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**Downtown Huntsville  
Rental Housing Market Study  
Huntsville, Alabama 35801**



**Date of Research**  
October 18, 2021

**Date of the Report**  
December 15, 2021

**Underwriting Support By & Prepared for**  
Downtown Huntsville, Inc. The Broadway Group



*File Number 2021-250*

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December 15, 2021

Mr. Chad Emerson  
Downtown Huntsville, Inc.  
P.O. Box 471  
Huntsville, AL 35804

Internal File Number: 2021-250

Re: **Market Study** to determine support for additional rental multifamily housing to be located within  
Downtown Huntsville, Madison County, Alabama 35801

Dear Mr. Emerson:

At your request, Value Tech Realty Services, Inc. (VT) has updated the January 24, 2019, Market Study that was originally engaged to assist the downtown in attracting rental apartment development into the urban core. Downtown Huntsville, Inc. originally engaged VT to provide guidance with the number of supportable rental apartment units.

Since the original study, a number of positive events have transformed the city and region. The most significant is the unprecedented velocity of employment along diverse industries. The synergy of new businesses and services within the private, public, and military sectors has expanded the multiplier effect of job formation along a broad-spectrum of wage levels. Unemployment is below typical benchmarks of equilibrium; thus, job creation is attracting households to migrate to the city and region to fill employment opportunities. This is providing an opportunity to expand rental housing options offered in the downtown, city, and region.

Downtown Huntsville was successful in attracting apartment development within the core. The continuation of positive job formation will allow the city to expand the residential footprint by capturing additional rental households.

As noted in the original study, development of residential units in the urban core has a positive, synergistic impact on downtown land uses. The city's proactive, pro-growth strategy has greatly mitigated the risk of missing the opportunity to become a self-sustaining, live/work/entertain hub. Expansion of the "live" component of the urban core will ensure the city has a sustainable and competitive living environment for its residents.

As noted, Huntsville is experiencing an accelerating level of employment and wage growth. Projections in 2019 indicated a deficit of 540 residential units in the downtown core, which has been actively mitigated by the city's approval of new multi-family communities. The downtown core's current multifamily supply of 1,963 (604 existing and 1,359 under construction, approved, or proposed), will provide the necessary households to sustain the existing retail, restaurant, and entertainment venues. The approval of major mixed-use communities including Eclipse at CityCentre and Constellation Apartments will facilitate the viability of complementary land use components such as office, cultural, tourism, retail, commercial, and entertainment options within the core and/or surrounding districts.

Current household projections indicate the downtown can accommodate additional housing supply of about 255 units as the most conservative estimate (610-units as the aggressive estimate) by 2026. This could be expanded by offering a broader mix of rental housing product. Similar peer cities have diversified the

**Mr. Chad Emerson**  
**Downtown Huntsville, Inc.**

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housing product to include affordable, workforce-oriented, and active senior rental options. Downtown has the ability to encourage more diverse rental housing in the core and/or proximate districts.

The market study provides an executive summary highlighting the key findings with the balance of the report providing details that support the conclusions and recommendations.

Respectfully submitted,

**VALUE TECH REALTY SERVICES, INC.**



Quintin Kauchick  
Director of Operations



Kay C. Kauchick, MAI  
President

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2021-250

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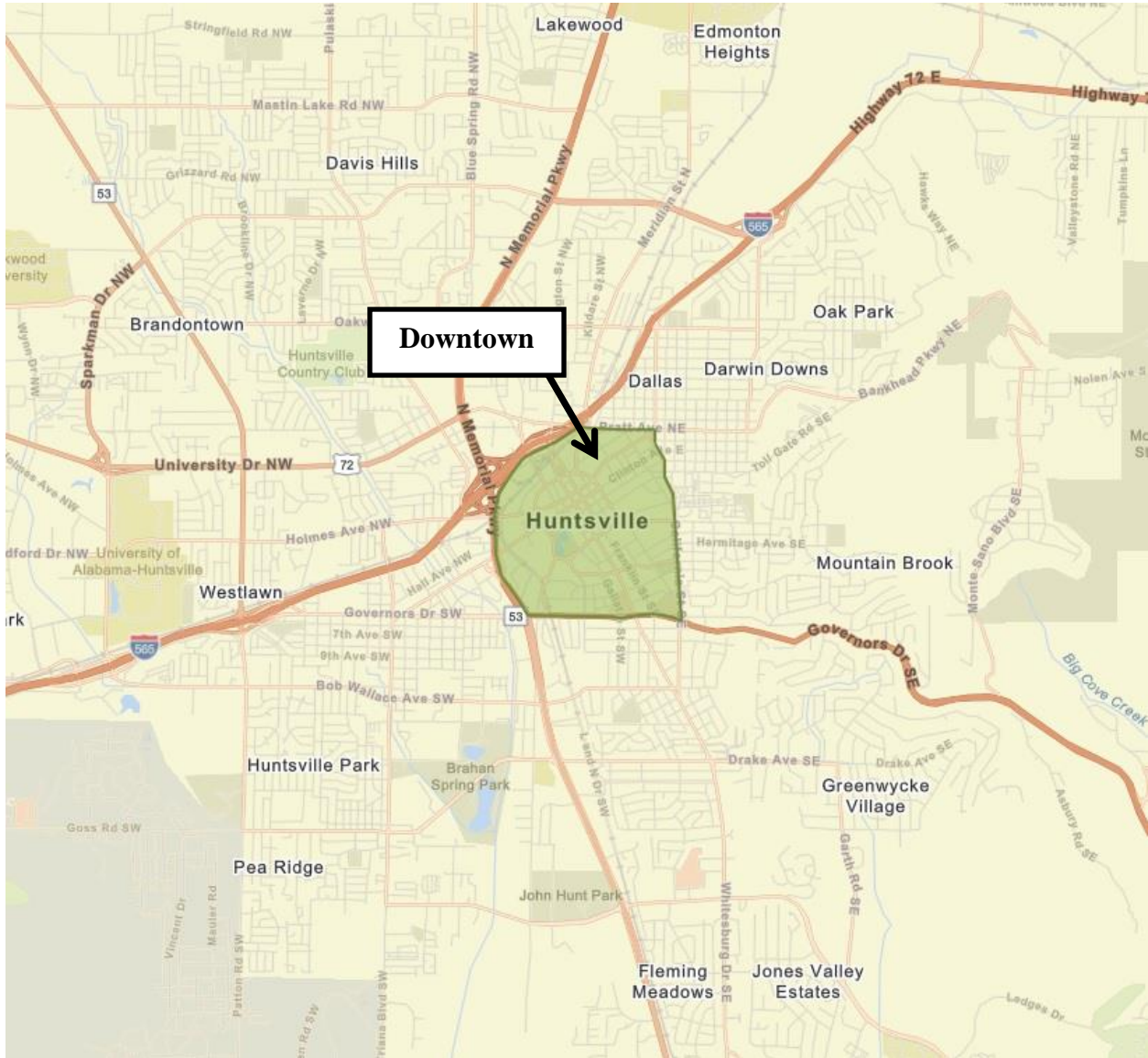
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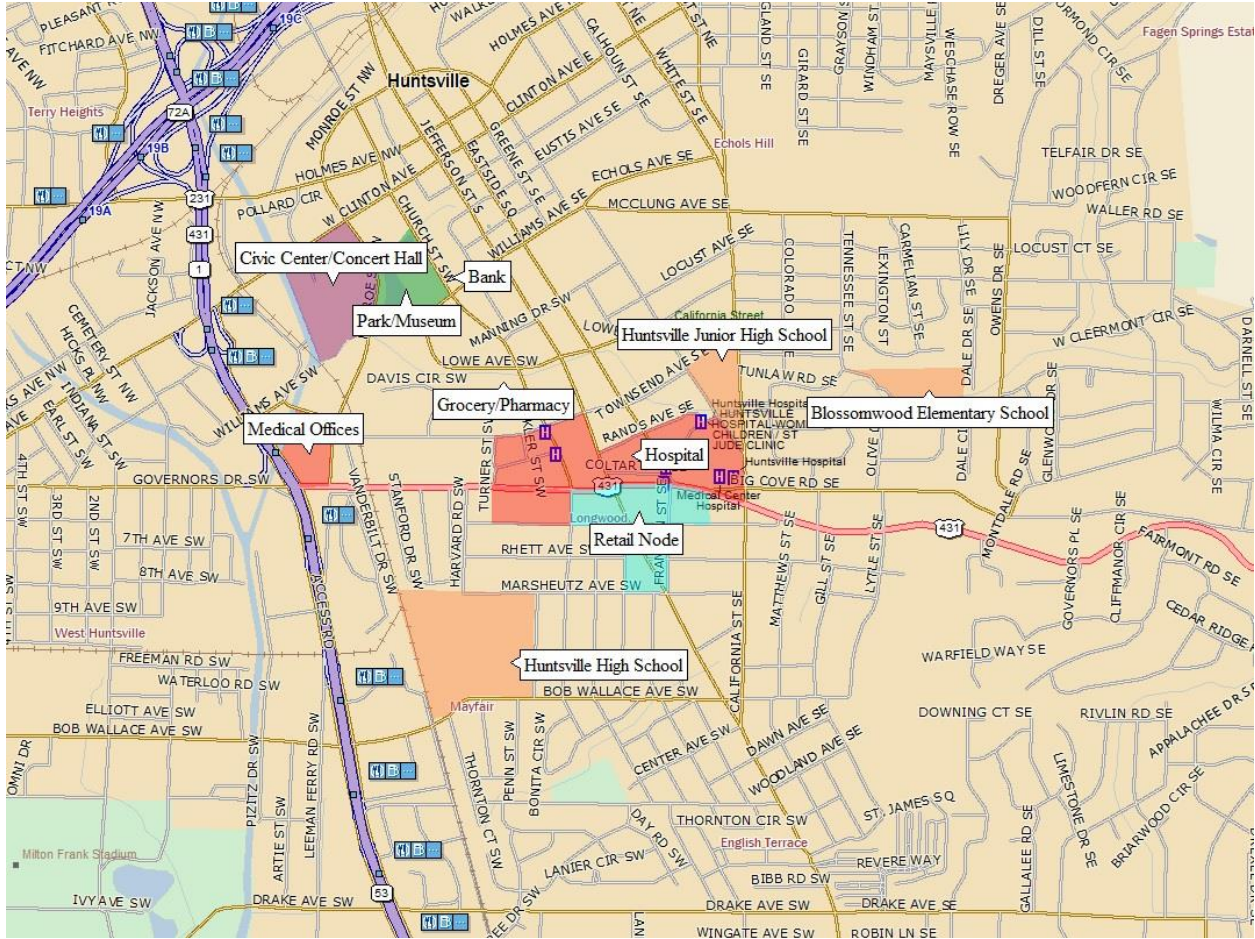
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### Executive Summary



Huntsville is in an accelerating growth cycle. The region is currently experiencing record population growth and household formation, largely spurred by an influx of employment opportunities. A conservative analysis of Huntsville’s downtown core indicates a deficit of approximately 255 Class-A housing units beyond what is currently in the pipeline, which are crucial to support the continued economic development of the region. An analysis of workforce and senior housing also indicates that there is likely room in the downtown core for housing above and beyond these 255 housing units if the product type is diversified to accommodate workforce and senior income levels. A peer city analysis demonstrates workforce and senior housing is typically allocated to districts just beyond the core and the city should take proactive planning steps with these demographics in mind.

Downtown has existing residential support services to support rental housing. Some of the main residential support services currently available in downtown are highlighted:

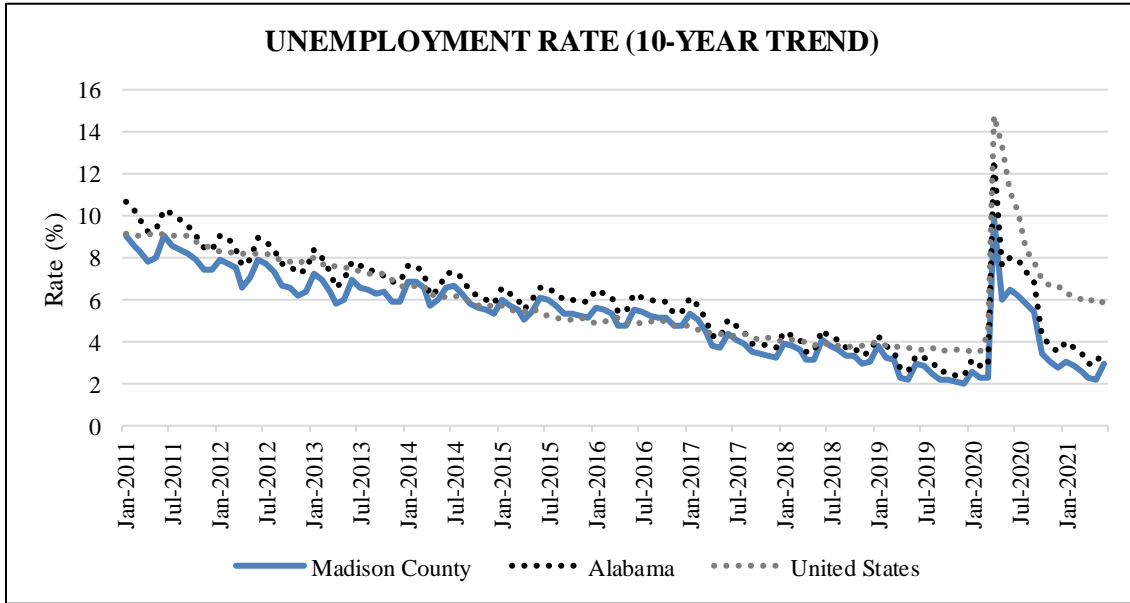


**Employment Trends**

Employment trends in Madison County have been accelerating over the last decade. Primary research conducted by Value Tech Realty Services and secondary reliance on ESRI indicates a minimum of 8,000 new job openings will occur through 2022. An additional 5,000 jobs through 2030 will be brought to the region by the FBI’s new headquarters in Redstone Arsenal. As the unemployment rate in the region is at historical lows, many of these new openings will need to be filled by new households relocating to the region. The trend in employment is provided below:

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT DATA IN MADISON COUNTY				
Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
2021 YTD	187,175	181,791	5,384	2.9%
2020	187,247	178,579	8,668	4.6%
2019	184,941	180,126	4,815	2.6%
2018	180,767	174,517	6,250	3.5%
2017	175,368	168,333	7,035	4.0%
2016	172,125	163,288	8,837	5.1%
2015	170,473	161,071	9,402	5.5%
2014	170,377	159,923	10,454	6.1%
2013	171,178	160,213	10,965	6.4%
2012	170,324	158,207	12,117	7.1%
2011	171,679	157,588	14,091	8.2%

Source: Bureau of Labor Statistics  
 YTD 2021 consists of data through Jun 2021; the data is not seasonally adjusted.



Major employers in the region are expanding their footprint in Huntsville. The FBI is moving a significant portion of their workforce to the Huntsville region over the next decade and anticipate at least 5,000 new employees through 2030. New job openings from other major employers in the greater Huntsville region are anticipated to accelerate to over 8,000 new positions throughout 2022 as detailed in the table below.:



<b>Job Growth</b>		
<b>Employer</b>	<b>Employees</b>	<b>Year</b>
Mazda-Toyota Direct	4,000	2022
Mazda-Toyota Indirect	2,000	2022
Amazon	500	2021
Facebook	200	2022
City Center	300	2022
Teledyne Brown	200	2022
565 Logistics Center	300	2021
Blue Origin	300	2021
BAE	300	2021
<b>Total</b>	<b>8,100</b>	<b>---</b>

Residential demand for purposes of this report relates to rental households. The methodology employed to quantify demand followed typical standards as established by the National Council of Housing Market Analysts (NCHMA). NCHMA was created in 2001 and is the only professional body dedicated exclusively to enhancing the professionalism and standards surrounding residential rental real estate market analysis. The council provides technical guidance in the methodologies and reporting standards for market studies.

Huntsville’s urban core is on a path to transform itself from an office-institution and public-service dominated landscape into a multifaceted destination to live, work, and entertain. Historically, downtowns were the center of community life. Over decades, city cores lost their residential bases and vibrancy declined. Today, community leaders are engaging public and private sector partners to reach a consensus and implement paths forward to rejuvenate urban centers for long-term sustainability. Huntsville is well on its way of achieving this goal of the city re-established as the center of community life. This is supported by the strong population growth between 2010 and 2021:

<b>Downtown Population Trend</b>		
<b>Year</b>	<b>Population</b>	<b>CAGR</b>
2010	2,124	---
2021	3,257	3.96%
Source: ESRI		

The initiation of the first wave of development in Huntsville established the city as a viable area to deploy capital. Once considered a local-dominated city, Huntsville has attracted regional and national equity and capital attention. These investors have the financial capacity and experience to construct large, multifaceted developments that are beyond financing capacity of smaller development groups. Thus, Huntsville can successfully encourage large, mixed-use projects into future land uses.

Downtown Huntsville’s current residential pipeline will achieve the critical housing mass necessary to support the retail, commercial, and employment nodes. Conditions today reflect the successful efforts of community leaders with a number of complementary developments across multiple land-use types underway. Rental apartments under construction include Eclipse at CityCentre and Constellation Apartments. Additional rental units will include 510 apartments within the Rocket Development on the former Coca-Cola bottling site next to the Braun Center. This 13-acre parcel at the heart of downtown will include an 800-space parking garage, office space, hotel rooms, rental apartments, retail, and commercial

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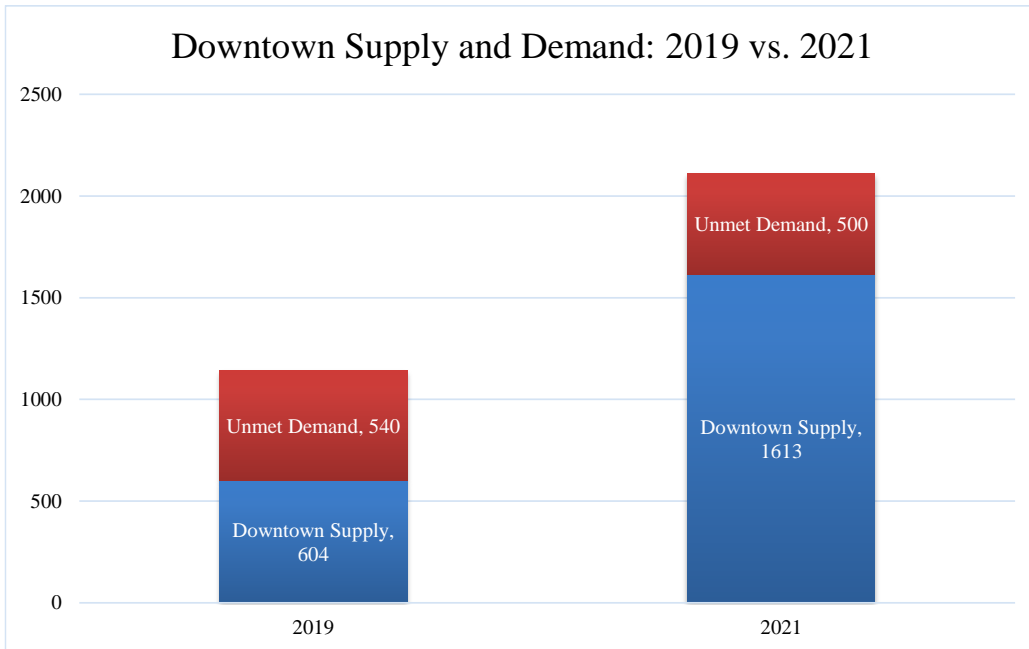


spaces. A preliminary project likely to move forward includes 350 apartments, office, and retail space near the medical center.

Historical apartment deliveries are summarized:



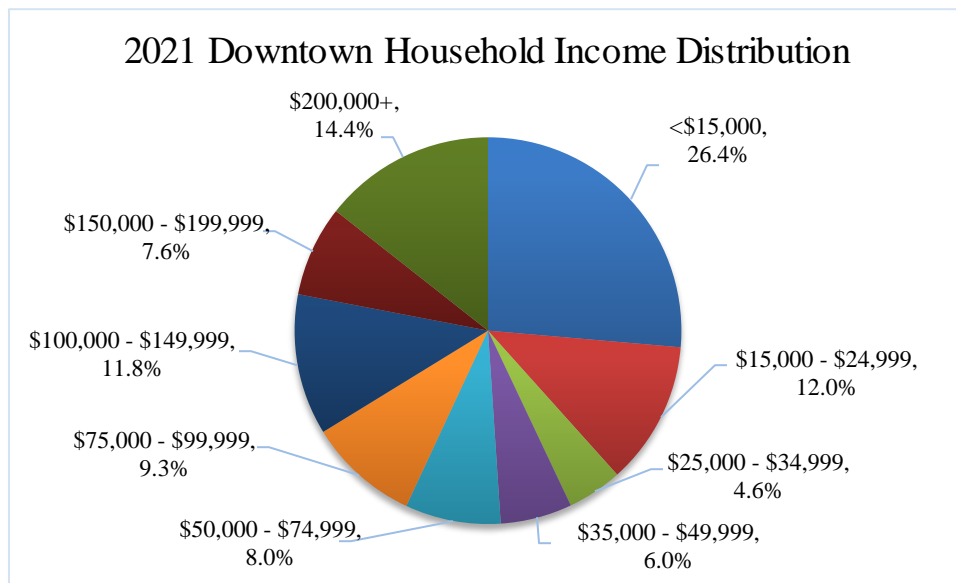
The below chart indicates the overall supply versus unmet demand for residential units in the downtown core. Demand in the downtown core was met through the approval of Eclipse at CityCentre, Constellation Apartments, and the proposed Coca Cola site development of 510 units and the 350 units near the medical center. Despite these additions, demand pressure is anticipated to outpace the current, under-construction, and proposed downtown supply.



The city is an important partner in the continued transformation of the urban core. Through various participation programs, the city is able to support private ventures while achieving positive returns on its investment. Planning officials have had a positive approach to redevelopment that has ensured the downtown compliments existing public and private venues and buildings adhere to quality standards. Complementary services such as bus stops, safe walking and biking pathways, and ample green spaces further support the city leader’s efforts to create a walkable community.

The city has a need for additional rental housing to achieve a balanced environment. An under-supply in rental housing results in rapid rental rate increases and, if left unchecked, will force wage-vulnerable households out of the urban center. This has a negative impact on employment within moderate-wage industries which are a critical component to the city’s economic base.

The city’s 2021 household distribution is provided:



Vulnerable service and essential personnel are households within the \$45,000-\$55,000 income level. This generally correlates with the 80% to 140% area median income (AMI).

Primary research conducted by Value Tech Realty Services, Inc. (VT) determined that approximately 2,150 market-rate apartment units are supportable and in-demand in the downtown core through 2026. Accounting for existing and planned communities, there are approximately 255 units of excess market-rate rental housing demand available in the near-term (defined as through 2026).

