartment broker with Berkadia Real Estate Advisors with their Alabama Team for 10 years until November 2024, leading the team for those last three years. He was a broker with Birmingham-based Rock Apartment Advisors before Berkadia. As an apartment broker from 2006 to 2024, David brokered over \$1 Billion in apartment and/or apartment land transactions.
- 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. He continued this report until 2008, and also produced regular multifamily reports for Birmingham, Mobile, Mobile Chattanooga and the Florida panhandle until 2008.
- As a broker, David continues to regularly track new development, transactions and market trends and keeps more detailed data on Huntsville new multifamily construction than anyone.
- His 30+ year career in Alabama markets includes 19 years as an apartment broker, and over 20 years as a commercial appraiser, with 10 years exclusively focused as an apartment market analyst and apartment appraisal specialist.
- David lives in Huntsville with his wife Beth, and they have two grown children and two grandsons. He has not operated as a practicing appraiser since Dec. 2014.



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