MARKETBEAT

HUNTSVILLE

Multifamily Q2 2024

CUSHMAN & WAKEFIELD

	YOY Chg	12-Mo. Forecast
91.8% Stabilized Occupancy Rate	▼	▲
6,117 Units Under Construction	▼	▼
$1,243 Effective Rent, Per Unit	▼	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2024	YOY Chg	12-Mo. Forecast
$86,800 Median HH Income	▲	▲
2.6% Unemployment Rate	▲	▲
282,200 Nonfarm Employment	▲	▲

LOCAL ECONOMIC ANNOUNCEMENTS

- Lockheed Martin opens $18M engineering center
- Raytheon begins $115M facility expansion, adding 185 jobs
- Manufacturer OMCO Solar announces $10M investment for new facility in Limestone County

Sources: BLS, BOC, RCA, CoStar, Cushman & Wakefield Research

ECONOMY

Consistently rated among the nation's top 10 Best Places to Live by U.S. News & World Report—coming in at number seven for 2024-2025 rankings—Huntsville's highly educated workforce made it a leader in the aerospace and defense technology industries and earned it the moniker Rocket City USA. In recent months, incoming military contracts at both Lockheed Martin and Northrop Grumman boosted high-tech employment, adding hundreds of jobs with long-term horizons. The metro unemployment rate remained well below its pre-pandemic average and the state and national rates despite edging higher over the past year. A surge of net migration yielding strong population growth continued to support job growth within the professional and business services industry and across the public sector.

MULTIFAMILY MARKET

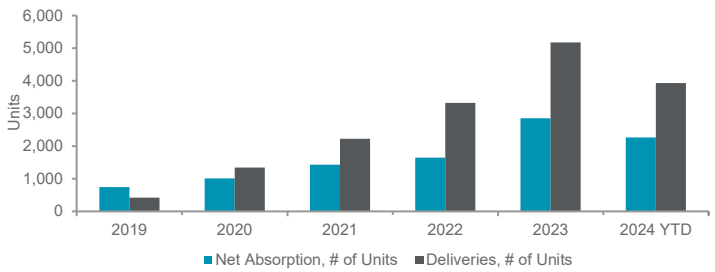
Nearly 1,500 multifamily units were absorbed in Huntsville in Q2 alone, the highest quarterly absorption total in market history. This drove the 2024 year-to-date figure to 2,264 units, surpassing every annual absorption total on record at only the mid-year point except 2023. New tenant occupancies outpaced move-outs every quarter since the start of 2020, yielding positive absorption for 18 consecutive quarters, or 9,198 net unit move-ins in that time.

Amid the influx of options for prospective tenants, effective rents remained relatively stable, ending Q2 at $1,243 per unit as landlords favored maintaining occupancy over pushing rents. While rates held steady in recent quarters, this still marked a 13.1% increase over the past five years.

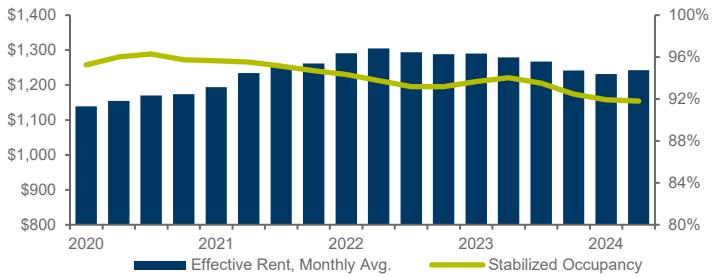
Despite the record-breaking absorption, an abundance of new product was delivered to market to service the metro's growing population. After maintaining the highest occupancy rate in the nation, Huntsville's stabilized occupancy rate began to decline in recent quarters as the multitude of properties that completed construction in 2021 and 2022 started to exit their initial lease-up period. At 91.8%, the stabilized occupancy rate in Q2 was on-par with the figures recorded a decade ago, prior to the latest population and supply surge.

Since the start of the year, 15 projects delivered, introducing an additional 3,936 units to the market. Construction remains underway on 23 buildings totaling more than 6,100 units, though this marks the tightest pipeline since 2020. Amid ample new supply awaiting lease-up, tighter credit markets, cap rate pressure, and higher interest rates, developers in Huntsville and across the U.S. have pulled back on construction starts. Year-to-date groundbreakings were down 34.2% since the same period in 2023 and 72.5% since the midpoint of 2022 as developers started construction on only two buildings in Q2 for a combined 849 units. Work began on 545 units at Front Row in Downtown Huntsville and on 304 units at Anthem House Apartments in the MidCity District; both projects are part of mixed-use developments which will also feature office and retail components.

DEMAND / DELIVERIES



STABILIZED OCCUPANCY & EFFECTIVE RENT





MARKETBEAT

HUNTSVILLE

Multifamily Q2 2024

CUSHMAN & WAKEFIELD

KEY CONSTRUCTION COMPLETIONS 2024 YTD

PROPERTY	SUBMARKET	UNITS	COMPLETION DATE
Parallel 36 at Liberty	Limestone County	486	Feb 2024
2020 at Providence	University/Research Park	360	May 2024
Attain at Bradford Creek	Madison/Airport	350	May 2024
The Manor on County Line	Limestone County	316	May 2024
Livano at Town Madison	Madison Airport	316	Jan 2024
The Gabriel	Madison Airport	288	Apr 2024
The Robert	Madison Airport	284	Jun 2024
The Villas at Old Monrovia	University/Research Park	276	Feb 2024
The Winchester	Outlying Madison County	264	Mar 2024
Sanctuary at Indian Creek	Madison Airport	244	Feb 2024

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	UNITS	COMPLETION DATE
Front Row	Downtown Huntsville	545	May 2026
Brio Parc	Limestone County	451	Jul 2024
Stella at Five Points	Dallas Mills-Five Points	351	Jul 2024
Paxton Place	Madison/Airport	350	Jul 2024
The Dean	Outlying Madison County	336	Jul 2024
The Liam at Hays Farm Apartments	South Madison County	329	Jul 2024
The Wellory	University/Research Park	328	Aug 2025
The Jessam at Hays Farm	South Madison County	318	Oct 2024
Anthem House Apartments	University/Research Park	304	Jun 2025
Boardwalk at Research Park	University/Research Park	287	Aug 2024

Sources: RCA, CoStar, Cushman & Wakefield Research



CRAIG HEY
Vice Chair
205 518 9283
craig.hey@cushwake.com



ANDREW BROWN
Executive Director
205 518 9282
andrew.h.brown@cushwake.com



PARKER CALDWELL
Director
205 518 9285
parker.caldwell@cushwake.com



BEN THOMAS
Senior Associate
205 518 9288
ben.thomas@cushwake.com



TOMMY COLEMAN
Associate
205 518 9284
tommy.coleman@cushwake.com

RESEARCH & ANALYTICS PARTNERS:

CHRISTA DILALO
Research Director, Southeast
christa.dilalo@cushwake.com

ALEXIS FORREST
Research Analyst, Southeast
alexis.forrest@cushwake.com

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com