Market-rate communities are the most popular developments in a downtown core. Due to a lack of governmental rent and income restrictions, their rent growth potential makes them highly attractive for investors and typically provides the highest returns among multifamily assets. The Avenue, Belk Hudson Lofts, and Artisan Twickenham are market-rate communities in the downtown core. New market-rate deliveries Eclipse at CityCenter, Constellation and Rock Development will be Class A/A+ communities targeting the moderate-to high-income rental household.

The proposed 350-unit community has not finalized their project unit mix. Upon completion of the known new downtown supply, the unit-mix will be as follows:

<b>DOWNTOWN UNIT MIX SUMMARY</b>				
<b>Community</b>	<b>Studio</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>
Gateway Place Apartments	---	81	5	---
Belk Hudson Lofts	---	45	30	---
Artisan Twickenham Square	---	157	89	---
The Avenue	15	70	90	22
Eclipse at CityCentre*	34	138	106	---
Constellation Apartments*	5	85	102	29
Coca Cola Site*	N/A	N/A	N/A	N/A
<b>Totals</b>	<b>4.9%</b>	<b>52.2%</b>	<b>38.3%</b>	<b>4.6%</b>

\* Indicates a community under-construction or proposed



Artisan Twickenham Square



Belk Hudson Lofts



The Avenue

Scarcity of land requires mid- to high-rise development in moderate- to high-density communities to create a financially feasible residential project. Market-rate developers are using micro or small floor plans and live-work apartments within their new designs to reach additional income thresholds including workforce.

Small or micro-units appeal to a tenant profile that is largely influenced by economical price points. Location and privacy are part of their decision equation. Micro units typically rent for 20% to 30% less than a conventionally sized studio apartment. A highly desirable location is urban/urbanizing, walkable, and has accessibility to employment in the immediate area. The downtown tenant profile is predominantly young professional singles typically under the age of 30. There is a tendency to attract more males. There is a slight secondary market that includes some roommates, older move-down singles, and pied-à-terre users such as contractors who may be in a market for only a portion of the time or persons using the apartment as a second home.

Cities can encourage small or micro unit development either within specific projects or as part of a traditional complex. Zoning and building codes can be adopted to allow this product type as a way to provide more economical price points. In addition to unit size restrictions, attention to parking ratios is also necessary to ensure a feasible project can be achieved.

Small and micro developments have included new construction and redevelopment of existing buildings. Therefore, the city has the opportunity to evaluate underutilized existing buildings that may be desired to remain as part of the land use stock and determine if conversion to a rental apartment use is feasible. Proximity to public transportation, bike paths and other forms of transportation to reduce parking needs is a locational advantage.

Live-Work Units (LWUs) are properties that combine residential and non-residential uses in either commercial or residentially zoned areas. LWUs are usually restricted in that they require the owner of the business to also reside in the property or vice versa. They have gained increasing popularity with the trend toward reducing carbon emissions and a desire for greater work flexibility.

Local governments may restrict LWUs by the dominance of the non-residential activity: Live/work, work/live and home occupation. Home occupation is a property that is primarily used as a residence, with work being an accessory function. Live/work units are similar to home occupations in that their primary use is that of a residence, but the regulations may not be as restrictive. Working is permitted but is secondary to the residential component and the need to preserve the neighbor’s expectations of quiet enjoyment. In work/live units, the non-residential activity takes precedent over the residential activity.

Cities such as Birmingham have established a Retail and Theatre Historic District as well as an Entrepreneurial District. Under this zoning district, developers are able to provide live/work lofts. In essence, tenants are allowed to operate businesses within their apartments. The Phoenix Building at 1710 2<sup>nd</sup> Avenue North in Birmingham is an example of a large office complex that was redeveloped into an affordable live/work development.



Live Work Floorplan



Micro-Unit Floorplan

Live/work/art-themed projects target residents within industries that traditionally have low-to moderate-incomes but whose tenants contribute to the vibrancy and attraction of a city. The eclectic and efficient mix of businesses and residents brings diversity that would typically be priced out of a city center. Concentration within a district creates the necessary synergy to sustain new businesses and residents.

Rental household demand and supportable units include workforce wage levels. The analysis considers households at workforce wage levels if their incomes fall between approximately \$45,000 and \$55,000 annually. Workforce units are the most difficult to achieve because traditional affordable housing programs require an average restriction to the 60% Area Median Income (AMI). Workforce is typically defined as 80% to 140% AMI. Cost of construction typically exceeds the 80% to 140% AMI households in an urban center; however, because of Huntsville’s unusually high AMI relative to the other major cities in Alabama, the city should consider workforce rental housing in the downtown core and/or proximate districts.

Cities have mitigated the lack of workforce housing through regulatory and non-regulatory techniques and incentives. There are four primary factors that drive a developer’s ability to deliver a feasible project and the city has the ability to impact these to encourage workforce housing development. The four factors include:

1. Policy that includes density bonuses for workforce housing and design requirements that allow for costs to align with the targeted household income;
2. Land and/or redevelopment sites that can be controlled during the approval process and acquired at a reasonable price within typical development parameters;
3. Assessing and quantifying market demand levels that prove ample support aligns with targeted project concepts;
4. Assisting with capital sources that may be available through private sources or with city grants and with incentives such as dedicated city funding, real estate tax abatements, grants, municipal funding of site improvements, parking garage development, capital funding of related off-site improvements, historic preservation tax incentives, and/or various public-private partnerships, to name a few.

Cities use density bonuses in several ways such as expanding height restrictions to accommodate more units on a smaller footprint (thus preserving green spaces) or constructing more units with the bonus tied to specific household income groups or other public benefits. Developers take advantage of the increased density to create more economic value. In major metros, this density bonus is typically achieved by allowing the developer to build additional stories to obtain the density required. Nashville has a successful Bonus Height Program for additional density that targets environmentally conscious development, rent restricted development, and projects that provide additional public support such as parking or public spaces. In return for some of these concessions, a developer is granted a height bonus for the development to build additional stories.

Incentives can be provided by the city to reduce per unit costs and thereby expand the opportunity to broaden the rental household profile in downtown to include the critical workforce. In Huntsville, this includes medical providers, educators, first responders and public employees, and retail/entertainment employees, to name a few.

Rental product types encouraged by the city should consider various age groups with different lifestyles and needs. Active senior is a product type that would complement and not directly compete with the existing communities. Active senior rental communities blend housing with social activities. Optional support services are available at additional fees outside of rent. Residents in a senior community are typically leaving a home and could be moving away from their existing network of friends and support. Successful active senior communities offer programs to encourage resident interaction to facilitate the formation of new friends. Staff create social programs, activities, and outings to provide vehicles for residents to remain active both physically and mentally. A robust offering of support services is available so residents can remain engaged. A downtown location proximate cultural centers, art venues, and parks is ideal.

In addition to traditional market demand models, the urban center of Huntsville and the Huntsville region were compared to three peer cities to test demand results. The selection of cities focused on the similarities with their key economic attributes such as medical hubs within the downtown sector, military-influenced economies, large employment within research centers, downtowns that are government centers, urban centers with entertainment districts, cultural/tourism districts, universities, and colleges near the downtown. Nashville was selected particularly to set the upper bound. Nashville is a significantly larger metro, which provides a good baseline for the analysis as any projection should not exceed Nashville's projections. Raleigh and Kansas City were the other two cities selected for comparison. Key economic and demographic trends were used as the basis for comparison to test the reasonableness of rental housing demand projections.

**Peer City Analysis**

The cities selected for comparison are Raleigh, NC, Kansas City, MO and Nashville, TN. Raleigh is considered the most comparable. Kansas City provides a benchmark for the minimal residential development floor and Nashville provides the maximum potential.

<b>PEER CITIES EXAMINED</b>		
Raleigh, NC	Kansas City, MO	Nashville, TN



Raleigh



Kansas City



Nashville

The various metrics used to compare peer cities is included in the table below:

<b>PEER CITY TESTS</b>	
SF OFFICE SPACE PER DOWNTOWN UNIT	\$35,000+ INCOME HOUSEHOLD PER DOWNTOWN UNIT
POPULATION PER DOWNTOWN UNIT	% OF DOWNTOWN CAPTURE OF TOTAL REGIONAL SUPPLY

A density analysis was completed with the three primary cities, as well as supplemental urban centers compared to Huntsville. The analysis shows the very low residential base in downtown Huntsville.

<b>GROWTH CITY COMPARISONS</b>				
<b>Growth City (Downtown Core)</b>	<b>Residents</b>	<b>Size (Sq. Miles)</b>	<b>Acres</b>	<b>Density</b>
Huntsville	3,257	1.50	960	3.4
Nashville	14,000	1.80	1,152	12.2
Kansas City	11,008	1.26	806	13.7
Oklahoma City	7,694	1.64	1,050	7.3
Raleigh	6,539	0.89	570	11.5
Austin	15,513	1.10	704	22.0
Charlotte	18,300	2.00	1,280	14.3
Indianapolis	29,537	5.20	3,328	8.9
Tampa	14,000	1.70	1,085	12.9
Source: ESRI				



Huntsville has a very low-density factor. This supports the conclusion additional residential is needed in the city core.

Excess demand, sometimes referred to as unmet demand, was concluded to at the most conservative level for the purposes of the analysis. The conservative scenario reflects minimal household and employment growth, while the aggressive scenario reflects household formation and employment growth in-line with the current elevated trends Huntsville is experiencing. It is likely that Huntsville’s unmet housing demand will fall somewhere in between these levels, but the conservative estimate is utilized as the base case for the analysis.

<b>EXCESS DEMAND RANGE</b>			
	<b>Conservative</b>	<b>Moderate</b>	<b>Aggressive</b>
(A) Huntsville Total Future Supply (Includes Subject)	1,963	1,963	1,963
(B) Total Future Renter Households	2,218	2,396	2,573
Excess Demand (B-A)	255	435	610

**Employment (Office Space)**

Employment within downtown sectors is not available from directly comparable sources. As such, office space was obtained and utilized as an indicator of employment. The total square footage of office space is compared to the number of market rate apartment units.

The conservative estimate of additions to supply of 255 units to be constructed in downtown Huntsville is utilized for the analysis. These 255 units are in excess of what is currently planned or under-construction in the downtown core.

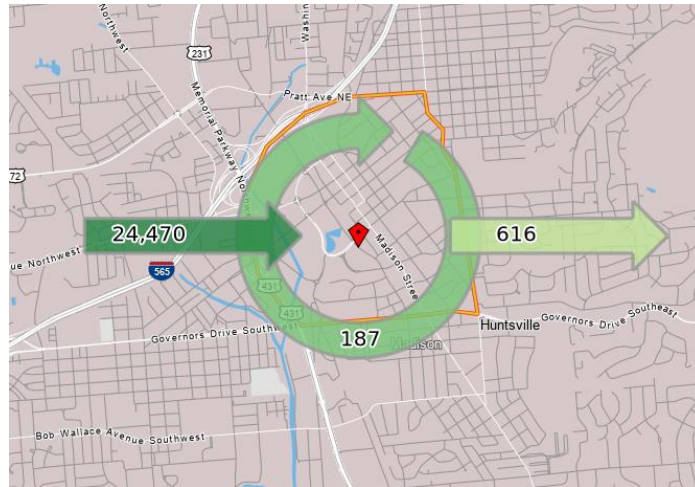
Office space provides an indicator of employment and in turn provides an estimate of housing needs. The ratios provided by the peer cities relative to Huntsville follow:

<b>SF OFFICE SPACE PER DOWNTOWN APARTMENT UNITS</b>		
Calculation is total office space divided by total rental units built between 2550 and 2020 in the downtown districts and proposed through 2023		
Study Area	Ratios	Comments: Apartments are total supply
Current Huntsville	6,457	The high ratio indicates a significant amount of office workers in the region have minimal rental option surrounding their place of employment
Projected Huntsville (2024)	1,987	The current multifamily pipeline places huntsville comfortably in the range of the peer cities utilized in the analysis
Projected Huntsville W/ Excess	1,758	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Kansas City (2024)	3,720	Typical office space plus university nearby
Raleigh (2024)	1,419	Typical office space plus research and university nearby
Nashville (2024)	1,301	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

With 255 additional units, Huntsville’s ratio of 1,758 square feet per apartment would be closer in alignment

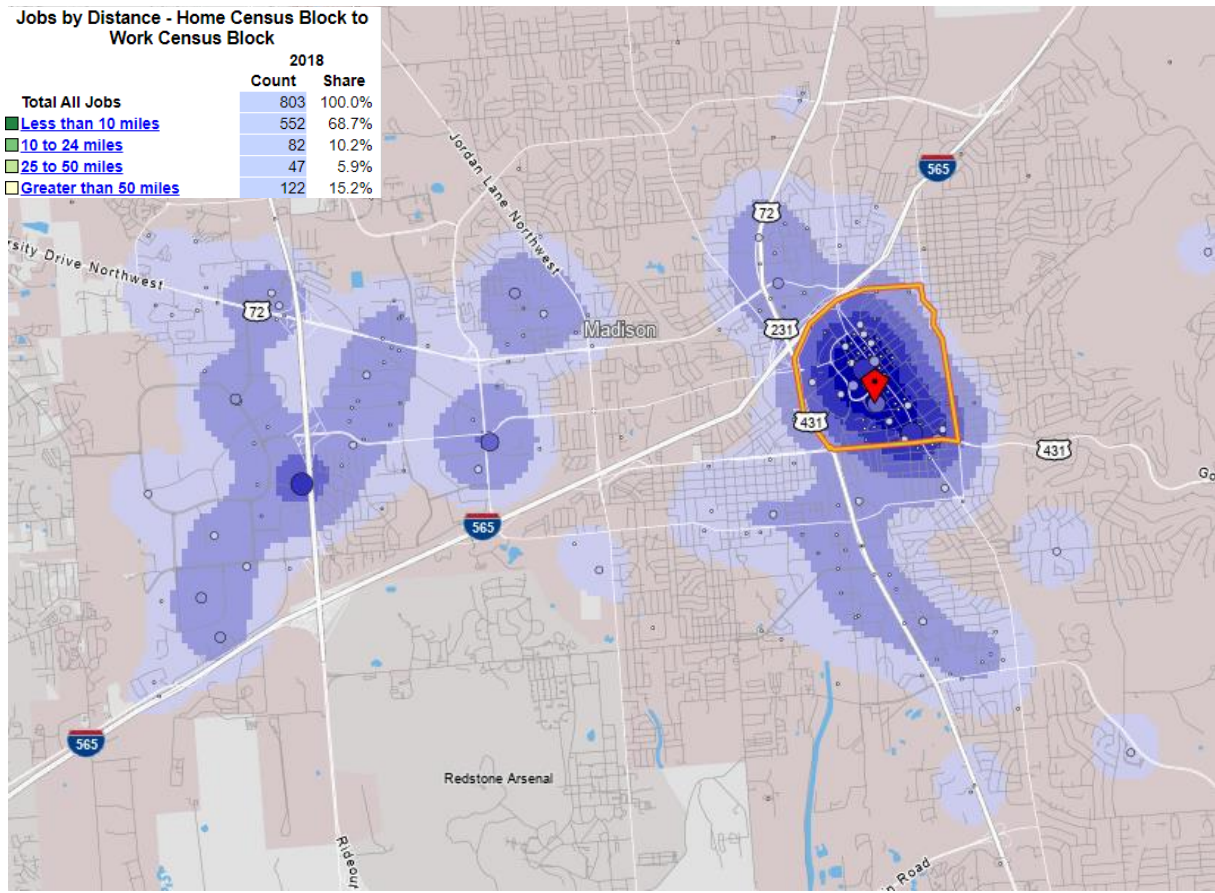
with Raleigh. The ratio would increase to 1,516 at the aggressive projection that includes 610 additional units. Huntsville has employment generated by the hospital which is not included in office space. With current pipeline projections, the ratio is 1,987, which sits near the middle of the range. Huntsville’s current ratio is well beyond the peer cities utilized in the analysis. Long waitlists and near 100% occupancy in the downtown confirm an under supply in the market. This is also consistent with the effective demand section of this report. Therefore, the 255 additional units are well within the reasonable threshold and the 610 units on the aggressive side remain within the reasonable range.

Downtown provides the opportunity for reverse commuters. The following two maps detail the inflow and outflow of traffic in the downtown core, as well as where people who reside within Downtown Huntsville work at as of 2018 (most recent data). These maps were obtained at OnTheMap.ces.census.gov, a website by the United States Census Bureau.

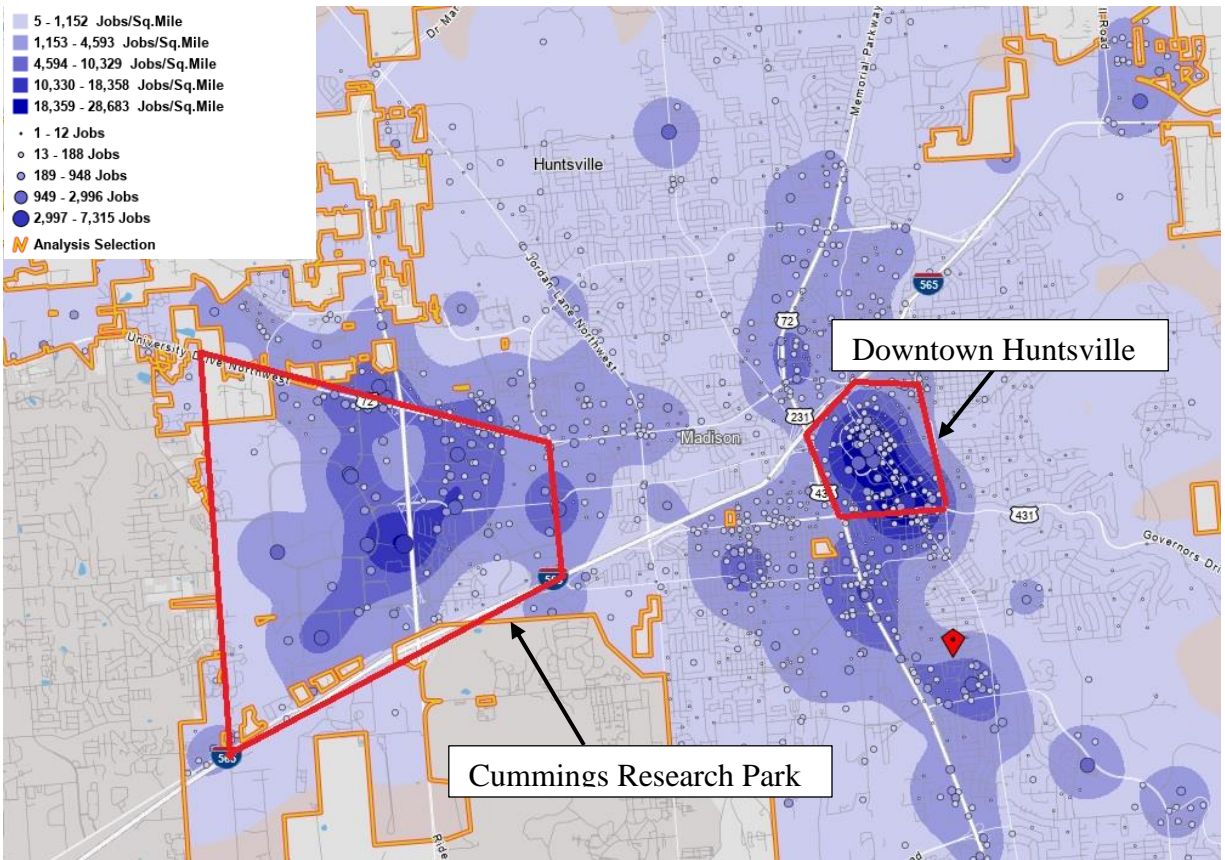


The below map indicates where individuals in Downtown Huntsville commute. This map indicates individuals are highly likely to work in the immediate area, or reverse commute to Cummings Research Park.





A heatmap of employment in the area immediately surrounding the downtown core is also provided:



There is a large concentration of jobs at the research park filled by people who reside in downtown, showing the reverse commute that occurs in the area. Reverse commuting is when residents from “closer-in” urban neighborhoods drive out of the city to jobs located beyond the urban core. As more supply becomes available in downtown, more households will likely opt to live within its highly amenitized environment and reverse commute.

**City Households (\$35,000+)**

City households were examined based on their income levels. To support new construction, households were income qualified at \$35,000+. The analysis includes overall apartment unit demand, which includes subsidized and market-rate housing. The number utilized for the analysis is 255 apartment units in excess of the current pipeline. By assuming 255 additional units are added to downtown, the city’s supply aligns more closely with the peer cities:

<b>CITY HOUSEHOLDS \$35,000+ PER DOWNTOWN APARTMENT UNITS</b>		
<i>Ratio is calculated by dividing city households earning \$35,000 or more by apartment units built between 2550 and 2020</i>		
Study Area	Ratios	Comments
Huntsville Current	102	The higher ratio indicates more high income households available but not captured thus latent demand exists
Huntsville Projected Supply (2024)	31	Supply includes all known future supply
Huntsville Projected Supply W/ Excess	28	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Raleigh (2024)	24	Market most similar to huntsville in growth pattern and barriers to development
Kansas City (2024)	31	City with similar growth patterns and economic drivers
Nashville (2024)	16	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

Huntsville’s ratio is currently well above the range. With 255 units of additional supply, Huntsville sits on the low end of the range and is between Raleigh and Kansas City. The aggressive estimate with 610 units results in a ratio of 24; equal to Raleigh. The aggressive estimate may be achievable considering downtown has a medical concentration.

The medical node in downtown provides a large pool of potential households who would desire a live/work environment and as such, 255 units remain supportable and the 610 units could be supported if the household incomes accommodated in rental apartments could be broadened. This aligns with effective demand and other ratios presented. There is demand for Huntsville to reach these ratios and become more aligned with other successful live/work/entertainment communities.

**Under Construction**



Eclipse (Under-Construction)



Constellation (Under-Construction)

Eclipse at City Centre and Constellation are currently under construction in the downtown core. Both mixed-use projects will offer retail, office, and residential uses that will provide a highly walkable living environment for tenants and the surrounding neighborhood. The addition of these communities will amplify downtown’s attractiveness as a walkable living environment.

**City Population**

The city population in total is utilized to compare the mix of the peer cities with Huntsville. This is the total population within Huntsville City limits (not isolated to the core), which has been expanding both in number of residents and land area, as it has annexed territory in recent years. The downtown sector will pull residents who currently live throughout the city if additional supply is available. The ratio represents the number of people that support each downtown apartment built since 2000 including proposed supply that will likely be constructed by 2024.

