

COMMERCIAL REAL ESTATE REPORT Q4 2023

Birmingham-Hoover, AL Metro Area

Select a Metro Area

Birmingham-Hoover, AL Metro Area

Demographics and Economy

Demographics

0.2%	30.5%	4.7%	Net Migration in Alabama
population growth (2022)	share of renters (2022)	renter household formation (2022)	36,128 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,838 (2022)

Economy

8.6%	16,900	3.0%	-0.2%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$56,440	2.2%	11.8%	International Migration in Alabama
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	5,384 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,374 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	415,383	-39,415	1.9%	\$23	11.3%
2022 Q4	12,961	-1,308,858	3.8%	\$23	11.2%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	58,508,452	6,000	48,890	\$16.65M	9.6%
2022 Q4	58,459,562	-724,543	-511,105	\$75.56M	8.9%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	402	1,094	0.5%	\$1,185	\$1,174	10.7%
2022 Q4	-784	-455	3.2%	\$1,179	\$1,168	10.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2023 Q4	63,251	470	1,633	6.7%		
2022 Q4	61,618	290	820	6.0%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	292,332	344,904	0.4%	\$15	3.2%
2022 Q4	343,522	488,809	4.4%	\$15	3.2%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	87,353,515	7.6%	\$52.43M	\$103	
2022 Q4	86,975,273	7.6%	\$137.03M	\$147	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	90,231	-1,196,415	8.0%	\$7	4.0%
2022 Q4	-80,844	1,193,055	11.3%	\$7	2.9%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	134,248,602	35,000	306,790	8.7%	\$44.85M
2022 Q4	133,941,812	718,200	1,870,587	8.2%	\$80.70M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Huntsville, AL Metro Area

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Huntsville, AL Metro Area

Demographics and Economy

Demographics

2.3%	29.5%	3.4%	Net Migration in Alabama
population growth (2022)	share of renters (2022)	renter household formation (2022)	36,128 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,838 (2022)

Economy

9.1%	8,800	3.3%	5.5%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$71,040	2.0%	14.2%	International Migration in Alabama
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	5,384 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,374 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	-126,251	314,058	1.7%	\$21	9.2%
2022 Q4	11,917	-243,676	5.7%	\$21	8.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	24,392,356	0	639,541	\$8.47M	10.1%
2022 Q4	23,752,815	95,000	298,732	\$69.72M	9.5%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	818	3,235	-2.5%	\$1,236	\$1,208	15.9%
2022 Q4	492	1,557	2.6%	\$1,267	\$1,250	13.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	40,287	1,080	5,051		5.6%	
2022 Q4	35,236	1,170	3,279		5.0%	

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	223,621	275,039	5.5%	\$19	2.8%
2022 Q4	71,656	404,352	6.0%	\$18	2.7%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	28,250,732	7.4%	\$47.90M	\$180	
2022 Q4	27,944,285	7.4%	\$43.96M	\$100	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. As a result, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	337,357	1,374,005	7.5%	\$9	8.7%
2022 Q4	284,283	1,251,175	11.1%	\$8	8.4%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	50,110,997	757,047	1,690,095	8.0%	\$2.40M
2022 Q4	48,420,902	367,910	1,246,865	7.5%	\$12.74M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Mobile, AL Metro Area

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Mobile, AL Metro Area

Demographics and Economy

Demographics

-0.4%	33.7%	-3.8%	Net Migration in Alabama
population growth (2022)	share of renters (2022)	renter household formation (2022)	36,128 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,838 (2022)

Economy

10.0%	4,700	2.5%	1.5%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$52,960	2.9%	8.0%	International Migration in Alabama
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	5,384 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,374 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	-15,759	114,857	1.8%	\$17	4.9%
2022 Q4	-32,849	45,222	5.2%	\$17	5.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	15,193,168	0	15,000	\$7.96M	11.4%
2022 Q4	15,178,168	6,600	-3,724	\$5.66M	11.0%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	0	-120	2.5%	\$1,046	\$1,037	8.4%
2022 Q4	-63	-261	6.4%	\$1,020	\$1,014	7.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	21,219	0	160		6.8%	
2022 Q4	21,059	0	0		6.1%	

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	24,663	-45,324	4.9%	\$17	3.6%
2022 Q4	40,054	543,072	5.2%	\$16	3.3%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	30,360,400	7.8%	\$7.49M	\$126	
2022 Q4	30,323,241	7.9%	\$37.46M	\$110	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-91,794	-17,162	8.3%	\$8	5.2%
2022 Q4	-338,038	129,840	11.6%	\$7	4.7%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	37,716,976	1,814	190,173	8.6%	\$7.04M
2022 Q4	37,526,803	3,500	207,080	8.2%	\$19.35M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Montgomery, AL Metro Area

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Montgomery, AL Metro Area

Demographics and Economy

Demographics

0.4%	31.9%	-7.6%	Net Migration in Alabama
population growth (2022)	share of renters (2022)	renter household formation (2022)	36,128 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,838 (2022)

Economy

8.8%	1,800	1.0%	9.9%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$51,540	2.4%	7.7%	International Migration in Alabama
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	5,384 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,374 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	-8,455	-101,289	1.5%	\$17	4.2%
2022 Q4	59,307	405,325	5.5%	\$17	3.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	17,108,154	0	0	\$5.86M	11.1%
2022 Q4	17,108,154	0	0	\$8.98M	10.5%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	-120	-160	2.5%	\$975	\$966	11.6%
2022 Q4	-137	-509	3.4%	\$951	\$941	10.3%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	20,480	0	127		7.2%	
2022 Q4	20,353	0	10		6.6%	

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-51,085	-71,777	5.0%	\$15	5.4%
2022 Q4	-27,866	225,979	5.6%	\$14	4.9%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	28,280,296	7.5%	\$12.38M	\$55	
2022 Q4	28,197,861	7.7%	\$87.51M	\$128	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-365,671	-353,052	8.5%	\$6	4.7%
2022 Q4	105,683	934,216	11.8%	\$5	3.2%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	36,310,506	0	200,000	8.4%	\$1.19M
2022 Q4	36,110,506	0	655,000	8.4%	\$1.82M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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