MARKETBEAT

MONTGOMERY

MULTIFAMILY Q2 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
10.6% Market Vacancy Rate	▼	▼
$1.11 Effective Rent, PSF	▲	▲
$72,200 Median Household Income	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
184.9K Montgomery Employment	▲	▲
3.1% Montgomery Unemployment Rate	▲	▲
0.3% Montgomery Household Growth Rate YOY	▼	▲
0.4% U.S. Household Growth Rate YOY	▼	▲

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

SUPPLY AND DEMAND

Montgomery's multifamily market showed further signs of stabilization in Q2 2026 as demand strengthened and new supply remained limited. The development pipeline totaled just over 450 units under construction, unchanged from Q1 but up from nearly 270 units one year earlier. Despite the increase in projects underway, construction activity remains modest relative to the size of the market, and no new units were delivered during the quarter. In fact, Montgomery has not recorded a multifamily delivery since Q1 2023, helping to preserve favorable supply-side conditions and limit competitive pressure from new inventory.

Demand improved meaningfully during the quarter, with net absorption reaching almost 130 units following negative absorption of just over 60 units in Q1. The rebound reflects renewed leasing activity and indicates that renter demand remains healthy despite broader economic uncertainty. On a year-to-date basis, net absorption totaled 66 units, outpacing the absence of new deliveries and allowing the market to continue gradually working through existing vacancy.

As a result, market vacancy declined to 10.6% in Q2 2026, falling 70 basis points both quarter-over-quarter and year-over-year (YOY). The improvement marks the market's lowest vacancy rate since Q2 2023 and reflects strengthening demand amid a prolonged period of limited supply growth. Looking ahead, leasing momentum has improved following a strong second quarter, although one project currently under construction is expected to deliver in Q3 2026. While the new supply could place modest upward pressure on vacancy in the near term, the market's relatively limited pipeline should help support the absorption of incoming units and maintain balanced operating conditions.

PRICING

Rent growth remained positive in Q2 2026 as improving occupancy continued to support pricing fundamentals. Effective rents averaged $1,097 per unit and $1.11 per square foot, representing a 1.9% YOY increase. While rent growth moderated compared to historical highs, performance remained stronger than several Alabama peer markets and reflected Montgomery's relatively affordable positioning within the region.

Improving occupancy trends and positive net absorption provide a favorable backdrop for continued rent growth. While annual rent gains remain below the elevated levels recorded earlier in the cycle, Montgomery's affordability relative to larger Southeastern markets should continue to support steady pricing performance through the remainder of 2026.

MARKET VACANCY & EFFECTIVE RENT



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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	55,495	0	0.0%	289	1,251	11.1%	-100	$1,268	$1.27	0.3%
Huntsville	47,815	282	0.6%	2,274	1,961	11.0%	30	$1,173	$1.18	-1.6%
Mobile	20,141	0	0.0%	65	137	9.6%	60	$1,152	$1.24	1.6%
Montgomery	**19,168**	**0**	**0%**	**456**	**66**	**10.6%**	**-70**	**$1,097**	**$1.11**	**1.9%**
Tuscaloosa	10,815	0	0%	75	-95	11.5%	200	$1,127	$1.17	0.5%

KEY RECENT TRANSACTIONS

PROPERTY	SUBMARKET	UNITS	YEAR BUILT
Elevate 5050	South Montgomery	208	1998
Legacy at Festival	East Montgomery	184	1996
79 Commerce	Downtown Montgomery	54	2015
Governors Parc Apartments	South Montgomery	228	1971

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.

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