CITY POPULATION PER DOWNTOWN APARTMENT UNITS		
<i>Ratio is calculated by dividing total city population by total downtown apartment units built or proposed since 2550</i>		
Study Area	Ratios	Comments
Huntsville Current	355	The higher ratio indicates more high income households available but not captured thus latent demand exists
Huntsville Projected Supply (2024)	109	Supply includes all known future supply
Huntsville Projected Supply w/ Excess	97	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Raleigh (2024)	79	Market most similar to huntsville in growth pattern and barriers to development
Kansas City (2024)	106	City with similar growth patterns and economic drivers
Nashville (2024)	51	Nashville is a mature metro and sets the upper bound for the peer city analysis

Source: ESRI, CoStar, Value Tech Realty Services, Inc.

Kansas City has a development boom occurring and the ratio level has not been tested for saturation. Thus, we are cautious to rely on this peer city. Raleigh is a relatively stable market and Huntsville’s ratio is slightly higher when including 255 additional units. This is again seen as reasonable due to the large medical node contiguous to the downtown core. The 610 units for the aggressive analysis results in a ratio of 83; slightly above Raleigh. This suggests there may be sufficient growth to accommodate the aggressive projection.

The capture rate of downtown was also compared, indicating 255 units is a reasonable estimated of supportable supply.

<b>DOWNTOWN CAPTURE OF REGIONAL SUPPLY</b>		
<i>Calculation is total projected future supply of the downtown core divided by the total projected city supply. Projections are through 2024</i>		
Study Area	Ratios	Comments: Apartments are total supply
Current Huntsville	4.94%	The low ratio indicates a significant percentage of households must seek housing outside of the downtown core
Projected Huntsville (2024)	10.43%	The current multifamily pipeline places huntsville comfortably in the range of the peer cities utilized in the analysis
Projected Huntsville W/ Excess	11.78%	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Kansas City (2024)	7.04%	Typical office space plus university nearby
Raleigh (2024)	14.71%	Typical office space plus research and university nearby
Nashville (2024)	31.85%	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

Traditional demand models were prepared that suggest about 255 rental apartments above what is currently planned is market supported. The aggressive estimate of 610 units results in a ratio of 13.67%; still within the supportable range.

There is an opportunity to expand beyond the levels indicated by diversifying the product to include workforce-oriented apartments, live/work and active senior. The 255-610 units was tested against peer cities. All of the various tests for reasonableness suggest the 255 units is necessary to achieve ratios similar to the peer cities and 610 units aligns most closely with Raleigh.

**Workforce Housing**

Workforce housing within the downtown core would primarily serve essential workforce in the immediate area. Essential workforce would be rent overburdened and maybe not income qualify for most rental options within the downtown core. This has forced essential workers into suburban/tertiary submarkets for housing.

The combination of household formation and rent overburdened households represents about 400 units of unmet demand through 2026. The downtown has the ability to capture a portion of this demand based on the jobs generated by the medical center and government offices.



Workforce housing is defined as income-levels that align with the 70% to 80% Area Median Income (AMI). The projection of new households (household growth) and rent-overburdened is provided:

CAPTURE RATE ANALYSIS - 70-80% AMI				
a	Projected Renter Household Growth			227
b	Existing Demand from Rent Overburdened Households	8.7%	+	184
c	Existing Demand from Substandard Rental Units	4.0%	+	0
d	Existing Demand from Elderly Homeowner Turnover	0.0%	+	0
e	<b>TOTAL DEMAND</b>		=	<b>411</b>

Currently workforce wage level tenants within the downtown and surrounding districts are underserved. These households are in addition to the Class A market rent unmet demand of 255-610 units determined through the peer city analysis.

**Regional Rental Rates**

A sample of regional rental rates is included to provide a snapshot of newly developed communities in the greater Huntsville region as well as downtown. Utility costs are provided and added to the unadjusted rents to demonstrate what a tenant in Huntsville can expect their all-in rental cost to be. These costs are provided below:

HOUSING AUTHORITY ELECTRIC ADJUSTMENT				
	Studio/Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom
Heating	\$5	\$7	\$9	\$11
Cooking	\$5	\$7	\$9	\$11
Water Heating	\$14	\$19	\$25	\$30
Other Electric	\$19	\$26	\$34	\$41
Air Conditioning	\$5	\$7	\$9	\$11
<b>Total Electric</b>	<b>\$48</b>	<b>\$66</b>	<b>\$86</b>	<b>\$104</b>

Source: Housing Authority

HOUSING AUTHORITY UTILITY ALLOWANCE- WATER AND SEWER				
	Studio/Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom
Water	\$17	\$20	\$24	\$26
Sewer	\$13	\$24	\$32	\$39
<b>Total Water/Sewer</b>	<b>\$30</b>	<b>\$44</b>	<b>\$56</b>	<b>\$65</b>

Source: Housing Authority

TRASH REMOVAL ADJUSTMENT	
Property	Rate
Station at Clift Farm	\$22
Somerset at Madison	\$25
Henry House	\$25
Zen Garden	\$30
<b>Conclusion</b>	<b>\$25</b>



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PEST CONTROL ADJUSTMENT	
Property	Rate
Station at Clift Farm	\$3
Pest Control	\$5
Zen Garden	\$4
<b>Conclusion</b>	<b>\$5</b>

INTERNET ADJUSTMENT	
Property	Rate
FarmHaus	\$80
Zen Garden	\$70
<b>Conclusion</b>	<b>\$75</b>

Rental rates at newer apartment communities in the region are provided in the tables below:

STUDIO RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
The Avenue (Downtown)	\$975	\$975	TP	\$78	\$1,053	\$1,053
The Heights at Monte Sano	\$875	\$875	TP	\$78	\$953	\$953
The Avenue Madison	\$976	\$976	TP	\$78	\$1,054	\$1,054

ONE-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
Artisan Twickenham Square (Downtown)	\$1,125	\$1,434	TP	\$110	\$1,235	\$1,544
Belk Hudson Lofts (Downtown)	\$1,210	\$1,600	TP	\$110	\$1,320	\$1,710
The Avenue (Downtown)	\$1,000	\$1,100	TP	\$110	\$1,110	\$1,210
Seleno at Bridge Street	\$1,295	\$1,375	None	\$140	\$1,435	\$1,515
Henry House	\$1,199	\$1,328	None	\$140	\$1,339	\$1,468
Ballpark Apartments at Town Madison	\$1,265	\$1,602	None	\$140	\$1,405	\$1,742
Alexandria Apartments	\$1,135	\$1,290	None	\$140	\$1,275	\$1,430
FarmHaus by Watermark	\$1,315	\$1,400	None	\$140	\$1,455	\$1,540
Station at Clift Farm	\$1,250	\$1,450	None	\$140	\$1,390	\$1,590
The Collins	\$1,210	\$1,400	None	\$140	\$1,350	\$1,540

TWO-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
Artisan Twickenham Square (Downtown)	\$1,530	\$1,999	TP	\$142	\$1,672	\$2,141
The Avenue (Downtown)	\$1,500	\$1,700	TP	\$142	\$1,642	\$1,842
Belk Hudson Lofts (Downtown)	\$1,575	\$2,100	TP	\$142	\$1,717	\$2,242
Seleno at Bridge Street	\$1,645	\$1,745	None	\$172	\$1,817	\$1,917
Henry House	\$1,323	\$1,629	None	\$172	\$1,495	\$1,801
Ballpark Apartments at Town Madison	\$1,510	\$1,871	None	\$172	\$1,682	\$2,043
Alexandria Apartments	\$1,611	\$1,645	None	\$172	\$1,783	\$1,817
FarmHaus by Watermark	\$1,525	\$1,680	None	\$172	\$1,697	\$1,852
Station at Clift Farm	\$1,450	\$1,750	None	\$172	\$1,622	\$1,922

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<b>THREE-BEDROOM RENTS</b>						
<i>Unadjusted Rents</i>			<i>Utilities</i>		<i>Adjusted Gross Rents</i>	
<b>Property</b>	<b>Low End</b>	<b>High End</b>	<b>Utilities Included</b>	<b>Utility Cost Difference</b>	<b>Low End</b>	<b>High End</b>
The Avenue (Downtown)	\$1,800	\$1,800	TP	\$169	\$1,969	\$1,969
Seleno at Bridge Street	\$2,050	\$2,050	None	\$199	\$2,249	\$2,249
Henry House	\$1,604	\$1,615	None	\$199	\$1,803	\$1,814
Ballpark Apartments at Town Madison	\$1,926	\$1,926	None	\$199	\$2,125	\$2,125
Alexandria Apartments	\$1,390	\$1,750	None	\$199	\$1,589	\$1,949
FarmHaus by Watermark	\$1,700	\$1,820	None	\$199	\$1,899	\$2,019
Station at Clift Farm	\$1,950	\$1,950	None	\$199	\$2,149	\$2,149

Exclusive of utilities, Artisan Twickenham Square commands rents between \$1.60 and \$2.35, rounded, per square foot and is the best current example of achievable rents. A new Class A project in downtown should be able to achieve average rents at or above \$2.00 per square foot, stated in current (not inflated) dollars.

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## *Certificate of Market Study*

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined result that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.
- This engagement is a market and economic analysis of the housing dynamics of the defined area and is not an appraisal or appraisal related service.
- Quintin Kauchick and Kay C. Kauchick, MAI conducted a physical inspection of the market and the comparables indicated.

### **VALUE TECH REALTY SERVICES, INC.**



Quintin Kauchick  
Director of Operations



Kay C. Kauchick, MAI  
President

## *Definitions*

The definitions included in this section have been extracted, solely or in combination, from definitions and descriptions printed in The Census or Market Analysis for Real Estate published by the Appraisal Institute.

### **Household**

A household includes all the people who occupy a housing unit as their usual place of residence.

### **Householder**

The person, or one of the people, in whose name the home is owned, being bought, or rented.

If there is no such person present, any household member 15 years old and over can serve as the householder for the purposes of the census.

Two types of householders are distinguished: a family householder and a non-family householder. A family householder is a householder living with one or more people related to him or her by birth, marriage, or adoption. The householder and all people in the household related to him are family members. A non-family householder is a householder living alone or with non-relatives only.

### **Family Household (Family)**

A family includes a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in census tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of census tabulations. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.

### **Housing Unit**

A house, an apartment, a mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have direct access from outside the building or through a common hall. For vacant units, the criteria of separateness and direct access are applied to the intended occupants whenever possible.

### **Effective Date of the Market Study**

The date at which the market conclusion applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the market opinion.

**Gross Building Area (GBA)**

The total floor area of a building, including below-grade space but excluding unenclosed areas; measured from the exterior of the walls. (*Dictionary*)

**Absorption Period**

A period of time necessary to lease the property to a stabilized level typically considered 93% to 95%.

**Market Study**

A macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends. A market study may also be the process of determining the general market conditions affecting the property to be marketed, including historical and potential levels of supply and demand.

**Marketability Study**

A process that investigates how a particular piece of property will be absorbed, sold, or leased under current or anticipated market conditions; includes a market study or analysis of the general class of property being studied. A marketability study can also be a microeconomic study that examines the marketability of a given property or class of properties, usually focusing on the market segment(s) in which the property is likely to generate demand. Marketability studies are useful in determining a specific highest and best use, testing development proposals, and projecting an appropriate tenant mix.

## ***General Limiting Conditions***

- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The market analyst herein by reason of this report is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially any conclusions as to market support, the identity of the market analyst or that with which the market analyst is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the market analyst.

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***Value Tech Realty Services, Inc.***

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## ***Scope of Work***

Downtown Huntsville continues to attract developers and investors into the downtown core creating employment, supplying housing, and adding to the diversity of land uses. The synergy has spurred the interest in households to reside in downtown and new investors seeking to deploy additional capital for real estate projects. Housing opportunities exist, and you have asked Value Tech Realty Services, Inc. to provide guidance with respect to the amount of demand that may exist for rental apartments and potential product type(s) that may be appropriate. The scope of work includes the following:

1. Examine the region’s employment trends to assess the type of jobs that are anticipated to attract new households into the region in general and downtown in specific;
2. Project propensity to rent factors based on trends in peer cities and the region overall;
3. Quantify current and known future supply additions to determine where voids exist in supply and determine the number of supportable units in the downtown sector;
4. Provide general guidelines with respect to project concept(s) for the downtown market;
5. Determine general rental rates for new rental housing in the downtown sector;
6. Check demand results against Peer Cities;
7. Prepare a written report that documents our findings.

### **Intended Users**

This report is to be used by the following parties:

Downtown Huntsville, Inc.



The Broadway Group



## Madison County Area Analysis

Highlights of key demographic and economic trends are provided. A complete area analysis is contained in the addenda.

Madison County is surrounded by Lincoln County, Tennessee to the north, Franklin County, Tennessee to the northeast, Jackson County to the east, Marshall County to the southeast, Morgan County to the southwest, and Limestone County to the west. The county is included in the Huntsville, AL metropolitan statistical area (MSA).

### Population and Demographics

The information in this section was obtained through the U.S. Census Bureau and ESRI. Madison County continues to experience positive population growth as evidenced by the following:

<b>POPULATION AND HOUSEHOLDS: MADISON COUNTY</b>				
	2010	2021	Change	% Change
Total Population	334,811	388,971	54,160	16.2%
Total Households	134,700	158,267	23,567	17.5%

Source: Demographic and Income Profile, ESRI Site Analysis

Total population and households have increased over the past 11 years.

Demographic data from ESRI is presented for general statistics and trends. However, Madison County is surpassing ESRI projections. Employment announcements have accelerated, attracting in migration of persons to fill job opportunities. Thus, the growth in households will likely exceed the data presented. The following chart provides historical population data as well as future projections by age for Madison County:

<b>MADISON COUNTY POPULATION PROJECTIONS BY AGE</b>					
<b>Total Number of Residents</b>					
Age	2010	2021	2026	Change 2021 - 2026	% Change
0-4	20,869	21,124	22,386	1,262	6.0%
5-9	21,285	22,512	23,180	668	3.0%
10-14	22,834	24,132	24,580	448	1.9%
15-19	24,777	24,463	25,922	1,459	6.0%
20-24	24,321	25,184	24,763	-421	-1.7%
25-34	43,958	54,337	54,732	395	0.7%
35-44	44,357	50,694	56,650	5,956	11.7%
45-54	53,816	48,085	48,540	455	0.9%
55-64	37,721	53,933	52,520	-1,413	-2.6%
65-74	23,151	38,124	45,062	6,938	18.2%
75-84	13,284	19,354	24,708	5,354	27.7%
85+	4,438	7,029	8,419	1,390	19.8%
<b>Total</b>	<b>334,811</b>	<b>388,971</b>	<b>411,462</b>	<b>22,491</b>	<b>5.8%</b>
<b>% Change</b>		<b>16.2%</b>	<b>5.8%</b>		
<b>Compounded annual growth rate (2010 to 2026)</b>			<b>1.3%</b>		
<b>Compounded annual growth rate (2021 to 2026)</b>			<b>1.1%</b>		

Source: Demographic and Income Profile, ESRI Site Analysis



The county has experienced positive growth trends which are projected to continue through 2026. The largest increase in population is projected for the age groups between 65 and 84. The 65+ age cohorts represent the empty nester housing market. This is becoming a more important segment within the rental housing industry as seniors seek low maintenance lifestyles within a secured living environment.

The following table provides information on the working-age population within Madison County:

<b>MADISON COUNTY WORKING-AGE RESIDENTS</b>					
<b>Total Number of Residents</b>					
<b>Age</b>	<b>2010</b>	<b>2021</b>	<b>2026</b>	<b>Change 2021 - 2026</b>	<b>% Change</b>
20-24	24,321	25,184	24,763	-421	-1.7%
25-34	43,958	54,337	54,732	395	0.7%
35-44	44,357	50,694	56,650	5,956	11.7%
45-54	53,816	48,085	48,540	455	0.9%
55-64	37,721	53,933	52,520	-1,413	-2.6%
<b>Total</b>	<b>204,173</b>	<b>232,233</b>	<b>237,205</b>	<b>4,972</b>	<b>2.1%</b>
<b>% Change</b>		<b>13.7%</b>	<b>2.1%</b>		
<b>Compounded annual growth rate (2010 to 2026)</b>			<b>0.9%</b>		
<b>Compounded annual growth rate (2021 to 2026)</b>			<b>0.4%</b>		

Source: Demographic and Income Profile, STDB, Inc., ESRI Site Analysis.

The working-age population increased from 2010 to 2021 and will continue this trend through 2026. The following table exhibits household growth within Madison County as well as expected future growth:

<b>HOUSEHOLD PROJECTION FOR 2021 to 2026</b>					
<b>MADISON COUNTY</b>					
				<b>% Household Change</b>	
<b>Year</b>	<b>2010</b>	<b>2021</b>	<b>2026</b>	<b>2010-2021</b>	<b>2021-2026</b>
<b>Total</b>	134,700	158,267	168,119	17.5%	6.2%
<b>Compounded annual growth rate</b>				<b>1.5%</b>	<b>1.2%</b>
<b>Average Size</b>	2.43	2.40	2.39		

Source: Site To Do Business

As previously discussed, household formation is anticipated to exceed the projections based on current job formation and recently announced employment expansion. The number of households increased from 2010 to 2021 and is projected to continue strong growth trends through 2026.

Households by size within Madison County are provided:

<b>HOUSEHOLDS BY SIZE IN MADISON COUNTY</b>		
<b>Tenure</b>	<b>2010</b>	
<b>Persons Per Household</b>	<b>Number</b>	<b>Percentage</b>
One Person	38,659	28.7%
Two People	45,125	33.5%
Three People	22,360	16.6%
Four People	17,646	13.1%
Five People	7,274	5.4%
Six People	2,425	1.8%
Seven or More People	1,212	0.9%
<b>Total</b>	<b>134,700</b>	<b>100%</b>

Source: ESRI, Market Profile, 2010



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The majority of households within Madison County are one- or two-person households. Further, husband-wife families make up the majority of two-person households, as provided:

**Household Income**

The median household income in Madison County is provided:

<b>MEDIAN HOUSEHOLD INCOME IN MADISON COUNTY</b>	
2021	2026
\$68,166	\$77,680
Source: Age by Income Profile, ESRI Site Analysis	

**Near-Term Employment Expansion Summary**

Major employers in the region are expanding their footprint in Huntsville. New job openings from these major employers in the greater Huntsville region are anticipated to accelerate to over 10,000 new positions throughout 2022 as detailed in the table below:

<b>Job Growth</b>		
<b>Employer</b>	<b>Employees</b>	<b>Year</b>
Mazda-Toyota Direct	4,000	2022
Mazda-Toyota Indirect	2,000	2022
Amazon	500	2021
Facebook	200	2022
FBI	4,000	2030
City Center	300	2022
Teledyne Brown	200	2022
565 Logistics Center	300	2021
Blue Origin	300	2021
BAE	300	2021
<b>Total</b>	<b>12,100</b>	<b>---</b>

A brief summary of the employment expansion is provided later in this section.

**Employment Trends**

The civilian labor force is defined as all employed or unemployed persons 16+ years of age who are actively looking for work and available to accept employment. Persons in the Armed Forces or within institutional settings such as prisons, nursing homes, etc. are not counted within the civilian labor force. The trend in employment is provided:



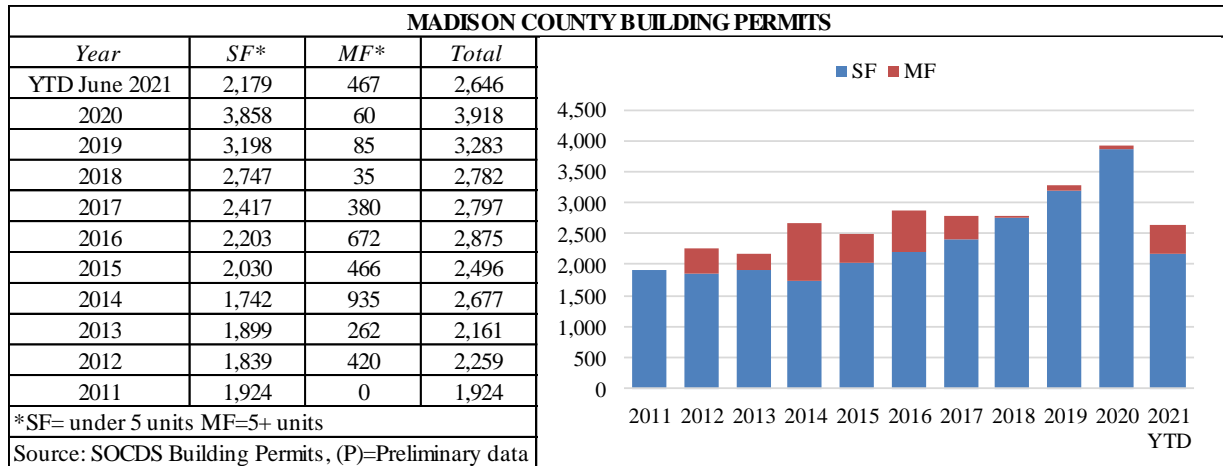


LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT DATA IN MADISON COUNTY				
Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
2021 YTD	190,704	186,383	4,321	2.3%
2020	187,247	178,579	8,668	4.6%
2019	184,941	180,126	4,815	2.6%
2018	180,767	174,517	6,250	3.5%
2017	175,368	168,333	7,035	4.0%
2016	172,125	163,288	8,837	5.1%
2015	170,473	161,071	9,402	5.5%
2014	170,377	159,923	10,454	6.1%
2013	171,178	160,213	10,965	6.4%
2012	170,324	158,207	12,117	7.1%
2011	171,679	157,588	14,091	8.2%

Source: Bureau of Labor Statistics  
 YTD 2021 consists of data through Apr 2021; the data is not seasonally adjusted.

**Housing Market**

Residential building permits for Madison County are presented below:



Residential development in the market has trended upward.

The median home price for Madison County is provided:

MEDIAN HOME PRICES FOR MADISON COUNTY	
2021	2026
\$213,915	\$248,881

Source: Housing Profile

**Conclusion**

The Huntsville region including Downtown Huntsville have major economic drivers that generate rental housing demand. The employment base is diverse and includes medical, government, private-sector companies, entertainment, and support services. The downtown sector is redeveloping as the heart of the community with a walkable environment that includes a variety of cultural and entertainment-related establishments. Adding to the vibrant city are parks, social and recreational venues. Access to downtown is good. The downtown school district is strong with high metrics for test scores and graduation rates. All the neighborhood's assets complement the services required by residents and will help to provide sustained demand for rental housing into the foreseeable future.

