MARKETBEAT

MONTGOMERY

MULTIFAMILY Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
9.4% Market Vacancy Rate (Market vacancy excludes properties in lease-up)	▼	▼
$1.09 Effective Rent, PSF	–	▲
$73,300 Median Household Income	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
185.1K Montgomery Employment	▲	▲
3.5% Montgomery Unemployment Rate	▲	▲
0.4% Montgomery Household Growth Rate YOY		
0.5% U.S. Household Growth Rate YOY		

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

SUPPLY AND DEMAND

Montgomery's multifamily market posted its strongest leasing result in years during the third quarter 2026, even as it absorbed a meaningful addition to supply. Net absorption totaled 218 units, the highest quarterly total in more than six years, lifting the year-to-date (YTD) total to 350 units. That figure was more than three times the level of the same period in 2025 and exceeded the full-year result in each of the past four years. Leasing improved in each successive quarter of 2026, reflecting steadily building renter demand.

Construction activity shifted from pipeline to completion. The ONE at Montgomery, A 264-unit project reached completion during the quarter, the market's first since the first quarter 2023 and its largest in more than a decade. The addition expanded inventory 1.4% YTD, yet net absorption of 350 units outpaced completions over the same period, evidence that renter demand outran new supply. The pipeline narrowed to 192 units under construction, down 57.9% quarter-over-quarter (QOQ) and 27.3% year-over-year (YOY).

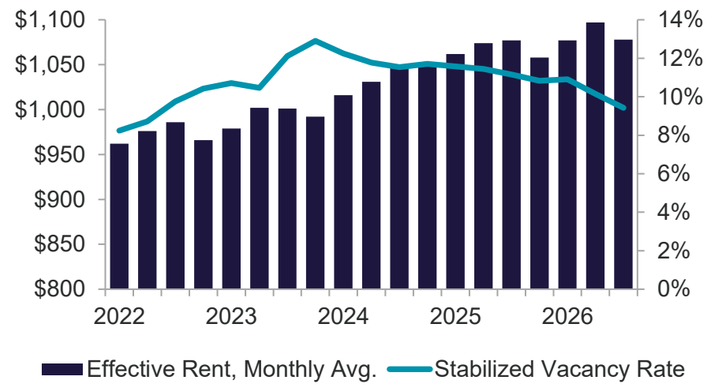
Market vacancy declined to 9.4%, down 70 basis points (bps) QOQ and 170 bps YOY, the lowest level since the second quarter 2022. That left vacancy nearly 350 bps below its fourth quarter 2023 peak of 12.9%.

PRICING

Effective rents averaged $1,078 per unit and $1.09 per square foot (psf), a 0.2% YOY increase that extended a streak of positive annual rent growth to 46 consecutive quarters. Rents held within a range of $1,058 to $1,097 per unit across the past seven quarters, a stable pricing profile even as new units entered the market.

Montgomery also remained the most affordable of the five Alabama markets on both a per-unit and psf basis, with effective rents about 15% below those in Birmingham. That cost advantage, alongside tightening vacancy, underpinned the market's steady rent performance.

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	55,579	0	0.0%	931	1,716	10.7%	-100	$1,268	$1.28	1.3%
Huntsville	48,639	957	2.0%	1,813	2,660	10.8%	0	$1,153	$1.16	-1.8%
Mobile	20,257	65	0.3%	0	359	8.7%	10	$1,149	$1.24	2.9%
Montgomery	**19,592**	**264**	**1.4%**	**192**	**350**	**9.4%**	**-170**	**$1,078**	**$1.09**	**0.2%**
Tuscaloosa	10,814	0	0.0%	225	-65	11.2%	120	$1,150	$1.19	2.5%

KEY RECENT TRANSACTIONS

PROPERTY	SUBMARKET	UNITS	YEAR BUILT
Liberty Square Apartments	South Montgomery	168	2003
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
Cottages at Prattville	Prattville/Millbrook	192	Q2 2027
The ONE at Montgomery	East Montgomery	264	Q3 2026

OUTLOOK

- Expansion of the Montgomery inland port and continued data center development are expected to broaden the area's employment base, supporting household formation and renter demand.
- A construction pipeline limited to a single project, combined with the market's rent affordability relative to other Alabama markets, is expected to keep supply pressure low and support leasing activity.
- Positive net absorption and tightening market vacancy should support further occupancy gains and steady rent performance in the coming quarters.

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