MARKETBEAT

MONTGOMERY

MULTIFAMILY Q1 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11.5% Market Vacancy Rate	—	—
$1.10 Effective Rent, PSF	▲	▲
$70,800 Median Household Income	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
187.1K Montgomery Employment	▲	▲
2.7% Montgomery Unemployment Rate	▼	▲
0.8% Montgomery Household Growth Rate YOY	▲	▲
0.8% U.S. Household Growth Rate YOY	▲	▲

Source: BLS Q4 2025, BOC, Moody's Analytics, CoStar, Cushman & Wakefield Research

SUPPLY AND DEMAND

Montgomery's multifamily market entered 2026 with gradually improving fundamentals as new supply remained limited and the development pipeline stayed relatively contained. Units under construction totaled just over 450 units in Q1 2026, up from nearly 265 units one year earlier but still modest in scale compared to larger regional markets. While the pipeline expanded somewhat, overall construction activity stayed measured, helping to limit near-term supply pressure. Notably, no new units were delivered during the quarter, and the market had not recorded any new deliveries since 2020, underscoring an extended period of constrained supply growth.

While this quarter's absoprtion marked a temporary pullback from the prior quarter's positive absorption, demand trends remained relatively stable when viewed over a longer horizon. The prolonged absence of new deliveries helped the market gradually absorb existing inventory over time, supporting overall balance despite periodic fluctuations in quarterly demand. Demand remained supported by stable employment conditions and relatively affordable rents compared to larger Southeastern markets.

Market vacancy rose modestly to 11.5% in Q1 2026, increasing 30 basis points (bps) quarter-over-quarter but declining 70 bps year-over-year (YOY). The annual improvement reflected the market's ability to continue working through existing inventory in the absence of new completions, while the slight quarterly uptick was consistent with normal seasonal and demand fluctuations. Looking ahead, the limited development pipeline and lack of near-term supply additions should allow vacancy levels to gradually improve as renter demand continues to normalize.

PRICING

Rent performance in Montgomery remained stable in Q1 2026, reflecting steady demand conditions and limited new supply. Effective rents averaged $1,083 per unit and $1.10 per square foot, representing a 1.6% YOY increase. This moderate growth signaled continued normalization while still maintaining positive momentum. Pricing trends remained relatively resilient, supported by affordability and consistent renter demand. With a still-moderate construction pipeline, downward pressure on rents is expected to remain limited.

MARKET VACANCY & EFFECTIVE RENT



© 2026 Cushman & Wakefield

ALABAMA MAJOR MARKET COMPARISON

	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	MARKET VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Birmingham	55,787	0	0.0%	289	454	11.8%	10	$1,272	$1.28	-1.5%
Huntsville	47,589	0	0.0%	2,352	743	12.0%	160	$1,221	$1.23	-2.3%
Mobile	20,145	0	0.0%	65	51	9.8%	110	$1,147	$1.24	-0.2%
Montgomery	**19,063**	**0**	**0%**	**264**	**25**	**11.4%**	**10**	**$1,063**	**$1.07**	**1.1%**
Tuscaloosa	10,815	0	0%	0	-87	11.5%	260	$1,125	$1.17	1.6%

KEY RECENT TRANSACTIONS

PROPERTY	SUBMARKET	UNITS	YEAR BUILT
79 Commerce	Downtown Montgomery	54	2015
Governors Parc Apartments	South Montgomery	228	1971
156 Commerce	Downtown Montgomery	110	1984
Woodmere Reserve	East Montgomery	200	1978
The Lofts on Fountain	South Montgomery	242	1973
The Eastern	South Montgomery	240	1979

KEY RECENT CONSTRUCTION HIGHLIGHTS

PROPERTY	SUBMARKET	UNITS	DELIVERY
The ONE at Montgomery	East Montgomery	264	Q3 2026
Cottages at Prattville	Prattville/Millbrook	192	Q1 2027

OUTLOOK

- Expansion of the Montgomery inland port is strengthening the area's role as a regional distribution hub.
- Continued development of large-scale data center infrastructure contributes to the region's growing presence in technology and advanced industries.
- Federal and local funding initiatives aimed at infrastructure and innovation support long-term economic competitiveness and workforce development.

SHERRA GILBERT
Senior Research Manager
Tel: +1 713 260 0282
sherra.gilbert@cushwake.com

©2026 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities.
You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

© 2026 Cushman & Wakefield