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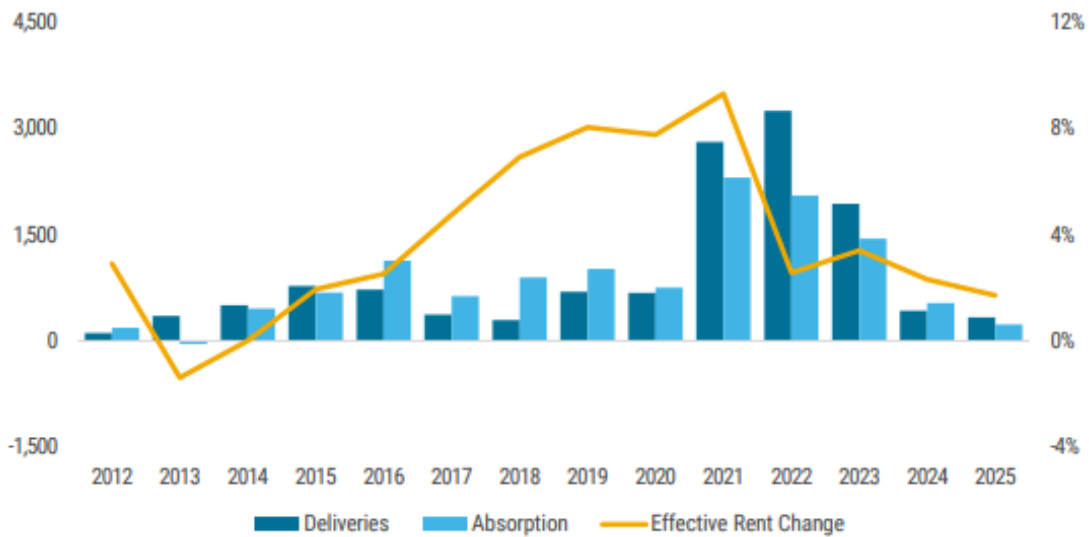
### Macro Market Overview – Madison County

The urban core will attract residents from throughout the region. This will be new households relocating to the area or existing residents choosing an urban lifestyle. A city center is impacted by the economic growth and residential development occurring in the region. As such, an overview of county’s rental market is provided.

Information for the macro discussion was obtained from Value Tech Realty Services, Inc. internal data sources, the Berkadia Mid-Year 2021 Report prepared by Berkadia as well as from CoStar.

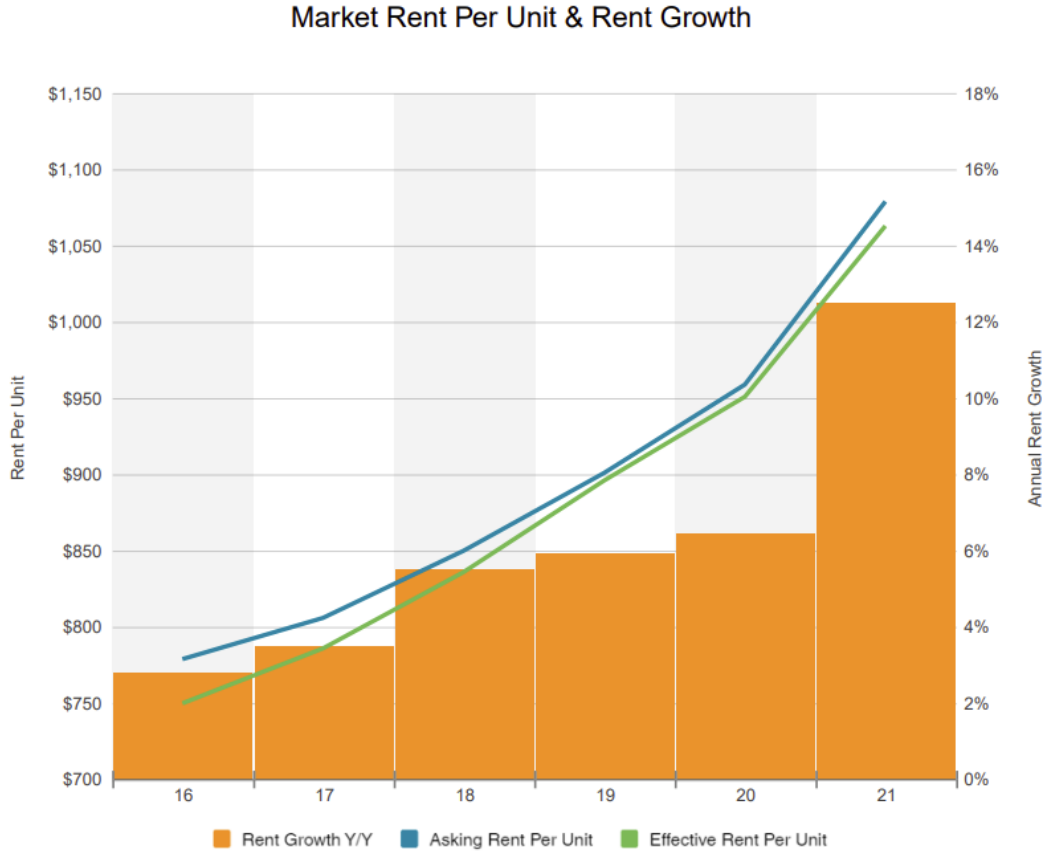
Madison County has an expanding multifamily market that is under-supplied. Accelerated additions to supply delivered may help to contain rapid price increases. Trends in deliveries, absorption, and effective rent are provided below:

#### Deliveries, Absorption, & Effective Rent Change



Source: Berkadia Mid-Year 2021

Madison County has experienced record rent growth. Average asking rent in 2016 was \$779 which increased to \$1,038 in 2021, or 5.9% compounded annually compared to inflation at less than 2.0% nationally over the same time period. Rent growth increased 9.5% between 2020 and 2021. The following chart illustrates Huntsville’s effective rent, asking rent and rent growth.

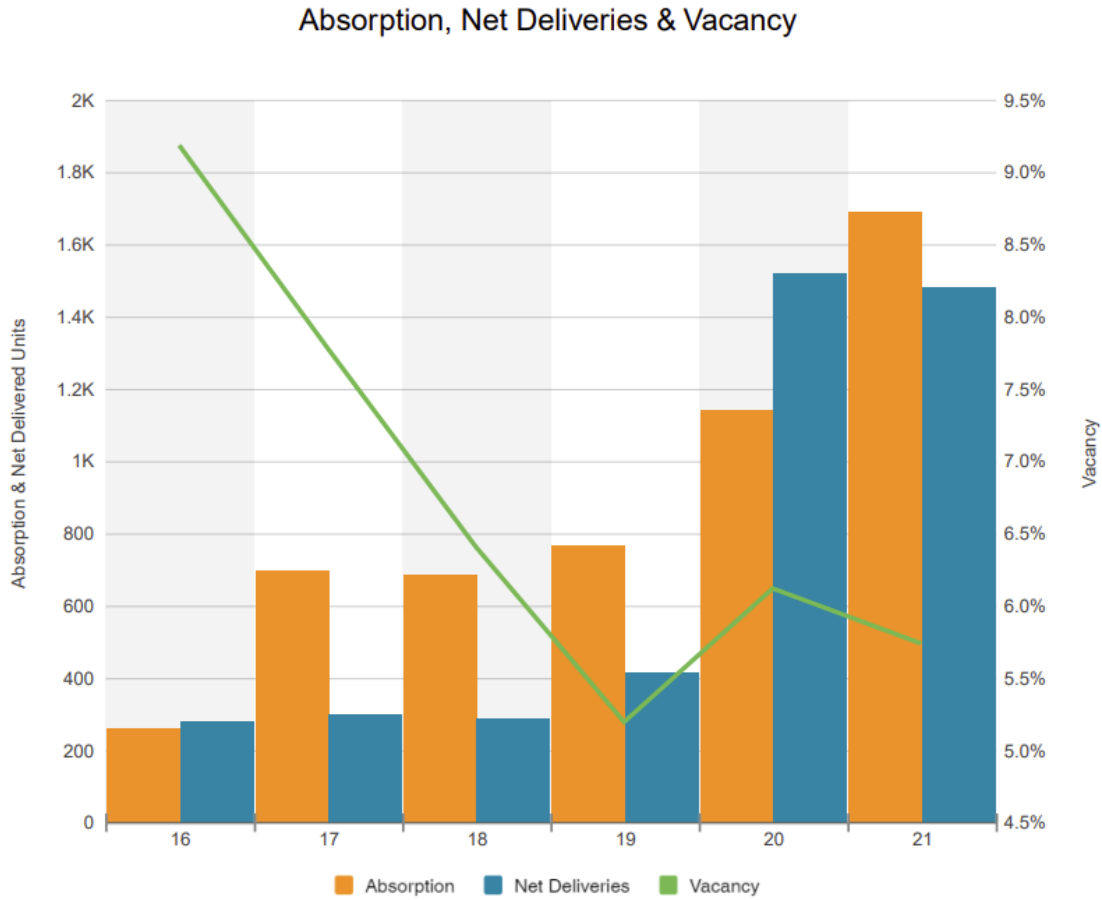


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10/1/2021

Rental apartment development lagged demand as noted by the exceptionally strong absorption. Vacancy was reported only briefly as new properties were delivered. A market is considered in balance at 5% vacancy level. Madison County reported 5.5% October 2021 that includes a significant volume of new supply between 2020 and 2021. The trend in absorption, net deliveries, and vacancy since 2016 is presented.

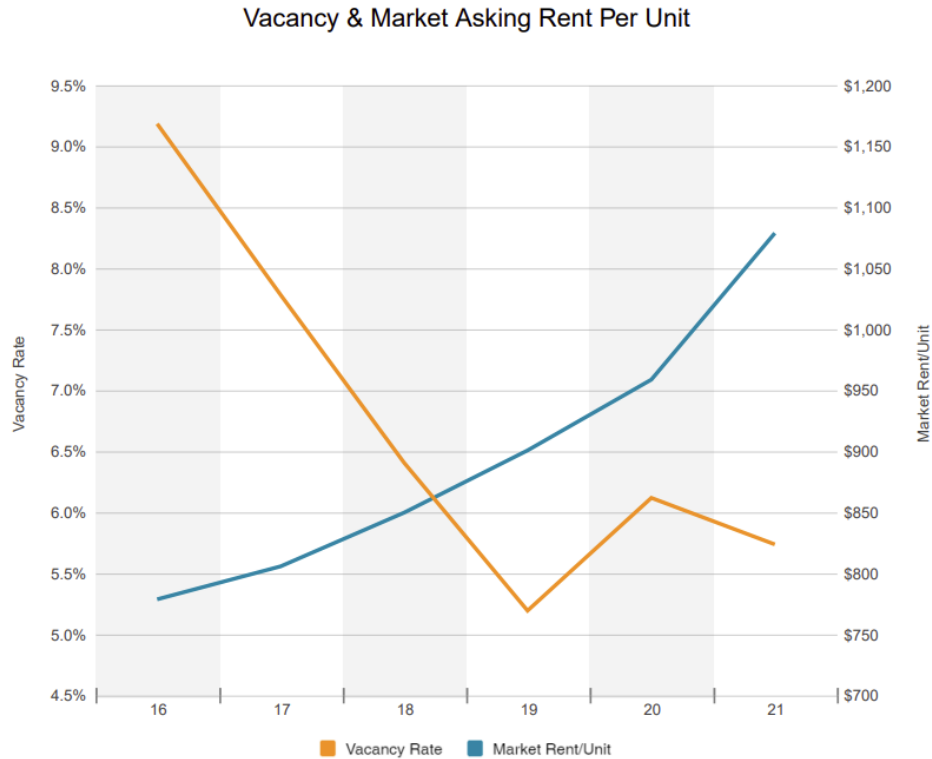




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Despite additions to supply, vacancy remains low and rental rates continued to raise:



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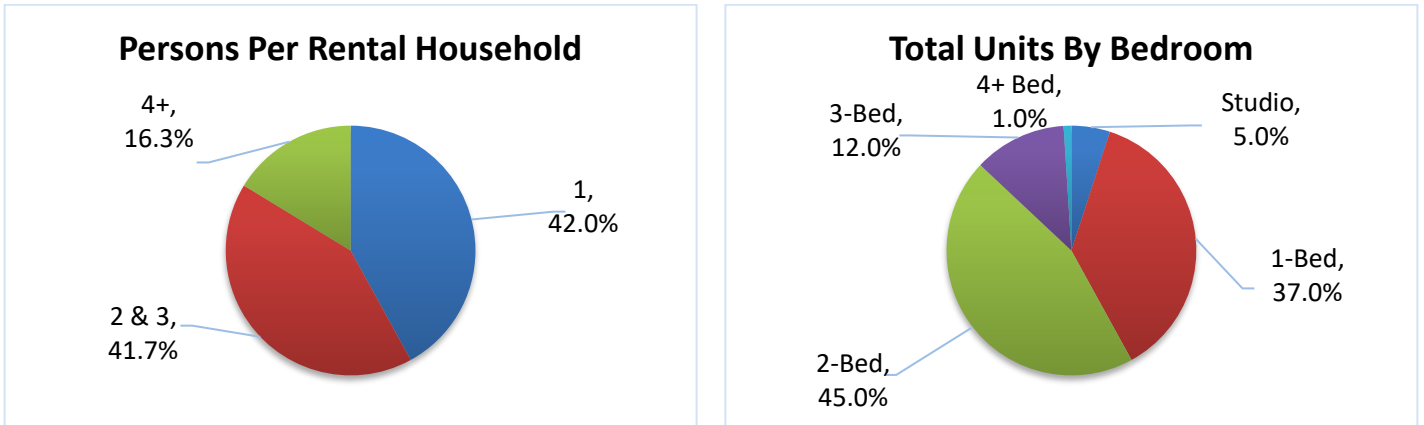
Rental rates rose despite a significant increase to supply commencing in 2016 and accelerating through 2021. The 2020-2021 time period reported nearly double the additions in supply from prior years, yet vacancy experienced only a minor increase despite a 9.5% bump in rental rates.

The mix of units expanded to include more studios, providing an economic price point for residents. The mix remains dominated by one- and two-bedroom floor plans. The mix aligns with the persons per rental household. Typically, one-person households will occupy studios and one-bedroom units. Two- and three-person households dominate occupancy of two-bedroom apartments. Three-person and larger households will generally seek three-bedroom and larger units. The comparison between apartment unit supply by bedroom to households is presented:

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UNIT SIZE SUPPLY VS. HOUSEHOLD SIZE



The unit mix in the market aligns closely with the household sizes.

Madison County Districts

There are seven districts in the downtown region including the urban core. The Downtown District is the highest density region in Madison County. A map of downtown Huntsville and the surrounding districts is provided below:

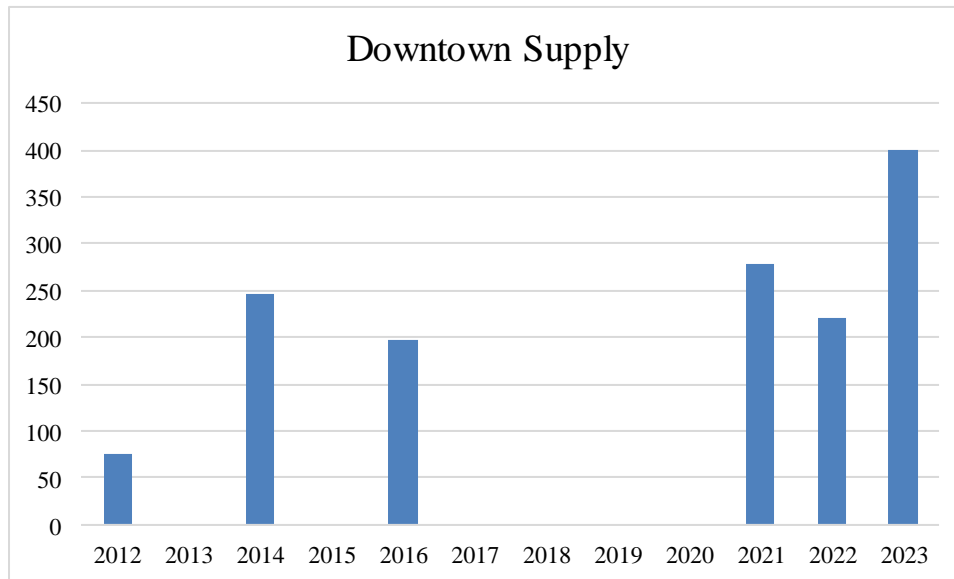


Rental apartments within Downtown and the surrounding Districts is summarized in the following table:

HUNTSVILLE DISTRICT SUPPLY 2000-2021	
District	Unit Count
Downtown	604 (891 Q4 2021)
Medical	0
Merrimack	0
Lowe Mill	58
West	0
Lincoln	0

Source: CoStar, Value Tech Realty Services, Inc.

The historical and projected delivery schedule in the downtown core is provided below:



The unit mix at existing, under-construction, and proposed communities after 2000 is provided below:

DOWNTOWN UNIT MIX SUMMARY				
Community	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom
Gateway Place Apartments	---	81	5	---
Belk Hudson Lofts	---	45	30	---
Artisan Twickenham Square	---	157	89	---
The Avenue	15	70	90	22
Eclipse at CityCentre*	34	138	106	---
Constellation Apartments*	5	85	102	29
Coca Cola Site*	N/A	N/A	N/A	N/A
<b>Totals</b>	<b>4.9%</b>	<b>52.2%</b>	<b>38.3%</b>	<b>4.6%</b>

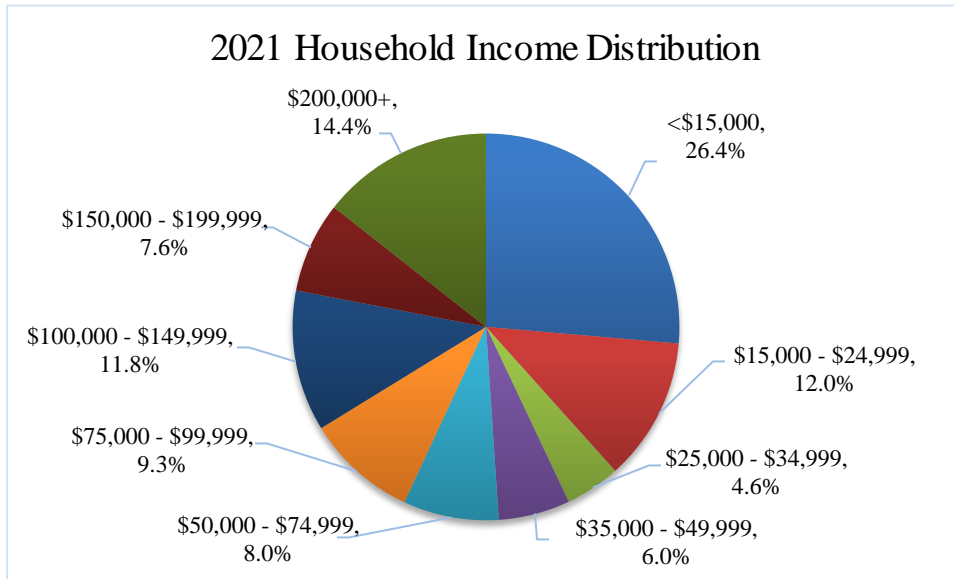
\* Indicates a community under-construction or proposed

Excludes 350-unit proposed project in Downtown that does not have final plans.

The downtown sector is skewed toward smaller household sizes.



The household income distribution in the downtown core is provided below:



As noted, Downtown has a large portion of households in the \$200,000+ income bracket. This is above the mix in the county.

The City has the opportunity to direct the type of development in the downtown core and surrounding neighborhoods. Nashville has concentrated high-income residential development within the core. This allows for high rise development and higher density. The areas immediately abutting the core have developed with slightly less density and a provide a broader range of pricing.

If the goal is to maximize the highest and best use of development within the core, then Huntsville should consider a pattern that is similar to Nashville; high-density residential within the core and more diverse and broader product and price points in the adjacent neighborhoods and districts.

Beyond Downtown and the adjacent districts are the suburban submarkets of Madison County. While not direct competitors, they do influence the amount and type of supply that can be captured within downtown. A brief discussion of the county’s suburban submarkets is presented.

**Southeast Huntsville:** The area southeast of the city has vast amounts of land that has historically been controlled by a small group of landowners. The Jones family has created and is implementing a master plan for its land holdings, which includes multifamily development. The master plan also includes commercial, retail, for-sale, and for-rent residential product. Beyond the Jones family holdings, growth is accelerating along U.S. Highways 431 and 231 as infill locations within the seven downtown districts become increasingly scarce.

**Southwest Huntsville:** This area has “inner” and “outer” markets. The “inner” developed around the needs of Redstone Arsenal. This is an area comprised of older era homes and occupied by lower-income households. Price points are on the affordable side. This submarket is transitioning through gentrification efforts. Young couples with moderate-to-high incomes are buying and renovating homes in this submarket.

The “outer” area has large swaths of vacant land and is benefiting from its access to major traffic arterials linking to the Mazda/Toyota automobile production plant and outward expansion of economic growth including new major employers entering the region. Large national builders and multifamily development have accelerated in this region to accommodate the influx of households migrating to the region to fill employment opportunities. Town Madison, a large master planned community, is enhancing the retail and commercial offerings available to residents including new entertainment venues.

**Madison:** This submarket is a desirable area for military families and workers within Cummings Research Park due to the direct road linkage and high-quality schools. Housing is dominated by single family homes with multifamily providing affordable options to households desiring the area who may not have the income necessary for home ownership. Cummings Research Park is a driver of housing demand due to the volume of employment opportunities. The Park has over 300 businesses and 26,000 employees with land available to continue its growth trend. The Park is the second largest research center in the country and fourth in the world with a leading science and technology-focused concentration of businesses and enterprises. Fortune 255 companies, incubators and higher-education institutions provide opportunities for collaboration that fuels growth in the region and drives demand for rental housing. Land is becoming increasingly scarce in this submarket.

**North Huntsville:** This was an area that developed in the early expansion of downtown. Homes and rental apartments are dominated by older era housing and apartments. Household incomes are low- to moderate. This submarket is impacted by the University of Alabama in Huntsville, a generator of rental housing demand by students, professors, and other school faculty and staff. Infrastructure improvements are occurring, providing the opportunity for gentrification and new development including multifamily. Significant new development is occurring in the northwestern portion of the submarket. The northeastern submarket is gaining traction on new development.

Supply by submarket is summarized. This includes existing and known new additions:

<b>HUNTSVILLE REGIONAL SUPPLY</b>			
<b>Region</b>	<b>Units</b>	<b>Vacancy</b>	<b>Avg. Rent</b>
North	9,316	11.20%	\$1,111
Southeast	4,715	2.40%	\$1,019
Southwest	2,409	5.30%	\$1,234
Madison	7,961	5.50%	\$1,173
Huntsville Downtown & Districts	6,556	2.10%	\$764
Military, Corporate, Affordable	983	---	---
<b>Totals / Averages</b>	<b>31,940</b>	<b>5.8%</b>	<b>\$1,049</b>
Source: CoStar, Value Tech Realty Services, Inc.			

**Economic Growth and Housing**

Economic growth is driving demand for housing. Since 2016, employment has increased from 162,411 jobs to a preliminary estimate of 195,031 jobs in 2021. In addition, over 12,000 new jobs from major companies alone have been announced to enter the region from 2021-2022. Some of the employment anticipated in 2021 will extend into 2022. A summary of employment trends since 2016 is presented.



Employment Growth				
Year	Employment	Difference	3YR CAGR	5YR CAGR
2016	162,411	---	---	---
2017	166,889	4,478	---	---
2018	172,844	5,955	---	---
2019	178,329	5,485	---	---
2020	176,573	-1,756	---	---
2021	184,631	8,058	2.2%	2.6%
2022(p)	195,031(p)	10,400(p)	3.0%	3.2%

Major employers in the region are expanding their footprint in Huntsville. New job openings from these major employers in the greater Huntsville region are anticipated to accelerate throughout 2022 as detailed in the table below:

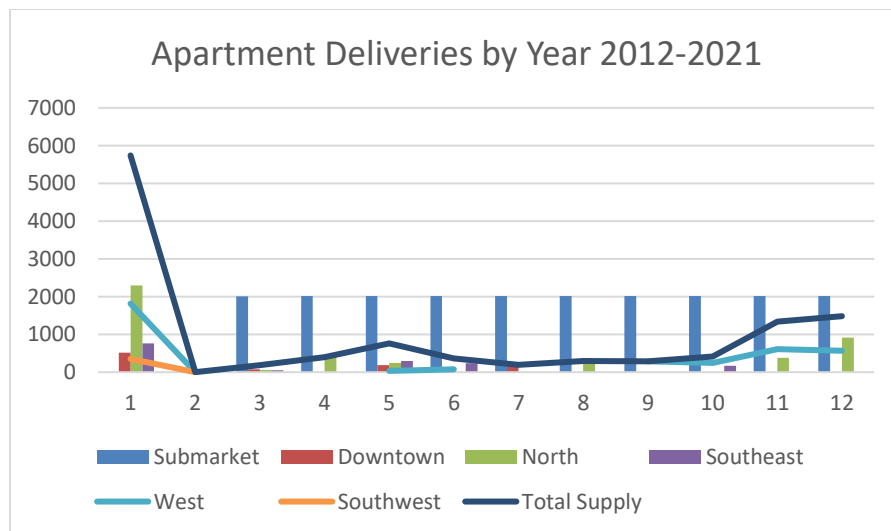
Job Growth		
Employer	Employees	Year
Mazda-Toyota Direct	4,000	2022
Mazda-Toyota Indirect	2,000	2022
Amazon	500	2021
Facebook	200	2022
FBI	4,000	2030
City Center	300	2022
Teledyne Brown	200	2022
565 Logistics Center	300	2021
Blue Origin	300	2021
BAE	300	2021
<b>Total</b>	<b>12,100</b>	<b>---</b>

The jobs are from major employers only. The multiplier effect will further expand the workforce.

Apartment development has responded to employment growth with the most active periods correlating to the rapid expansion of jobs. A summary of historical supply additions in the region is included below:

New Apartment Supply History											
Submarket	Property Name	Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Southeast	The Commons	54									
<b>Downtown</b>	<b>Belk Hudson Lofts</b>	<b>75</b>									
<b>Downtown</b>	<b>Artisan at Twickenham Square</b>			<b>185</b>	<b>61</b>						
North	Providence Place	60	166								
North	Emerald Ridge II		112	24							
North	Addison Park		124	104							
North	The Bridges at Research Park			114							
Southeast	The Villas at Natures Walk			52							
Southeast	Legacy at Jones Farm			248							
West	Limestone Creek			36	72						
Southeast	Capital Park at 72				233						
<b>Downtown</b>	<b>The Avenue</b>					<b>197</b>					
North	The Modeme at Providence						300				
West	Palladian at Promenade							110			
West	Virtuoso Living							178			
West	Seleno at Bridge Street								244		
Southeast	Heights at Monte Sano								172		
North	Henry House									273	
North	Villas at Kelly Springs									105	
Southwest	Revere at River Landing									352	
West	The Collins									334	
West	Ballpark Apartments									274	
North	FarmHaus by Watermark										324
North	The Cottages at Old Monrovia										275
North	Station at Clift Farm										315
West	Zen Gardens Apartments										120
West	Alexandria Apartments										258
West	The Avenue Madison										190
<b>Totals</b>		<b>189</b>	<b>402</b>	<b>763</b>	<b>366</b>	<b>197</b>	<b>300</b>	<b>288</b>	<b>416</b>	<b>1,338</b>	<b>1,482</b>
<b>Cumulative Total</b>		<b>189</b>	<b>591</b>	<b>1,354</b>	<b>1,720</b>	<b>1,917</b>	<b>2,217</b>	<b>2,505</b>	<b>2,921</b>	<b>4,259</b>	<b>5,741</b>

Between 2011 and 2021, 5,741 units entered the market. No units were delivered in 2011. Only 518 of the deliveries (Belk Hudson Lofts, The Avenue, and the Artisan at Twickenham Square) were in the downtown district. All the properties noted in the chart pre-2021 were absorbed and operate at stabilized levels. All the apartments built in 2021 are fully leased and at an absorption pace of 30 units per month.



**Future Supply**

According to the City of Huntsville, City of Madison, and Madison County, there are multiple developments currently proposed or under construction in the county. Supply is being added to accommodate existing demand as well in anticipation of the influx of households needed to fill the 12,000+ announced employment opportunities over the next 24 months. This job formation does not take into consideration the multiplier effect on secondary employment required to service the influx of new households.

A summary of projected unit deliveries by year is provided:

FUTURE SUPPLY SUMMARY						
#	Property Name	Orientation	Submarket	Status	Delivery Year	# of Units
1	Eclipse / City Center at Big Spring	Market-Rate	Downtown Huntsville	Under Construction	2021	278
2	Constellation	Market-Rate	Downtown Huntsville	Under Construction	2022	221
3	The Foundry	Market-Rate	Huntsville District	Under Construction	2022	342
4	Chase Creek	Market-Rate	North	Under Construction	2022	372
5	The Views at Chase Creek	Market-Rate	North	Under Construction	2022	228
6	Mosby Bridge Street	Market-Rate	Madison	Under Construction	2022	290
7	The Kelvin / Collins Phase II	Market-Rate	Madison	Under Construction	2022	351
9	Novare Madison Apartments	Market-Rate	Southwest	Site Preparation	2022	290
10	Palmer House Apartments	Market-Rate	Southwest	Under Construction	2022	286
11	Villas at Nature Walk Phase III	Market-Rate	Southwest	Site Preparation	2022	48
12	Metronome at MidCity	Market-Rate	Madison	Site Preparation	2022	296
13	Encore at MidCity	Market-Rate	Madison	Site Preparation	2022	232
13	Village at Hays Preserve	Market-Rate	Southeast	Under Construction	2022	336
14	2020 at Providence	Market-Rate	North	Under Construction	2022	360
15	Hamlet at Midcity	Market-Rate	North	Under Construction	2022	236
16	Anthem Apartments and Cottages	Market-Rate	North	Under Construction	2022	406
17	4532 Research Park Blvd	Market-Rate	North	Under Construction	2022	344
18	Laurel at Dry Creek	Market-Rate	North	Under Construction	2022	343
19	Virtuoso Living Phase II	Market-Rate	North	Under Construction	2022	220
20	Coca Cola Site	Market Rate	Downtown Huntsville	Proposed	2023	510
21	Dallas Mill Apartments	Market-Rate	North	Under Construction	2023	148
22	Edison Apartments	Market-Rate	North	Under Construction	2023	252
23	1010 Elliston / 101 Elliston	Market-Rate	North	Under Construction	2023	192
24	Belle Mor Apartments	Market-Rate	North	Site Preparation	2023	272
25	Highfield at Madison Apartments	Market-Rate	North	Under Construction	2023	258
26	Dawson Company Townhomes	Market-Rate	Southwest	Site Preparation	2024	485
27	Marina Cove Apartments	Market-Rate	Southeast	Under-Construction	2024	56
<b>TOTAL UNIT DELIVERIES</b>						<b>7,652</b>

Constellation Apartments, Rocket Development-Coca Cola Site, and Eclipse/CityCentre at Big Spring are the only projects located in Downtown Huntsville and are under-construction or nearing commencement of construction.

*Eclipse / CityCentre at Big Spring*

The multifamily component of this mixed-use development by RCP Companies consists of 278 units in a midrise community. The project is within the Medical area of downtown. It faced multiple delays but is nearing completion. The project is in a unique location and shows promise as it will be well connected to Big Spring Park, the walkable heart of Huntsville.

*Constellation Apartments*

This is a mixed-use development similar to City Centre at Big Spring in the Constellation and Medical area of downtown. This is the multifamily component of a \$180-million, mixed-used project that will include office space, retail, and hotels. This apartment community will have 221 units with access to the Big Spring Park.



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**Coca Cola Site**

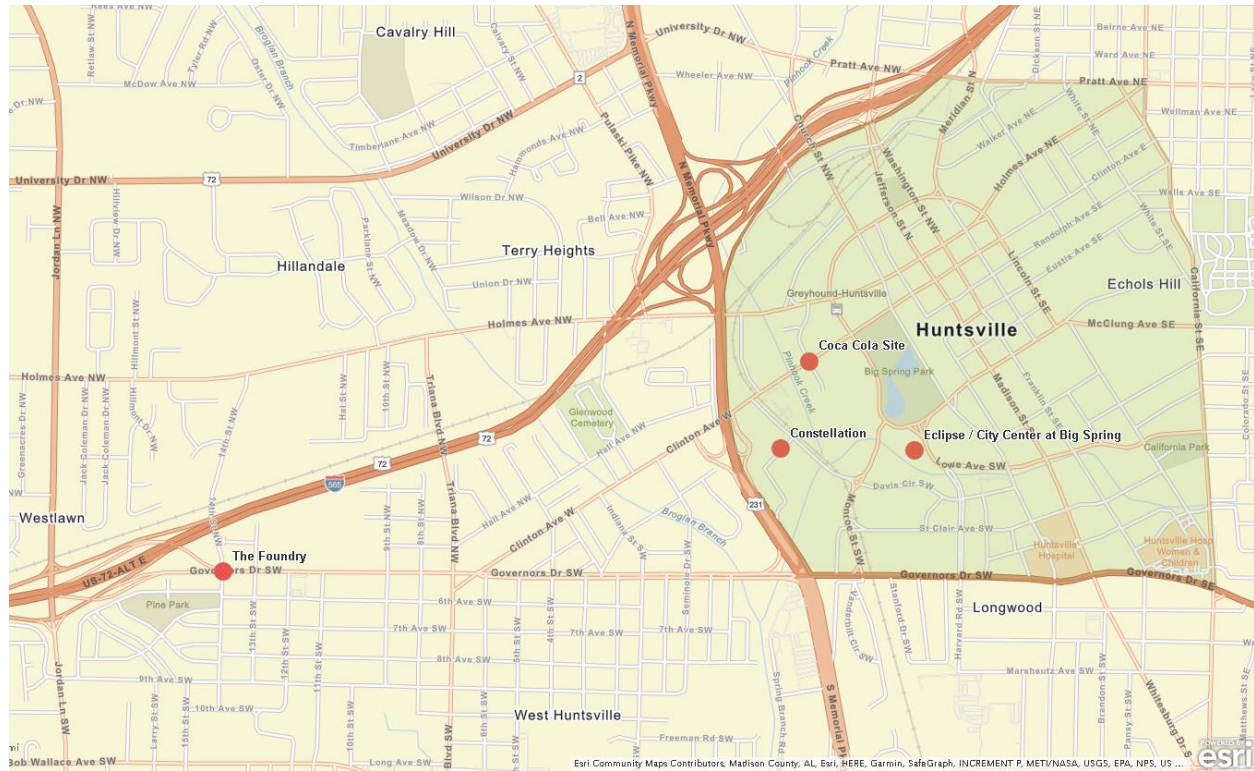
The Coca Cola Site is one of the large last infill locations in Downtown Huntsville. The current project slated for this parcel will be comprised of office, retail, and residential. A discussion with the developer indicated that the multi-family component of the development would be comprised of 510 Class A+ units. The project will be highly attractive due to its downtown location and walkability.

Located within a western district to the city is The Foundry.

**The Foundry**

The Foundry is located west of downtown Huntsville in the West Huntsville district. The project is currently under construction with anticipated delivery in late 2022.

**Downtown Sector / Huntsville District**



**Rumored/Potential Additions**

A summary of rumored projects is provided. The developers of these projects requested confidentiality for any information beyond what is included in the table below:

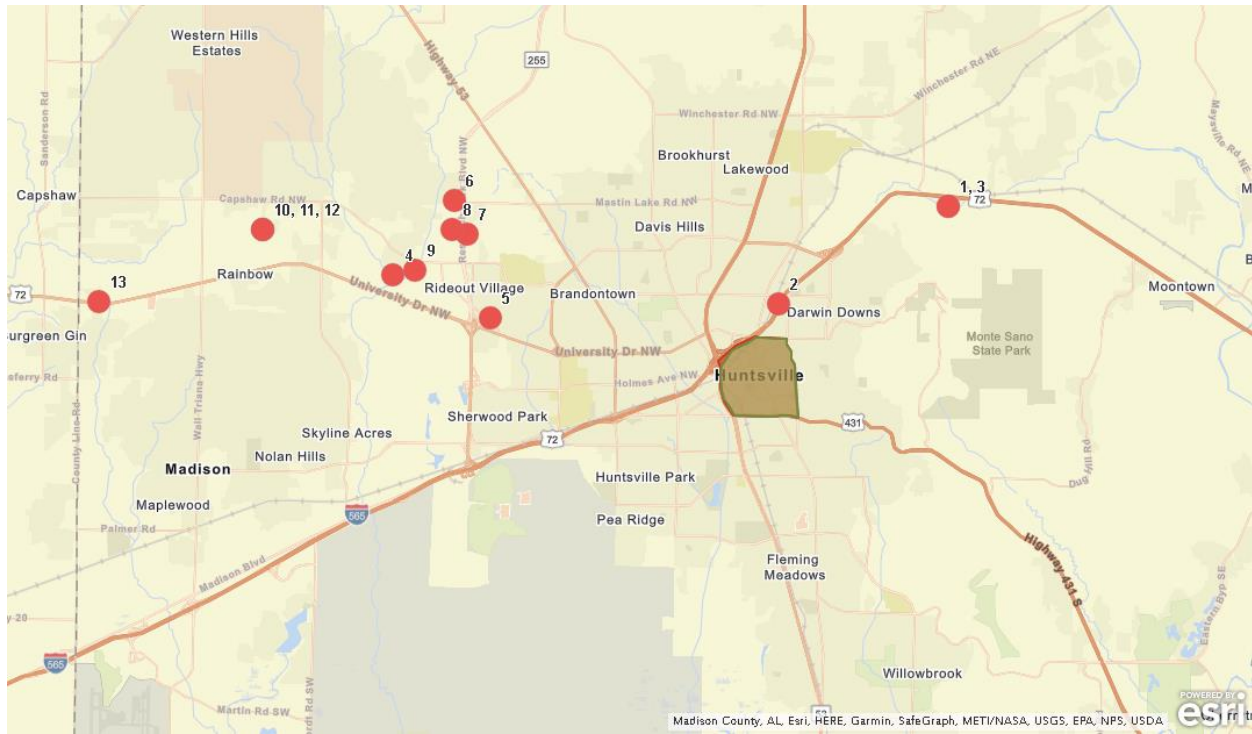
RUMORED FUTURE SUPPLY SUMMARY						
#	Property Name	Orientation	Submarket	Status	Delivery Year	# of Units
1	Downtown (One Project)	Market-Rate	Downtown	Preliminary	---	350
2	Southeast (Three Projects)	Market-Rate	Southeast	Preliminary	---	920
3	Madison (One Project)	Market-Rate	Madison	Preliminary	---	250
<b>TOTAL RUMORED</b>						<b>1,520</b>

These projects are scattered across the county with some extending into adjacent Limestone County. Included in the above table is a proposed 350-unit project likely to move forward in downtown near the medical center. The project would include apartments, office and retail.

**North Submarket**

Future supply within the north submarket is summarized:

FUTURE SUPPLY SUMMARY - NORTH						
#	Property Name	Orientation	Submarket	Status	Delivery Year	# of Units
1	Chase Creek	Market-Rate	North	Under Construction	2022	372
2	The Views at Chase Creek	Market-Rate	North	Under Construction	2022	228
3	2020 at Providence	Market-Rate	North	Under Construction	2022	360
4	Hamlet at Midcity	Market-Rate	North	Under Construction	2022	236
5	Anthem Apartments and Cottages	Market-Rate	North	Under Construction	2022	406
6	4532 Research Park Blvd	Market-Rate	North	Under Construction	2022	344
7	Laurel at Dry Creek	Market-Rate	North	Under Construction	2022	343
8	Virtuoso Living Phase II	Market-Rate	North	Under Construction	2022	220
9	Dallas Mill Apartments	Market-Rate	North	Under Construction	2023	148
10	Edison Apartments	Market-Rate	North	Under Construction	2023	252
11	1010 Elliston / 101 Elliston	Market-Rate	North	Under Construction	2023	192
12	Highfield at Madison Apartments	Market-Rate	North	Under Construction	2023	258
13	Belle Mor Apartments	Market-Rate	North	Site Preparation	2023	272
<b>TOTAL UNIT DELIVERIES</b>						<b>3,631</b>



*Chase Creek*

Is located northeast of the downtown core of Huntsville along Old Gurley Road, which sits proximate U.S. 72. The new community will have Class A finishes and amenities and be comprised of 372 units.

*The Views at Chase Creek*

This garden-style community is currently under-construction proximate Chase Creek. The community will consist of 228 Class A units.

*2020 at Providence*

Construction has begun for the project as proposed. The project is anticipated to begin delivering units in 2022 with a final total of 360 units and 20,000 square feet of retail.

*Hamlet at MidCity*

The project will be comprised of 236 units. Floor plans indicate this development will be a single family for rent community with typical Class A finishes and amenities for the residents.

*Anthem Apartments and Cottages*

The project is currently under construction. The developer indicated that the project would incorporate garden-style apartments and detached single family style dwellings. First units will begin delivering in 2022 with a total unit count of 406.

*4532 Research Park Blvd*

The developer could not be reached for comment. Public documents indicate the development is approved for 344 units. A primary visit to the site indicated that site preparation was complete, and construction was starting.

*Laurel at Dry Creek*

The project is currently under construction by McShane Construction. The 343-unit apartment development is located due north of the research park. The project is comprised of 16 garden-style buildings. Completion is slated for September 2022.

*Virtuoso Living Phase II*

This is a 178-unit market-rate rental community in northwest Huntsville. The property will offer one- and two-bedroom single family and duplex-style units. Phase I of the community delivered final units in 2019. There will be luxury amenities like a clubhouse, fitness center, pool, and detached garages available for Phase II. This property is not competitive with most garden-style or mid-rise rental products. Phase II will begin delivering units in 2022, with final units deliver late 2022 or early 2023.

*Dallas Mill Apartments*

Dallas Mill is located just north of Downtown Huntsville. A primary site visit indicated that site preparation was underway. The developer indicated construction completion was likely in early 2023. The project will be comprised of 148 units.

*Edison Apartments / 1010 Elliston / Highfield at Madison Apartments*

The developers at all three of these communities could not be reached for comment. These communities are located along McCrary Road and Nance Road. A primary site visit indicated that vertical construction had begun at all three of these projects.

*Belle Mor Apartments*

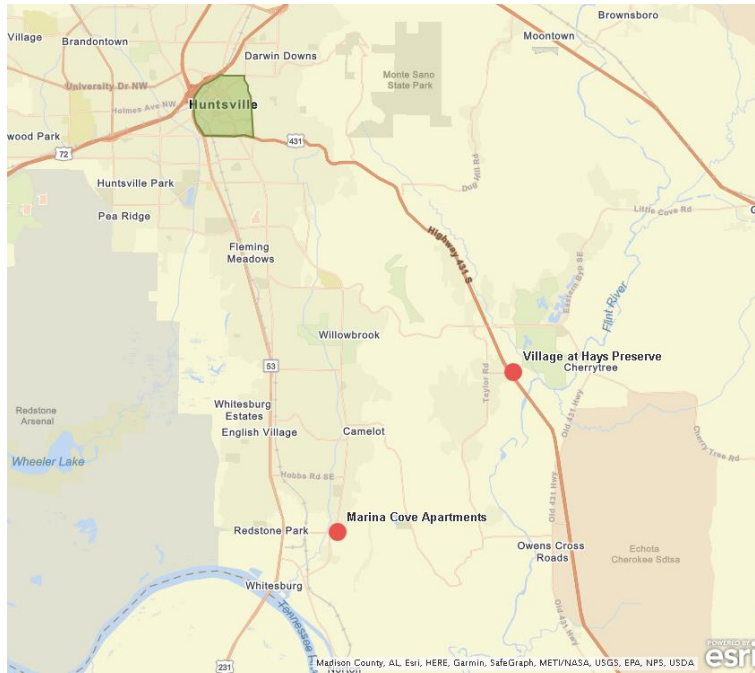
Discussions with the developer indicated that financing was secured, and the project was moving forward. A primary site visit indicated that site preparation was under way. The developer indicated that the project would be comprised of 272 units and would finish construction in 2023.



**Southeast Submarket**

Future supply within the Southeast submarket is summarized:

FUTURE SUPPLY SUMMARY - SOUTHEAST						
#	Property Name	Orientation	Submarket	Status	Delivery Year	# of Units
1	Village at Hays Preserve	Market-Rate	Southeast	Under Construction	2022	336
2	Marina Cove Apartments	Market-Rate	Southeast	Under-Construction	2024	56
<b>TOTAL UNIT DELIVERIES</b>						<b>392</b>



*Village at Hays Preserve*

A primary site visit indicated construction for the project had begun. The project is located southeast of the City of Huntsville. The development is uniquely positioned proximate a large nature trail. Construction of the garden-style community is anticipated to complete late 2022 with 336 units.

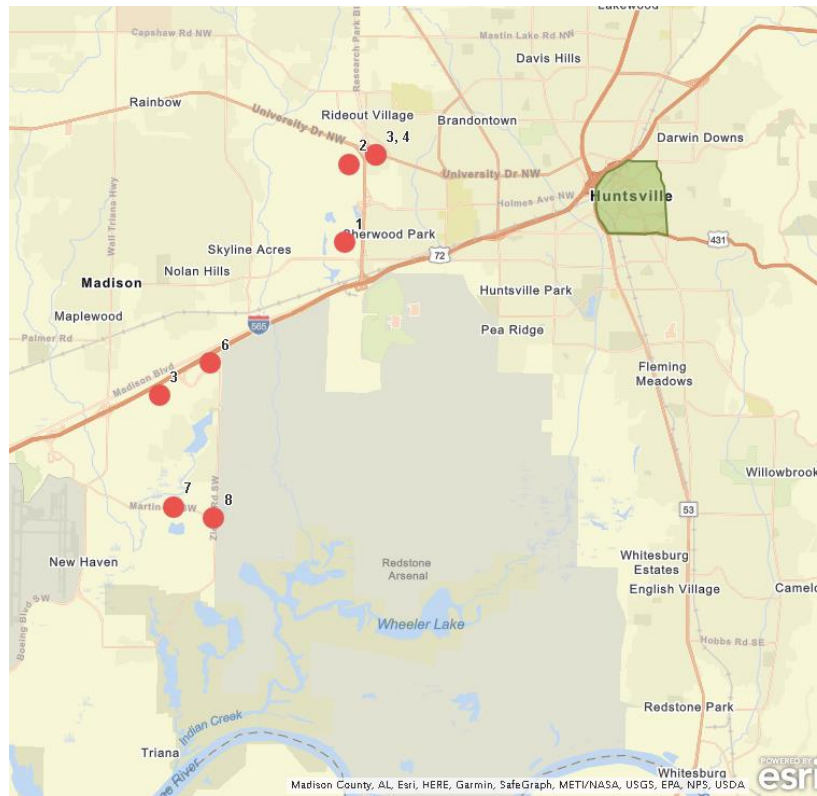
*Marina Cove Apartments*

Marina Cove Apartments is a small community of 56 units. The developer has begun site preparation. Construction is slated to begin Q4 2021 with a rolling delivery schedule of the detached units. The developer does not have an extensive track record, as such the estimated delivery date is conservatively assumed to complete in 2024.

**Madison / Southwest Submarket**

Future supply within the Madison/Southwest submarkets is summarized:

FUTURE SUPPLY SUMMARY - MADISON / SOUTHWEST						
#	Property Name	Orientation	Submarket	Status	Delivery Year	# of Units
1	Mosby Bridge Street	Market-Rate	Madison	Under Construction	2022	290
2	The Kelvin / The Collins Phase II	Market-Rate	Madison	Under Construction	2022	351
3	Metronome at MidCity	Market-Rate	Madison	Site Preparation	2022	296
4	Encore at MidCity	Market-Rate	Madison	Site Preparation	2022	232
5	Novare Madison Apartments	Market-Rate	Southwest	Site Preparation	2022	290
6	Palmer House Apartments	Market-Rate	Southwest	Under Construction	2022	286
7	Villas at Nature Walk Phase III	Market-Rate	Southwest	Site Preparation	2022	48
8	Dawson Company Townhomes	Market-Rate	Southwest	Site Preparation	2024	485
<b>TOTAL UNIT DELIVERIES</b>						<b>2,278</b>



*Mosby Bridge Street*

Mosby Bridge Street is currently under construction. The Class A mid-rise community is in a highly desirable location proximate the research park. Construction will complete in 2022 with a total of 290 units.

*The Kelvin/Collins*

Discussions with the leasing agents and development company did not reveal an anticipated delivery date. A primary visit to the site indicated construction could complete in 2022 or early 2023. This project is developed by the owner of The Collins and may adopt the same name and be rolled into a Phase II. Discussions with individuals close to the owner as well as the planning office for the City of Huntsville indicated that the project will be comprised of 351 Class A units. 50 of these units are likely to be rolled into a Phase II for The Collins.

*Metronome at MidCity*

Metronome at MidCity is currently undergoing site preparation. The mid-rise, mixed-use apartment community will be comprised of 296 units. The developer indicated that the commercial components would include office, dining, and retail.

*Encore at MidCity*

Encore at MidCity is currently undergoing site preparation. The mid-rise, mixed-use apartment community will be comprised of 232 units. The developer indicated that the commercial components would include office, dining, and retail.

*Novare Madison Apartments*

Novare Madison Apartments will be comprised of 290 Class A units. The community will be a part of the larger Town Madison master-planned development. A primary visit to the site indicated site preparation had begun.

*Palmer House Apartments*

Palmer House Apartments is currently under construction with final unit delivery anticipated in late 2022. A primary site visit indicated that the project had begun vertical construction. The community will be part of the larger Town Madison master planned community.

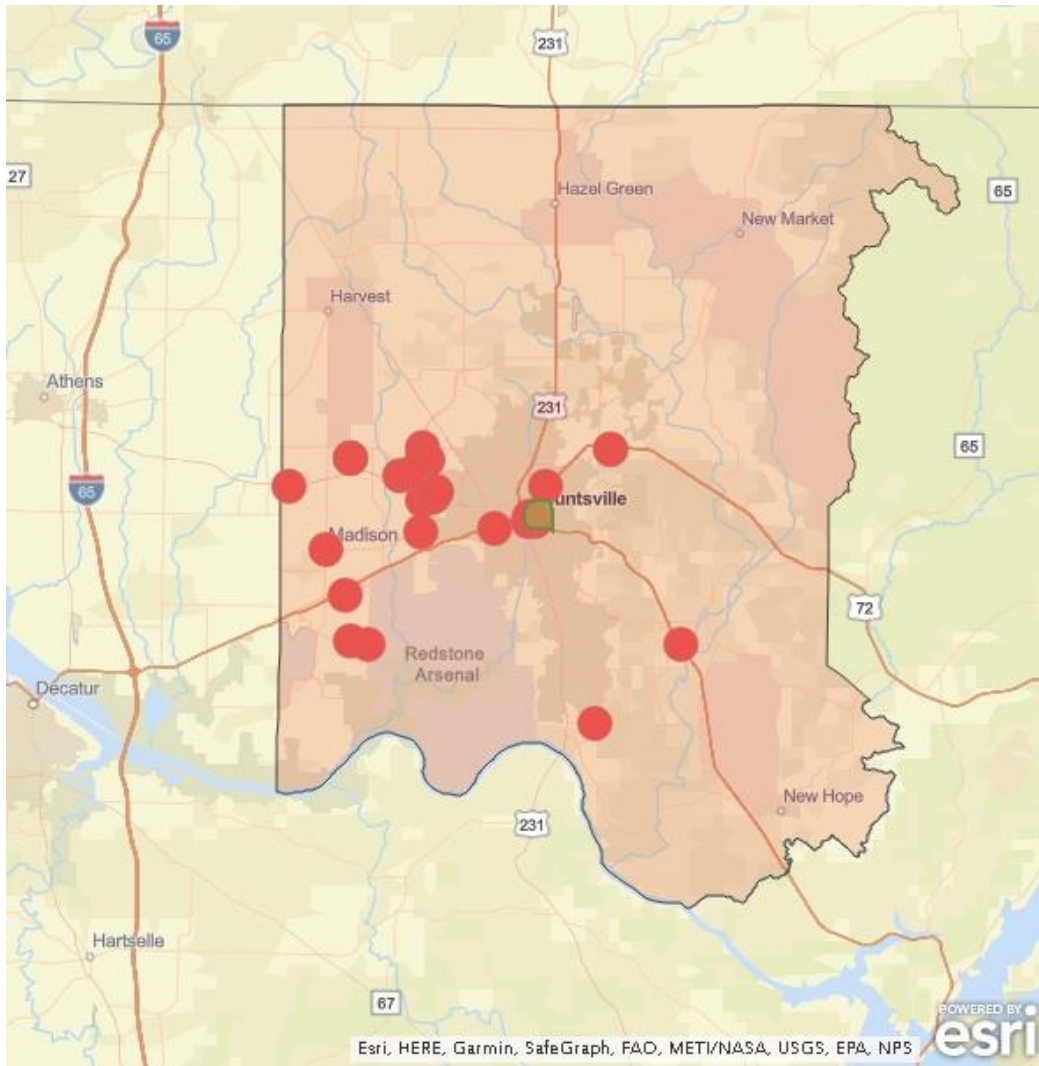
*Villas at Nature Walk Phase III*

The leasing agent at the property would not disclose an anticipated delivery date for the 48-unit phase III project. Site work at the time of the visit appeared complete. Final unit delivery is assumed as Q4 2022 for the purpose of the analysis. The leasing agent would not comment on building style or finishes.

*Dawson Company Townhomes*

The developer indicated final site plans could change. The current development is slated for 485 rental townhomes. A primary site visit indicated that site preparation had begun. The site plan for this town home development is large in scope. A discussion with the developer indicated construction would not be complete until 2024.

A map of all future supply projects is provided:



## Conclusion

As presented in the next section, demand models prepared indicate ample support for the projects discussed without creating a saturated environment. Competition among communities may intensify as lease-up occurs but should settle into more normal levels by 2025-2026.

Huntsville’s foreseeable economic growth from job announcements will continue to require apartment development to support the influx of new households. The pace of development accelerated with 3,528 units added annually between 2016-2021. Despite the additions, occupancy levels remain high with strong absorption levels noted in the most recently delivered communities.

Rental rates have increased despite additions to supply. This suggests the market remains capable of supporting new construction. Downtown has added supply with two new properties likely to enter the market over the next year. As supply increases, the downtown sector will continue to evolve into a vibrant and self-sustaining submarket. This will solidify the submarket as an active destination with a live/work/entertainment orientation.

## ***Market Supply and Demand Analysis***

The first portion of the market supply and demand section discusses the existing supply, supply attributes and tenant profiles. The second portion of the section quantifies rental apartment demand for the urban core.

The prior regional overview discussed the existing supply, supply attributes and tenant profiles. As previously discussed, downtown will attract both new households migrating into the region to fill employment opportunities and existing residents within the region seeking an urban living environment. The second portion of this section quantifies rental apartment demand specifically for the urban core.

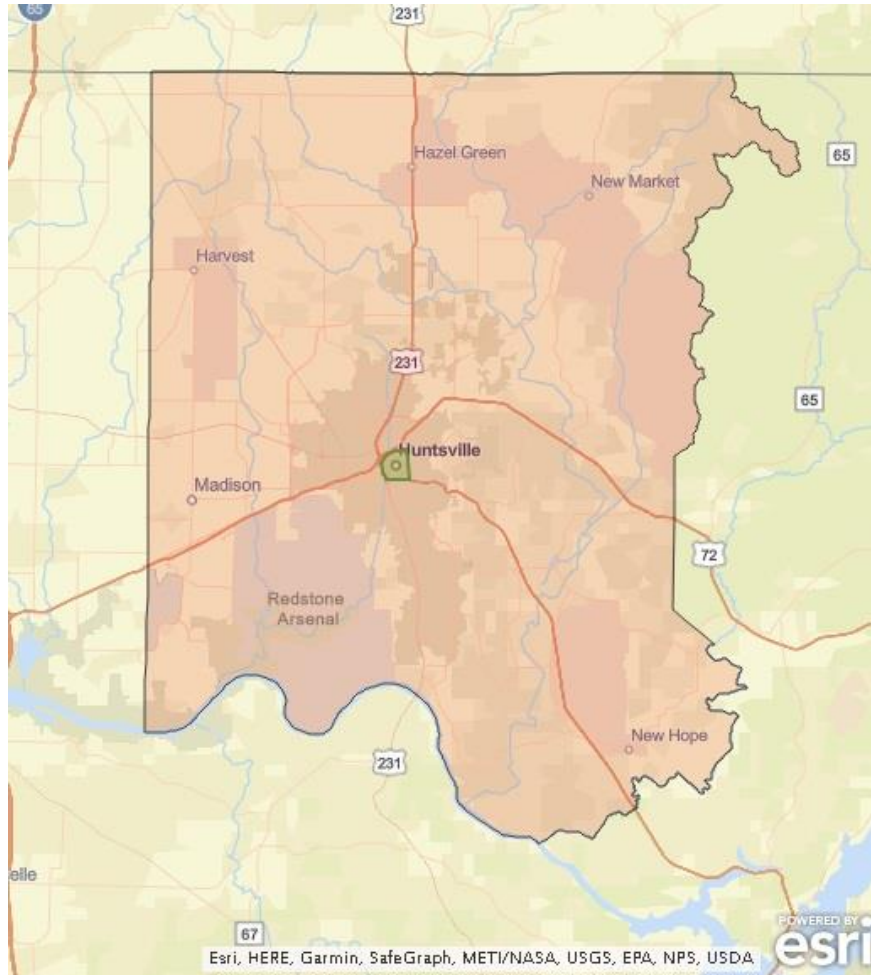
The rental market in Downtown Huntsville has expanded its development pipeline and is re-establishing itself as the heart of the region. Sufficient economic, cultural and entertainment mass exists that allows the urban core to attract and sustain a “live” component to the land use offerings.

Downtown Huntsville has captured the first wave of rental development but “latent demand” remains. Latent demand is defined as those tenants that would live downtown but are unable to be accommodated due to a lack of supply. As supply is delivered, this tenant will be absorbed.

There are 31,940 existing rental units in Madison County, 7,111 to be delivered in 2021-2023 and 541 during 2024-2026. Existing and known future supply totals 39,592 apartments. This rental number takes into account communities that are larger than 25-units and excludes manufactured housing.

Existing and known future supply targets the moderately high- to high-income household. This correlates with the cost of new development. A conservative estimate of 255 units of excess demand exist for downtown. An aggressive estimate is 610 units. This correlates with Peer City comparisons indicating the projection of demand is reasonable. Details of this conclusion are presented later in this report.

The urban core captures a portion of growth occurring within the region. The housing market for the analysis is from throughout the county. This is illustrated on the following map:



**Existing Supply**

Downtown draws residents from the region; both in-migration and existing residents seeking an urban lifestyle. Downtown’s supply is relatively new and will compete with the more recently constructed properties defined as 2012-2021.

A survey was conducted of apartment communities in the county. Leasing agents and management at rental apartment communities were interviewed in order to understand the dynamics of the market. Occupancy levels as of July 2021 through September 2021 follow:

NEWER APARTMENTS LOCATED WITHIN THE REGION					
Property Name	Year Built	Type	# Units	Occupancy	Occupied Units
<i>Downtown Huntsville</i>	---	---	---	--	--
Pre-2012 Macro Market	---	Total Units	25,758	96%	24,805
Artisan Twickenham Square	2014	Market-Rate	246	96%	237
Belk Hudson Lofts	2012	Market-Rate	75	100%	75
The Avenue	2016	Market-Rate	197	100%	197
Seleno at Bridge Street	2019	Market-Rate	244	99%	242
The Heights at Monte Sano	2019	Market-Rate	172	100%	172
Henry House	2020	Market-Rate	273	97%	265
Revere at River Landing*	2020	Market-Rate	352	33%	115
Ballpark Apartments at Town Madison	2020	Market-Rate	274	97%	266
Alexandria Apartments*	2021	Market-Rate	258	70%	180
FarmHaus by Watermark*	2021	Market-Rate	324	30%	98
The Avenue Madison*	2021	Market-Rate	240	82%	197
Station at Clift Farm*	2021	Market-Rate	315	23%	72
The Cottages at Old Monrovia*	2021	Market-Rate	275	32%	88
The Moderne at Providence	2017	Market-Rate	300	99%	297
Capital Park at 72 West	2015	Market-Rate	233	99%	231
The Villas at Nature Walk	2015	Market-Rate	196	100%	196
The Bridges in Research Park	2014	Market-Rate	114	99%	112
Legacy at Jones Farm	2014	Market-Rate	421	98%	413
Chaney Place Townhomes	2014	Market-Rate	80	100%	80
Addison Park	2013	Market-Rate	480	98%	468
Providence Place Apartments	2013	Market-Rate	316	96%	303
Palladian at Promenade	2018	Market-Rate	110	98%	108
Virtuoso Living*	2018	Market-Rate	178	82%	146
Zen Gardens Apartments*	2021	Market-Rate	120	47%	57
The Collins	2020	Market-Rate	284	99%	281
Villas at Kelly Springs	2020	Market-Rate	105	97%	102
<b>All Surveyed Rental Units in PMA - Stabilized</b>			<b>29,878</b>	<b>97%</b>	<b>28,849</b>
<b>All Surveyed Rental Units in PMA</b>			<b>31,940</b>	<b>93%</b>	<b>29,802</b>
*Property is in lease-up					

Despite nine properties in lease-up, the market is reporting 93% occupancy with wait lists common. Stabilized communities report 97% occupancy, thus they are not significantly impacted by the new supply.

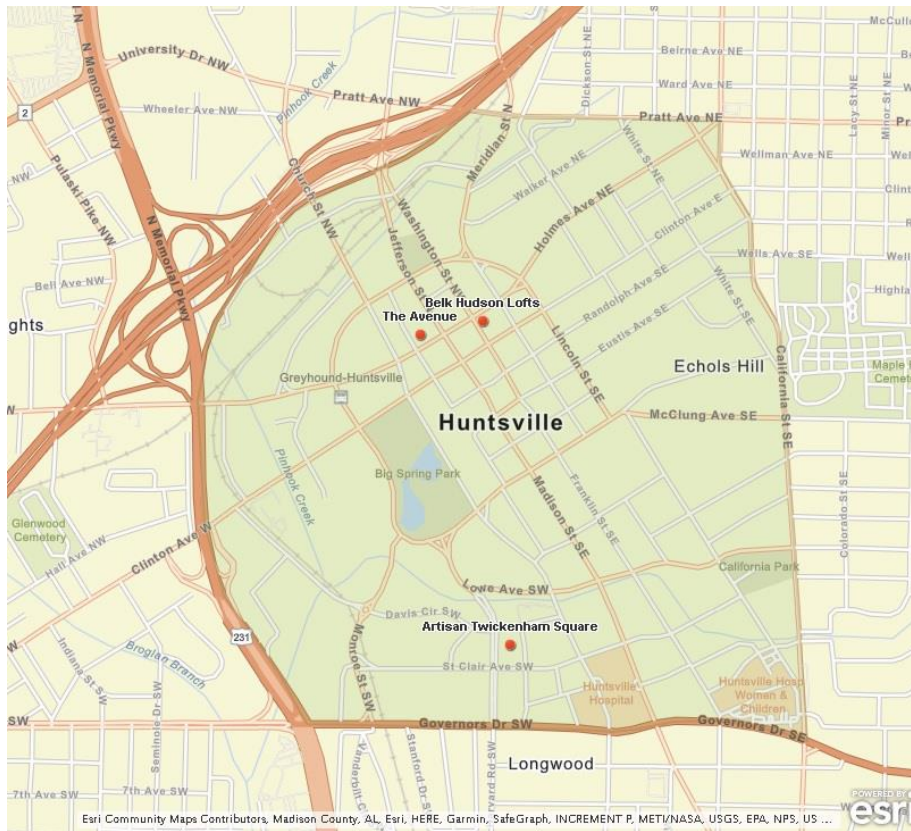


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Rental communities downtown operate at capacity. Leasing agents stated no concern regarding additions to supply stating there is a need for additional rental housing. Downtown supply is summarized:

DOWNTOWN HUNTSVILLE SUPPLY					
Property Name	Year Built	Type	# Units	Occupancy	Occupied Units
<i>Downtown Huntsville</i>	---	---	---	--	--
Artisan Twickenham Square	2014	Market-Rate	246	96%	237
Belk Hudson Lofts	2012	Market-Rate	75	100%	75
The Avenue	2016	Market-Rate	197	100%	197
<b>Surveyed Competitive Units in PMA</b>			<b>518</b>	<b>98%</b>	<b>509</b>
*Property is in lease-up					

A map of the Downtown rental communities is provided below:



A summary of rental properties in Downtown is provided:

**Artisan Twickenham Square**

Artisan Twickenham Square was constructed in 2014 with 246 units. It offers one- and two-bedroom apartments that range in size from 566 to 1,292 square feet. The property is located in downtown Huntsville near the medical district. Project amenities include a pool, fitness center, resident lounge, barbeque/picnic area, and secured access. Each unit includes a balcony or patio (some units), walk-in closet, ceiling fans,



carpet/wood vinyl, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

### **Belk Hudson Lofts**

Belk Hudson Lofts was built in 2012 with 75 units. This rental community offers one- and two-bedroom apartments that range in size from 786-1,346 square feet. The property is located in downtown Huntsville. Project amenities include a fitness center, resident lounge and a rooftop terrace. Access and visibility are considered to be good.

### **The Avenue**

The Avenue is a 197-unit apartment community built in 2016. It offers studio, one-, two-, and three-bedroom units ranging in size from 630 to 1,890 square feet. The property features a clubhouse, business center, fitness center, pool, barbeque/picnic area, street-level retail, and secured access. Each unit includes a balcony/patio, walk-in closets, ceiling fans, carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, microwave, garbage disposal, and washer/dryer.

### **Other Non-Downtown Comparables**

Other quality apartments from the region were utilized to supplement the understanding of Class A project and tenant characteristics. These include:

### **Seleno at Bridge Street**

Seleno at Bridge Street (formally known as Watermark at Bridge Street) is a 244-unit mid-rise community built in 2019. The property is located within the Bridge Street development, which is an outdoor mall and entertainment mall near the Cummings Research Park in Madison County. The complex provides a wet lounge, courtyards, focus rooms, detached garages for a fee, valet trash, dog park, game room, pool, fitness center and is smoke free. In addition, there is a clubhouse, storage units, coffee bar, parcel lockers, fitness center, dog park and dog wash.

### **The Heights at Monte Sano**

Heights at Monte Sano is a 172-unit multifamily community built in 2019. It offers studio, one-, and two-bedroom units ranging in size from 622 to 1,202 square feet. Property amenities include a clubhouse, business center, fitness center, swimming pool, barbeque/picnic area, pet park, and car care center. Unit amenities include a balcony/patio with storage, walk-in closets, ceiling fans, granite countertops, carpet/wood vinyl flooring, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

### **Henry House**

Henry House is a Class A community located in Clift Farm, a major mixed-use development. The property is well maintained with well kempt grounds and no deferred maintenance. Community amenities include a clubhouse, business center, pool, playground, fitness center, pet park, and package locker. Unit amenities include granite countertops, stainless steel appliances, ceiling fans, washer / dryer, walk-in closet, and a patio / balcony.

**Revere at River Landing**

Revere at River Landing is a 352-unit apartment community built in 2020. It offers studio, one-, two-, and three-bedroom units. Currently only 136 units have been delivered of the projected 352. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, and pet park. Each unit includes a balcony/patio, walk-in closet, ceiling fans, carpet/wood vinyl flooring, blinds, granite countertops, stainless steel appliances, refrigerator, range/oven, dishwasher, microwave, and washer/dryer.

**Ballpark Apartments at Town Madison**

The Station at Town Madison is a 274-unit multifamily community built in 2020. It features one-, two-, and three-bedroom units ranging from 756 to 1,402 square feet. Community amenities include a clubhouse, fitness center, pool, barbeque/picnic area, pet park, and pet spa. Units feature a balcony/patio, walk-in closets, blinds, ceiling fans, granite countertops, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

**Alexandria Apartments**

Alexandria Apartments completed construction on September 1, 2021. Community amenities include a pool, barbecue/picnic area, pet park, pet spa, fitness center, clubhouse, EV charging stations, and package lockers. Unit amenities include a balcony, washer/dryer, granite countertops, ceiling fans, walk-in closets, stainless steel appliances, and mixed flooring.

**FarmHaus by Watermark**

FarmHaus by Watermark is a 324-unit multifamily facility built in 2021. It offers one-, two-, and three-bedroom units ranging in size from 678 to 1,362 square feet. The community features a clubhouse, fitness center, pool with spa, bowling alley, barbeque/picnic area, pet park, and pet spa. Unit amenities include balcony/patio, ceiling fans, walk-in closets, wood vinyl/carpet, granite countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

**The Avenue Madison**

The Avenue Madison is a Class A mid-rise community completed in March 2021. Community amenities include a pool, fireplace with lounge, bocce ball court, clubhouse, pet spa, community area Wi-Fi, grills, fitness center, package lockers, and elevators. Unit amenities include a washer/dryer, granite countertops, blinds, stainless steel kitchen appliances, ceiling fans, walk-in closets, balcony, and mixed flooring.

**Station at Clift Farm**

Station at Clift Farm is a 315-unit multifamily facility built in 2021. As of September 1, 2021, only 92 of the 315 units have been delivered. It offers one-, two-, and three-bedroom units ranging in size from 838 to 1,513 square feet. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, pet park, pet spa, gated/secure access, elevators, rooftop terrace, car charging station, and parcel lockers. Unit amenities include balcony/patio, ceiling fans, walk-in closets, wood vinyl, quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.



**The Cottages at Old Monrovia**

The Cottages at Old Monrovia is a 275-unit cottage rental community. The community is comprised of single-unit detached apartment homes. The grounds are well kempt and maintained. Unit amenities include a refrigerator, dishwasher, oven/range, microwave, granite countertops, ceiling fan, smart home, washer/dryer, and gated yard. Community amenities include a clubhouse, pool, fitness center, playground, barbecue, and car care center.

**The Moderne at Providence**

The Moderne at Providence is a 300-unit apartment community built in 2017. It offers one-, two-, and three-bedroom apartments ranging from 742 to 1,400 square feet. The property features a clubhouse, business center, fitness center, pool, barbecue/picnic area, and dog park. Each unit includes a balcony or patio, walk-in closets, ceiling fans, carpet/wood vinyl flooring, blinds, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

**Capital Park at 72 West**

Capital Park at 72 is a 233-unit property constructed in 2015. This community is located off of State Road 2 which is major east-west thoroughfare in Huntsville. It offers one-, two- and three-bedroom apartments that range in size from 740-1,486 square feet. Project amenities include a clubhouse, pool, fitness center, business center, dog park, barbecue/picnic area and gated access. Units feature a balcony/patio with storage, walk-in closets, ceiling fans, wood vinyl, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, washer/dryer.

**The Villas at Nature Walk**

The Villas at Nature Walk is a 196-unit single-family duplex-style community built in 2015. It offers one-, two-, and three-bedroom units ranging in size from 918 to 1,503 square feet. Project amenities include a clubhouse, business center, fitness center, swimming pool, barbecue/picnic area, pet park, resident lounge, and recreation trails. Unit amenities include a balcony/patio with storage, walk-in closets, ceiling fans, carpet/wood vinyl flooring, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

**The Bridges in Research Park**

The Bridges in Research Park is a 114-unit multifamily complex built in 2014. It offers one- and two-bedroom units ranging in size from 825 to 1,170 square feet. Property amenities include a clubhouse, fitness center, recreation area, on-site management, and gated access. Unit amenities include balcony/patio with storage, walk-in closets, ceiling fans, carpet/wood vinyl, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

**Legacy at Jones Farm**

Legacy at Jones Farm is a 421-unit multifamily complex in which Phase I was built in 2014 and Phase II was built in 2019. It offers one-, two-, and three-bedroom units ranging in size from 698 to 1,485 square feet. Property amenities include a clubhouse, business center, fitness center, saltwater swimming pool, barbecue/picnic area, walking trails, pet park, car care center, and gated access. Unit amenities include a

balcony/patio with storage, walk-in closets, ceiling fans, granite countertops, carpet/wood vinyl flooring, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

### **Chaney Place Townhomes**

Chaney Place Townhomes is an 80-unit multifamily complex built in two phases in 2007 (16 units) and 2016 (64 units). It offers two- and three-bedroom units at 1,273 and 1,635 square feet, respectively. Unit amenities include a balcony/patio, washer/dryer connections, walk-in closets, granite countertops, ceiling fans, carpet/wood flooring, blinds, fireplace (some units), in-unit alarm, refrigerator, range/oven, dishwasher, garbage disposal, and microwave.

### **Addison Park**

Addison Park was built in 2013 with 480 units. The complex is adding additional phases that will bring the total number of apartments to 480. Upon completion there will be 40 buildings with 12 units per building. The property is located adjacent to State Road 255, a major north-south thoroughfare in Huntsville. This community offers one-, two- and three-bedroom apartments that range in size from 820-1,472 square feet. Project amenities include clubhouse, business center, fitness center, pool, playground and gated access. Access and visibility are considered to be good.

### **Providence Place Apartments**

Providence Place Apartments was constructed in 2013 with 226 units. A second phase was added to the property in 2017 with an additional 90 units. It offers one-, two- and three-bedroom apartments that range in size from 768-1,412 square feet. This community has urban design with first floor retail. The property is located in a master-planned development known as Providence. Project amenities include a clubhouse, fitness center, business center, pool, barbecue/picnic area, pet park, pet spa, and car care center. Units feature a balcony/patio (select units), walk-in closets, washer/dryer connections, ceiling fans, wood vinyl flooring, carpet, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

### **Palladian at Promenade**

Palladian at Promenade is a 100-unit multifamily complex built in 2018. It offers two- and three-bedroom units ranging in size from 1,555 to 2,027 square feet. Property amenities include a clubhouse, business center, fitness center, swimming pool, barbeque/picnic area, pet spa, and gated access. Unit amenities include a balcony/patio, washer/dryer connections, walk-in closets, ceiling fans, granite countertops, carpet/wood vinyl flooring, blinds, refrigerator, range/oven, dishwasher, garbage disposal, and microwave.

### **Virtuoso Living**

Virtuoso Living is a 178-unit single-family rental community built in 2018. The community will finish construction in 2022 and be comprised of 398 single family homes. It offers one- and two-bedroom units ranging in size from 700 to 1,300 square feet. Property amenities include a clubhouse, fitness center, swimming pool, barbeque/picnic area, and recreation areas. Unit amenities include a balcony/patio, ceiling fans, granite countertops, carpet/wood vinyl flooring, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

**Zen Gardens Apartments**

Zen Garden is a 120-unit apartment community featuring one-bedroom and two-bedroom units. At the time of the survey the leasing agent indicated that the final units would be delivered in September 2021. Unit amenities include a balcony/patio, ceiling fan, stainless steel appliances, quartz countertops, vinyl flooring, washer/dryer, blinds, and walk-in closets. Community amenities include a clubhouse, bocce ball court, pool, fitness center, package lockers, and pet park.

**Villas at Kelly Springs**

Villas at Kelly Springs is a 106-unit apartment community built in 2020. It offers one- and two-bedroom units ranging from 750 to 1,200 square feet. The community features a fitness center, pool, pet park, and pet spa. Each unit includes a balcony/patio, walk-in closet, ceiling fans, wood vinyl flooring/carpet, blinds, granite countertops, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, and microwave.

**Bridge Point**

Bridge Point is a 316-unit multifamily complex built in 2002. It offers one-, two-, and three-bedroom units ranging in size from 721 to 1,326 square feet. Property amenities include a clubhouse, business center, fitness center, swimming pool with spa, playground, barbeque/picnic area, recreation area, sport court, pet park, and gated access. Unit amenities include a balcony/patio, walk-in closets, ceiling fans, carpet/wood vinyl flooring, blinds, refrigerator, range/oven, dishwasher, garbage disposal, and microwave.

*Floor Plans*

Newer properties offer efficient and modern designs. The following table is organized by year built for some of the comparables. The chart illustrates square footage by unit type:

NEWER RENTAL PROPERTY SQUARE-FOOT SIZE BY UNIT								
Property Name	Year Built	Units	One-Bedroom		Two-Bedroom		Three-Bedroom	
			Low End	High End	Low End	High End	Low End	High End
Alexandria Apartments	2021	258	654	792	1,107	1,224	1,356	1,490
FarmHaus by Watermark	2021	324	678	755	1,041	1,175	1,237	1,362
The Avenue Madison	2021	240	752	802	1,100	1,263	1,665	1,718
Station at Clift Farm	2021	315	838	1,117	1,024	1,240	1,513	1,513
Zen Gardens Apartments	2021	120	750	750	950	1,238	1,358	1,490
Henry House	2020	273	776	853	1,081	1,347	1,267	1,331
Revere at River Landing	2020	352	844	878	1,056	1,292	1,478	1,478
Ballpark Apartments at Town Madison	2020	274	756	1,062	1,024	1,240	1,402	1,402
The Collins	2020	284	670	947	1,011	1,312	1,352	1,449
Seleno at Bridge Street	2019	244	751	864	1,043	1,190	1,415	1,415
The Heights at Monte Sano	2019	172	768	770	1,157	1,202	No Units	No Units
The Modeme at Providence	2017	300	740	772	1,054	1,263	1,400	1,400
The Avenue	2016	197	710	790	1,100	1,240	1,890	1,890
Capital Park at 72 West	2015	233	740	964	1,198	1,260	1,486	1,486
Artisan Twickenham Square	2014	246	566	880	960	1,292	No Units	No Units
Belk Hudson Lofts	2012	75	782	989	1,083	1,184	No Units	No Units
<b>Averages</b>			<b>736</b>	<b>874</b>	<b>1,062</b>	<b>1,248</b>	<b>1,448</b>	<b>1,494</b>

The newest communities are offering some of the smaller floor plans. However, well-designed layouts often will negate marketability constraints by the smaller square footage.

*Tenant Profile*

The tenant profile described by leasing agents and property managers at newer properties are moderate- to high-income individuals. Downtown's new additions will be skewed toward the higher income household. This includes couples and working professionals, as well as families and empty nesters. In addition, there are military personnel, contractors and students occupying rental housing in the region who may not be captured in the demographics.

The greater Huntsville region, including downtown has demand generated by corporate-related renters who are not part of the demographics. These persons reside in the region on a temporary basis. Corporate demand will have lengths of stays generally from 6 months to about three years. Huntsville's corporate demand is dominated by companies servicing the military, NASA, and the automotive sector. These tenants are attracted to highly amenitized apartments in walkable environments near entertainment and dining. The downtown core is uniquely positioned to capture a disproportionate number of these tenants compared to the rest of the region.

Mature renters including empty nesters downsizing are attracted to downtown locations. Presented later in the report is an in-depth discussion of the active senior market and the product type that aligns with their rental housing needs.

Somewhat unique to Huntsville is the "reverse-commute" tenant. This is a household working outside of downtown but desires the urban location's attributes. Downtown Huntsville is linked to the major employment nodes and tenants are "going-against-traffic" as opposed to suburban households traveling with traffic into to employment nodes. Commute times to the Cummins Research Park and Redstone Arsenal from downtown are less than most of the suburban submarkets. Therefore, downtown has a competitive position for attracting households working at Redstone Arsenal and Cummings Research Park. Property managers noted that medical personnel comprise a significant share of their downtown tenants. The main healthcare node is located within downtown and will be walkable to some of the newer rental supply under-construction in the urban core. Overall, downtown Huntsville has the attributes to attract and accommodate a broad tenant profile.

*Project and Unit Amenities*

Unit features, equipment, and amenities offered in downtown apartments should be modern in nature and market driven. Recognizing unique characteristics of the targeted audience provides the ability to attract different household profiles. For example, mature residents tend to have more household goods requiring larger apartments. Singles including those relatively new to the workforce are attracted to smaller apartments that require less furniture and more economically priced. Urban centers tend to attract a disproportionate share of single or small household sizes. Floor plan designs that include eat-at counters, built in wardrobes/shelving in closets, window-seating, and wall-mounted TVs accommodate the many needs of the single-household tenant.

Charts of unit and project amenities offered at some of the newer apartment communities in the region is provided:

Community	Unit Features													
	Utilities Included in Rent				Patio/ Balcony	Outside Storage	Dishwasher	Microwave	Washer/Dryer Connections	Washer/ Dryer in Unit	Granite/Quartz Countertops	Wood Vinyl Flooring	Stainless Steel Appliances	Ceiling Fans
	Electric	Water/ Sewer	Trash Removal	Pest Control										
Eclipse (Downtown/Under-Construction)					x		x	x	x	x	x	x	x	x
Constellation (Downtown/Under-Construction)					x		x	x	x	x	x	x	x	x
Artisan Twickenham Square			x	x	x		x	x	x	x		x		x
Belk Hudson Lofts			x	x	x		x	x	x	x				x
The Avenue			x	x	x		x	x	x	x	x		x	x
Seleno at Bridge Street					x		x	x	x	x				x
The Heights at Monte Sano			x	x	x	x	x	x	x	x	x			x
Henry House					x		x	x	x	x			x	x
Revere at River Landing			x	x	x		x	x	x	x	x	x	x	x
Ballpark Apartments at Town Madison					x		x	x	x	x	x		x	x
Alexandria Apartments					x		x	x	x	x			x	x
FarmHaus by Watermark					x		x	x	x	x	x		x	x
The Avenue Madison			x	x	x		x	x	x	x			x	x
Station at Clift Farm					x		x	x	x	x	x	x	x	x
The Moderne at Providence			x	x	x		x	x	x	x		x	x	x
Capital Park at 72 West					x	x	x	x	x			x		x
Villas at Kelly Springs			x	x	x		x	x			x	x	x	x

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**DEMAND QUANTIFICATION**

The first analysis, Incremental/Net Demand quantifies rental housing demand overall to evaluate saturation risk. If excess supply exists, the market demonstrates risk of saturation. Positive numbers suggest additional supply is supportable.

*Incremental (net) demand does not income-qualify households for a specific product type. This is provided under the capture (effective) demand model.*

**INCREMENTAL (NET) DEMAND ANALYSIS**

Incremental (net) demand analyzes new household formation relative to existing and proposed supply. The purpose is to evaluate the housing market area relative to potential saturation.

The analysis begins with the quantification of household growth within the county. The household growth conclusion within the county is presented:

<b>HOUSEHOLD GROWTH: MADISON COUNTY</b>				
<i>Year</i>	<i>Households</i>	<i>Change #</i>	<i>Change %</i>	<i>CAGR 3Y/ 5Y</i>
2016	145,508	---	---	---
2018	149,288	3,780	2.6%	---
2021	158,267	8,979	6.0%	2.0% / 1.7%
Source: STDB ESRI Site Analysis				

Employment growth within the county is projected to be the highest the region has ever recorded. As such, an elevated growth rate factoring in employment growth is utilized for the analysis. The concluded growth rate may be conservative based on the known job announcement of 12,000 in 2021-2022 by major employers. This does not take into consideration the multiplier of employment from additional jobs that will be created servicing the influx of new households to fill job formation.

<b>Employment Growth</b>				
<b>Year</b>	<b>Employment</b>	<b>Difference</b>	<b>3YR CAGR</b>	<b>5YR CAGR</b>
2016	162,411	---	---	---
2017	166,889	4,478	---	---
2018	172,844	5,955	---	---
2019	178,329	5,485	---	---
2020	176,573	-1,756	---	---
2021	184,631	8,058	2.2%	2.6%
2022(p)	195,031(p)	10,400(p)	3.0%	3.2%
<b>Conclusion</b>				<b>2.5%</b>

**Change in Inventory (CINCH)**

A market will experience a loss in inventory stock due to natural and man-related disasters. This could be from storms, fires, or intentional demolition due to functional obsolescence. National statistics available rely on a 2011-2013 CINCH study. In southern states, the annual removal rate is 0.69%. In renter occupied

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buildings, the annual removal rate is 0.51%. In suburban markets, the annual removal rate is 0.40%. The national average is 0.27%. Due to the newer age of housing units in the PMA, a more conservative estimate was used. Placing reliance on this study, a factor of **0.27%** of homes was estimated to be lost. Applying the ratio to the housing stock by year indicates the following number of units will be lost over the projection period:

<b>ANNUAL HOUSING STOCK LOSS</b>			
<b>Year</b>	<b>Total Households</b>	<b>Removal Rate</b>	<b>Annual Housing Stock Loss</b>
2021	158,267	0.27%	---
2022	162,055	0.27%	444
2023	166,019	0.27%	455
2024	170,169	0.27%	466
2025	174,514	0.27%	478
2026	179,065	0.27%	491

**Propensity to Rent**

The propensity to rent in a housing market is a function of the housing product that is available. For example, urban cities have discovered that rental product in their urban core is desirable. As product becomes available, the properties are absorbed, and the household tenure is altered to higher renter. The result is the capturing of “latent demand,” which is demand that would seek housing in a market but is restricted due to lack of appropriate supply. Once captured, the market will statistically increase their propensity to rent. Latent demand is an important factor to consider in Downtown Huntsville as it has limited rental options, but an increasingly highly desirable living environment.

The current propensity to rent for the region is provided:

<b>PROPENSITY TO RENT - NEW HOUSEHOLDS</b>			
	<b>2011</b>	<b>2021</b>	<b>Δ Households</b>
Total Households	134,700	158,267	23,567
Renter Households	42,547	53,307	10,760
Propensity to Rent	31.6%	33.7%	45.7%
Source: ESRI			

As noted, 45.7 % of new households sought rental housing. **A 45.0% propensity to rent is concluded to for the analysis period with reliance on the region trend.** The indicated propensity to rent is applied to the total household growth and housing stock loss over the analysis period to determine demand for new and replacement rental housing.

**Balanced Market Calculation**

The supply and demand analyses are conducted on the basis of an overall balanced market. This is to ensure that there is enough sustainable demand without adversely impacting existing supply. An occupancy level of 95% is the standard for a balanced market. Therefore, the balanced market calculation incorporates a 5% vacancy rate.

Total supply in the county includes the 31,940 units presented previously. The 5% vacancy rate is multiplied by the total units in the county to calculate the number of vacant units that are required for a balanced market. The current vacant units are deducted from the required vacant units. The excess demand (positive number) or supply (negative number) is then added or subtracted to the incremental (net) demand analysis. This calculation is shown in the following chart:

BALANCED MARKET VACANCY CALCULATION	
Surveyed Regional Supply	31,940
Balanced Market Vacancy Rate	5.0%
Vacant Units in Balanced Market	1,597
<b>Total Regional Supply</b>	<b>31,940</b>
Regional Vacancy Rate	6.7%
Vacant Units in Region	2,138
<b>Regional Balanced Market Vacancy Calculation</b>	<b>-541</b>

A positive number is excess demand and is added to demand in the current year. A negative number is excess supply and is subtracted from demand. Excess supply is due to new apartment communities in lease-up.

**Future Supply**

As previously presented, known supply likely to be delivered by 2025 is 7,652 units. Rumored future supply is projected to come online in 2026 and all of the rumored future supply has been included in the analysis as a conservative estimate. This increases total potential supply by 2026 to 9,172

**Total Incremental (Net) Housing Demand**

Total incremental (net) housing demand is the combination of household growth with the inventory loss and vacant units required to lease-up. The incremental (net) demand includes all rental households which is provided as follows:

INCREMENTAL DEMAND SUMMARY - ALL HOUSEHOLDS - MADISON COUNTY									
	2021	2022	2023	2024	3-Year Estimate	2025	4-Year Estimate	2026	5-Year Estimate
Total Households	158,267	162,055	166,019	170,169		174,514		179,065	
<b>A Projected Annual Household Growth</b>		<b>3,788</b>	<b>3,964</b>	<b>4,150</b>	<b>11,902</b>	<b>4,345</b>	<b>16,247</b>	<b>4,550</b>	<b>20,798</b>
Total Households		162,055	166,019	170,169		174,514		179,065	
Annual Removal Rate		0.27%	0.27%	0.27%		0.27%		0.27%	
<b>B Annual Housing Stock Loss</b>		<b>444</b>	<b>455</b>	<b>466</b>	<b>1,366</b>	<b>478</b>	<b>1,844</b>	<b>491</b>	<b>2,335</b>
<b>C Propensity to Rent Over Analysis Period</b>					<b>45.0%</b>		<b>45.0%</b>		<b>45.0%</b>
<b>D Demand for New Rental Housing (A+B)*C</b>					<b>5,970</b>		<b>8,141</b>		<b>10,410</b>
Surveyed Regional Supply	31,940								
Vacant Units in Balanced Market	1,597								
Vacant Units in Region	2,138								
<b>E Regional Balanced Market Vacancy Calculation</b>	<b>-541</b>				<b>-541</b>		<b>-541</b>		<b>-541</b>
<b>F Total Demand for Rental Housing (D+E)</b>					<b>5,429</b>		<b>7,600</b>		<b>9,868</b>
Future Supply					7,652		7,652		9,172
Downtown Supply (Excess 255)									255
New Supply					7,652		7,652		9,427
<b>G New Supply (at 95% Occupancy)</b>					<b>7,269</b>		<b>7,269</b>		<b>8,956</b>
<b>H Excess Demand - Including Downtown Supportable (F-G)</b>					<b>-1,840</b>		<b>330</b>		<b>913</b>

\*Totals may not add due to rounding



All identified future supply additions are anticipated to deliver through 2024. During this time period, the market will be competitive. However, as noted in 2025, the market should have fully absorbed the known supply.

The notional recommended 255 additional downtown units are included in the 2026 projection year. This is to demonstrate the Downtown additions will not create a saturated environment within the county overall.

The model was also prepared under an aggressive scenario of 610-Class A market rate apartments. Unmet demand exists of about 575 units. This aligns with the peer city analysis presented that suggests there is unmet demand within the downtown generated by workforce households with incomes in the 70% to 80% AMI threshold.

Demand is positive in 2025-2026. This suggests the city could begin to introduce new supply during this time period.

## CAPTURE (EFFECTIVE) DEMAND ANALYSIS

Capture or Effective Demand provides an indication of income-qualified rental housing demand that would have the resources necessary to reside in the urban core. The urban core attracts the higher income renter households. Therefore, demand is income qualified to determine the depth of the Class A/A+ market likely to reside downtown.

### Methodology

The effective demand analysis provides an indication of market support at the price points anticipated for the urban core. The capture is based on the following steps:

1. Quantify the number of renter households within the PMA by income level;
2. Analyze household growth to estimate the future rental demand that would likely reside within apartments;
3. Quantify the level of rental demand the downtown core would capture;
4. Determine the competitive set of apartments;
5. Quantify supply and demand;
6. Calculate market penetration and capture rates, and
7. Evaluate the results relative to the guidelines provided by the National Council of Housing Market Analysts (NCHMA)

### Projected Households by Income

The analysis begins with the quantification of households within the county by income. Once total households are calculated, they were projected forward based on growth rates for the county. Household growth is projected forward by income through 2026 is provided:

TOTAL HOUSEHOLDS IN THE PMA						
Income Level:	2021	2022	2023	2024	2025	2026
<\$15,000	15,045	15,001	14,957	14,913	14,869	14,825
\$15,000-\$24,999	13,945	13,838	13,732	13,627	13,523	13,419
\$25,000-\$34,999	13,705	13,741	13,777	13,813	13,849	13,885
\$35,000-\$49,999	18,387	18,528	18,671	18,814	18,959	19,105
\$50,000-\$74,999	22,909	23,376	23,853	24,340	24,836	25,343
\$75,000-\$99,999	19,616	19,999	20,390	20,789	21,195	21,609
\$100,000-\$149,999	28,052	29,415	30,845	32,344	33,916	35,565
\$150,000-\$199,999	14,976	15,938	16,962	18,052	19,212	20,447
\$200,000+	11,632	12,217	12,832	13,477	14,155	14,867
<b>Total Households</b>	<b>158,267</b>	<b>162,055</b>	<b>166,019</b>	<b>170,169</b>	<b>174,514</b>	<b>179,065</b>

**Projected Renter Households by Income**

The most recent American Community Survey data for the demand analysis is used to estimate propensity to rent by income:

<b>PROPENSITY TO RENT - EXISTING HOUSEHOLDS</b>	
Income Level	Renter %
<\$15,000	67.2%
\$15,000-\$24,999	56.3%
\$25,000-\$34,999	52.8%
\$35,000-\$49,999	46.8%
\$50,000-\$74,999	30.4%
\$75,000-\$99,999	24.5%
\$100,000-\$149,999	12.5%
\$150,000+	8.5%
Source: American Community Survey	

These rates are generally indicative of an inverse relationship between household income levels and the propensity to rent: as household incomes decline, the propensity to rent increases. The propensity to rent is applied to the households to determine potential rental housing demand.

The propensity to rent by income is then applied to the projection of renter households by income through 2026:

<b>PROJECTED RENTER HOUSEHOLDS BY INCOME - 2026</b>			
Income Levels	Total Households	Propensity to Rent	Renter Households
\$0-\$14,999	14,825	67.2%	9,960
\$15,000-\$24,999	13,419	56.3%	7,561
\$25,000-\$34,999	13,885	52.8%	7,327
\$35,000-\$49,999	19,105	46.8%	8,939
\$50,000-\$74,999	25,343	30.4%	7,701
\$75,000-\$99,999	21,609	24.5%	5,286
\$100,000-\$149,999	35,565	12.5%	4,441
\$150,000-\$199,999	20,447	8.5%	1,745
\$200,000+	14,867	8.5%	1,269
<b>Total Projected Renter Households - 2026</b>			<b>54,229</b>
Source: American Community Survey, ESRI, Value Tech Realty Services			

### Class A-Demand Analysis – Income Qualification

An analysis was conducted to determine the cost-to-income ratio that is supportable by the market for potential residents at the proposed downtown. Discussions with leasing agents indicate that tenants are qualified at a threshold approximately three times the rent. Therefore, a rounded 35% income ratio was applied in the analysis.

HOUSEHOLD INCOME REQUIREMENTS - MARKET RATE	
Low End of Downtown's Rental Range	\$1,400
Housing Cost	35%
Monthly Income Required	\$4,000
Annual Income Required	\$48,000
<b>Conclusion</b>	<b>\$48,000</b>

The income qualified renter households in 2026 are presented:

MARKET RATE RENTER HOUSEHOLDS - 2026			
Income Level:	Total Renter Households	Allocation	Qualified Renter Households
<\$15,000	9,960	0%	0
\$15,000-\$24,999	7,561	0%	0
\$25,000-\$34,999	7,327	0%	0
\$35,000-\$49,999	8,939	13%	1,192
\$50,000-\$74,999	7,701	100%	7,701
\$75,000-\$99,999	5,286	100%	5,286
\$100,000-\$149,999	4,441	100%	4,441
\$150,000-\$199,999	1,745	100%	1,745
\$200,000+	1,269	100%	1,269
<b>Total Households</b>	<b>54,229</b>	<b>39.9%</b>	<b>21,634</b>

Approximately 39.9% of the renter households in the county will be income qualified based on the rent levels necessary to support new apartment construction within the urban core.

### Existing Supply – Market Rate

The below properties constitute all of downtown's existing supply. The occupancy levels for these properties are provided:

DOWNTOWN HUNTSVILLE SUPPLY					
Property Name	Year Built	Type	# Units	Occupancy	Occupied Units
<i>Downtown Huntsville</i>	---	---	---	--	--
Artisan Twickenham Square	2014	Market-Rate	246	96%	237
Belk Hudson Lofts	2012	Market-Rate	75	100%	75
The Avenue	2016	Market-Rate	197	100%	197
<b>Surveyed Competitive Units in PMA</b>			<b>518</b>	<b>98%</b>	<b>509</b>
*Property is in lease-up					

The downtown market is reporting a 98% occupancy level. The leasing agent at Belk Hudson Lofts indicated a waitlist of over 50 households. Artisan Twickenham reported that the occupancy dip below 100% occupancy was due to large rental rate increases but leasing at new rates was steady and the property was anticipated to reach 100% occupancy by October 2021.

**Capture and Penetration Analysis**

A **capture rate** is defined as the percentage of age, size, and income-qualified renter households necessary to achieve a balanced market. The overall capture rates shown are well within the norm of the industry, indicating the additional supply for downtown is supported.

A **penetration rate** (total supply divided by qualified households expected to rent) provides another methodology to measure the strength of a market. It is the percentage of age- and income-qualified renter households in the market must capture to achieve a stabilized environment. A number under 100% indicates market support. A number over 100% typically indicates a tight market, which would typically result in an extended lease-up period. The penetration rate is below 100%.

A capture rate provides an indication of demand necessary to fill to a stabilized balanced level. A low capture rate indicates absorption should be at normalized levels. The penetration rate provides an indication of overall market saturation. The higher the percentage, the higher the risk. Both capture and penetration rates are within an acceptable level for market support. This is summarized as follows:

<b>MARKET RATE OVERALL CAPTURE AND PENETRATION - 2026</b>		
	<b>Current Pipeline</b>	<b>Current, Rumored, &amp; Excess</b>
a Qualified Renter Households	21,634	21,634
b Competitive Current Supply	518	518
c at 95% Occupancy	492	492
d Competitive Future Supply	7,652	9,172
e at 95% Occupancy	7,269	8,713
f Downtown Units	1,613	1,868
g at 95% Occupancy	1,532	1,775
h Total Supply (c+e+g)	9,783	11,558
<b>i at 95% Occupancy</b>	<b>9,294</b>	<b>10,980</b>
<b>j Capture Rate (g/a)</b>	<b>7.08%</b>	<b>8.20%</b>
<b>k Penetration Rate (i/a)</b>	<b>42.96%</b>	<b>50.75%</b>

Excess is defined as the recommended 255-units entering downtown in 2025-2026.

The capture rate for including the additional units that can be absorbed downtown is considered typical in a growth market. Generally, capture rates below 10% indicates low risk of market saturation. Penetration rates will vary depending on the amount of alternative housing. In downtown urban centers, penetration rates will be high due to limited for-sale housing product available. Ample demand exists in the market to support the additional units. Lease up should be at normal levels.

The aggressive scenario with 610 units increases the capture rate to 9.76%. This is nearing the risk of market saturation. The penetration ratio is 52.31% under the aggressive scenario.



**Based on the demographic analysis, there is market support for the current developments. There is enough demand for all of the properties in downtown and support for approximately 255 additional units (conservative) in excess of the current pipeline. The aggressive scenario with 610 units nears the saturation threshold. Additional capacity may be supported with diversified product offerings outside of the traditional Class A rental community.**

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**EFFECTIVE DEMAND – 70% - 80% AMI (WORKFORCE HOUSING)**

**Income Qualification – 70% - 80% AMI**

An analysis was conducted to determine the cost-to-income ratio that is supportable by the market for potential essential workforce residents. These households typically earn less than the income requirement for market-rate properties in the downtown core; therefore, the analysis includes the districts surrounding the downtown core. Family households are considered rent overburdened when more than 35% of income is spent on housing. Therefore, a rounded 35% income ratio was applied in the analysis.

<b>HOUSEHOLD INCOME REQUIREMENTS 70-80% AMI</b>	
Low End of District's Rental Range	\$1,094
Housing Cost	35%
Monthly Income Required	\$3,125
Annual Income Required	\$37,500

The maximum income limits in Madison County are provided:

<b>MAXIMUM INCOME LIMIT BY AMI &amp; HOUSEHOLD SIZE</b>				
Persons	30% AMI	50-60% AMI	70-80% AMI	MARKET
1	\$17,430	\$29,050	\$40,670	N/A
2	\$19,920	\$33,200	\$46,480	N/A
3	\$22,410	\$37,350	\$52,290	N/A
4	\$24,870	\$41,450	\$58,030	N/A
5	\$26,880	\$44,800	\$62,720	N/A
6	\$28,860	\$48,100	\$67,340	N/A

Source: Novogradac

Only a portion of the income groups will income qualify. Workforce housing is classified as households earning between \$37,500 and \$70,000 per year. This is calculated as follows:

<b>70-80% AMI RENTER HOUSEHOLDS - 2026</b>			
Income Level:	Total Renter Households	Allocation	Qualified Renter Households
<\$15,000	3,476	0%	0
\$15,000-\$24,999	2,046	0%	0
\$25,000-\$34,999	1,727	0%	0
\$35,000-\$49,999	1,373	83%	1,139
\$50,000-\$74,999	1,216	80%	972
\$75,000-\$99,999	517	0%	0
\$100,000-\$149,999	585	0%	0
\$150,000-\$199,999	178	0%	0
\$200,000+	200	0%	0
<b>Total Households</b>	<b>11,317</b>	<b>18.7%</b>	<b>2,112</b>

Approximately 0.0% of the renter households in the PMA will be income qualified based on the needs of the current tenant base.

**Existing Supply – 70% - 80% AMI**

Workforce housing is not offered within the downtown or surrounding districts.

**Future Supply – 70% - 80% AMI**

There are no proposed or under-construction communities within the districts targeting the workforce housing wage levels.

**Qualified Net Demand – 70% - 80% AMI**

Three sources of demand are considered for workforce housing projects:

1. Household growth (formation or in-migration of new households);
2. Rent overburdened existing households;
3. Renter households residing in substandard housing;
4. Elderly home turnover (age-restricted product only).

Elderly home turnover demand (senior moving out of homeownership into rental housing) is only considered for age-restricted projects. The components of demand through 2026 are provided:

<b>CAPTURE RATE ANALYSIS - 70-80% AMI</b>				
a	Projected Renter Household Growth			227
b	Existing Demand from Rent Overburdened Households	8.7%	+	184
c	Existing Demand from Substandard Rental Units	4.0%	+	0
d	Existing Demand from Elderly Homeowner Turnover	0.0%	+	0
e	<b>TOTAL DEMAND</b>		=	<b>411</b>

Currently workforce wage level tenants within the districts are underserved. These households are in addition to the 255-610 units determined through the peer city analysis.

**Based on the demographic analysis, there is market support for the workforce housing in the downtown core.**

## ***Peer City Validation of Results***

There is support for approximately 255-610 Class A market-rate units to be added to the downtown core in Huntsville in addition to the known future supply. Supportable supply is compared against development trends that have occurred or are occurring in peer cities to assess the attributes that lead to successful downtown rental housing development. The methodology included the examination of the demographic profile of each city and the economic foundation that drove household formation into their downtown sectors. This methodology supports the incremental demand and the capture rate methodologies.

A variety of cities were examined. Two of the most similar include Raleigh, NC, and Kansas City, MO. Raleigh is the most comparable based on a similar economic base. Kansas City has a less dynamic economy and provided a minimum threshold. Nashville was utilized to provide a maximum ceiling:

<b>PEER CITIES EXAMINED</b>		
Raleigh, NC	Kansas City, MO	Nashville, TN

Excess demand, sometimes referred to as unmet demand, was concluded to at the most conservative level for the purposes of the analysis. The conservative scenario reflects minimal household and employment growth, while the aggressive scenario reflects household formation and employment growth in-line with the current elevated trends Huntsville is experiencing. It is likely that Huntsville’s unmet housing demand will fall somewhere in between these levels, but the conservative estimate is utilized as the base case for the analysis.

<b>EXCESS DEMAND RANGE</b>			
	<b>Conservative</b>	<b>Moderate</b>	<b>Aggressive</b>
(A) Huntsville Total Future Supply (Includes Subject)	1,963	1,963	1,963
(B) Total Future Renter Households	2218	2396	2573
Excess Demand (B-A)	255	435	610

The peer cities were evaluated to determine their comparability with Huntsville. Additional cities were examined for various growth and development trends and characteristics providing additional support for the recommendations. These cities included Birmingham, Savannah, Greenville, Chattanooga, and Little Rock, and Oklahoma City.

**Nashville** sets the upper range for comparison. The government city is within the core. Apartment development has been robust within the core and surrounding districts. Economic characteristics similar to Huntsville include a university near the core. There is a medical center associated with Vanderbilt University. While no research park is near, the city has a significant concentration of white-collar employment. Nashville has one of the world’s primary music centers. The city is the cultural/entertainment/sports center.

**Raleigh** provides the best comparison with the most similar economic characteristics to Huntsville but is ahead in its growth cycle. This provides an indication of long-term rental housing potential. Raleigh is the state capital with a concentration of government and legal employment. While this results in a large amount of office space, the Class A development is not as robust as Nashville. Similar economics include a

university proximate the core. The economy is influenced by a major research park. Raleigh does not have a medical component within the downtown market.

**Kansas City** sets the lower range of development. The city has two entertainment nodes that anchor the downtown revitalization efforts. Similar to Huntsville, the city government is downtown. There is some Class A office space. There is a significant amount of redevelopment of historical buildings into lofts. There are a number of projects proposed and/or under construction in the downtown core. Demographic trends have been steadily increasing over the past decade. Medical is outside of the core. There is no university or college in the core, nor is there a proximate military installation. Kansas City is supporting apartment development despite a significantly less concentration of employment within the core. Ratios established by this peer city were considered to set minimum support levels.

### **Peer City Validation Ratios**

Each of the peer cities were examined to determine how their economic and demographic profiles impacted apartment development. Ratios were derived and compared to Huntsville in order to test the validity of the recommended 255 units of additional supply for downtown. Commentary after the table provides the ratios and/or discussion of the aggressive scenario.

Ratios are calculated by dividing each selected criterion by the number of rental housing units considered Class B to Class A built or renovated in 2000 or later with more than 50 units. These are the apartments that house residents with sufficient discretionary incomes to support the other varied land uses and activities within downtown. In some cases, the product is not comparable to Class A apartments but due to limited supply, households have no alternatives if they desire a downtown location.

### **Employment (Office Space)**

Employment within downtown sectors is not available from directly comparable sources. As such, office space was obtained and utilized as an indicator of employment. The total square footage of office space is compared to the number of market rate apartment units.

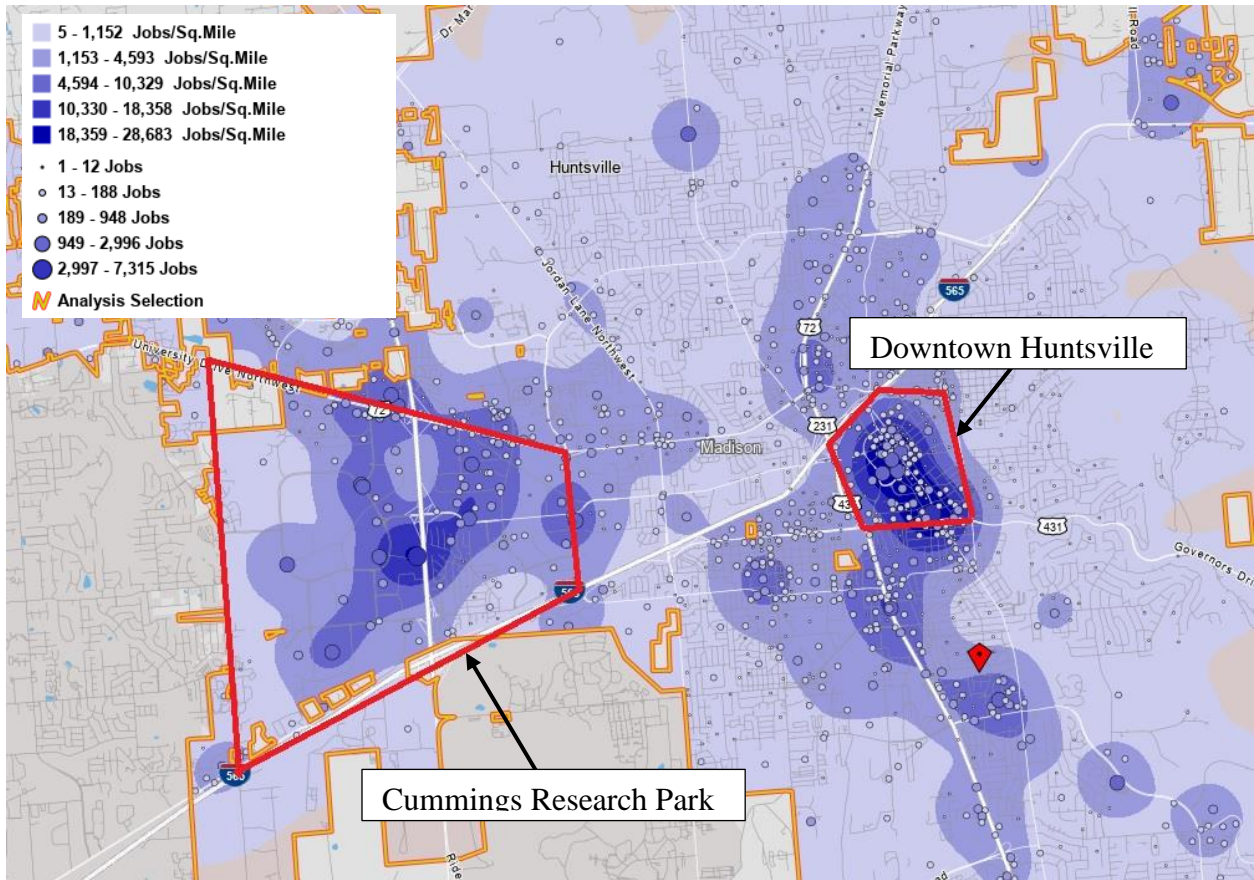
The conservative estimate of additions to supply of 255 units to be constructed in downtown Huntsville is utilized for the analysis. These 255 units are in excess of what is currently planned or under-construction in the downtown core.

Office space provides an indicator of employment and in turn provides an estimate of housing needs. The ratios provided by the peer cities relative to Huntsville follow:

SF OFFICE SPACE PER DOWNTOWN APARTMENT UNITS		
Calculation is total office space divided by total rental units built between 2550 and 2020 in the downtown districts and proposed through 2023		
Study Area	Ratios	Comments: Apartments are total supply
Current Huntsville	6,457	The high ratio indicates a significant amount of office workers in the region have minimal rental option surrounding their place of employment
Projected Huntsville (2024)	1,987	The current multifamily pipeline places huntsville comfortably in the range of the peer cities utilized in the analysis
Projected Huntsville W/ Excess	1,758	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Kansas City (2024)	3,720	Typical office space plus university nearby
Raleigh (2024)	1,419	Typical office space plus research and university nearby
Nashville (2024)	1,301	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

With 255 additional units, Huntsville’s ratio of 1,758 square feet per apartment would be closer in alignment with Raleigh. The ratio would increase to 1,516 at the aggressive projection that includes 610 additional units. Huntsville has employment generated by the hospital which is not included in office space. With current pipeline projections, the ratio is 1,987, which sits near the middle of the range. Huntsville’s current ratio is well beyond the peer cities utilized in the analysis. Long waitlists and near 100% occupancy in the downtown confirm an under supply in the market. This is also consistent with the effective demand section of this report. Therefore, the 255 additional units are well within the reasonable threshold and the 610 units on the aggressive side remain within the reasonable range.

Not included in the calculation of the Huntsville current ratio is the potential of “reverse commute” tenants employed at the massive Cummings Research Park. There are currently more than 7.6-million square-feet of office space at the Research Park with additions to office supply currently under construction. The following map shows where people who reside within Downtown Huntsville work at as of 2018, the most current data available. This map was obtained at [OnTheMap.ces.census.gov](http://OnTheMap.ces.census.gov), a website by the United States Census Bureau.



Current residents who reside in downtown confirm the reverse commute that occurs with downtown residents. Reverse commuting is when residents from “closer-in” urban neighborhoods drive out of the city to jobs located beyond the urban core. As more supply becomes available in downtown, more households will opt to live within its highly amenitized environment and will consider a reverse commute. The commuting map also illustrates residents are working downtown. The concentration of jobs downtown and in the Medical District provide an array of employment opportunities for residents.

City households were examined based on their income levels. To support new construction, households were income qualified at \$35,000+. The analysis includes overall apartment unit demand, which includes subsidized and market-rate housing. The number utilized for the analysis is 255 apartment units in excess of the current pipeline. By assuming 255 additional units are added to downtown, the city’s supply aligns more closely with the peer cities:

<b>CITY HOUSEHOLDS \$35,000+ PER DOWNTOWN APARTMENT UNITS</b>		
<i>Ratio is calculated by dividing city households earning \$35,000 or more by apartment units built between 2550 and 2020</i>		
Study Area	Ratios	Comments
Huntsville Current	102	The higher ratio indicates more high income households available but not captured thus latent demand exists
Huntsville Projected Supply (2024)	31	Supply includes all known future supply
Huntsville Projected Supply W/ Excess	28	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Raleigh (2024)	24	Market most similar to huntsville in growth pattern and barriers to development
Kansas City (2024)	31	City with similar growth patterns and economic drivers
Nashville (2024)	16	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

Huntsville’s ratio is currently well above the range. With 255 units of additional supply, Huntsville sits on the low end of the range and is between Raleigh and Kansas City. The aggressive estimate with 610 units results in a ratio of 24; equal to Raleigh. The aggressive estimate may be achievable considering downtown has a medical concentration.

The medical node in downtown provides a large pool of potential households who would desire a live/work environment and as such, 255 units remain supportable and the 610 units could be supported if the household incomes accommodated in rental apartments could be broadened. This aligns with effective demand and other ratios presented. There is demand for Huntsville to reach these ratios and become more aligned with other successful live/work/entertainment communities.

**City Population**

The city population in total is utilized to compare the mix of the peer cities with Huntsville. This is the total population within Huntsville City limits (not isolated to the core), which has been expanding both in number of residents and land area, as it has annexed territory in recent years. The downtown sector will pull residents who currently live throughout the city if additional supply is available. The ratio represents the number of people that support each downtown apartment built since 2000 including proposed supply that will likely be constructed by 2024.

The ratio of 28 is similar to Raleigh. Kansas City sets the lower threshold. It should be noted Kansas City has started to expand its rental supply within districts proximate the urban core.

Total population without income qualification is compared in the following table:

<b>CITY POPULATION PER DOWNTOWN APARTMENT UNITS</b>		
<i>Ratio is calculated by dividing total city population by total downtown apartment units built or proposed since 2550</i>		
Study Area	Ratios	Comments
Huntsville Current	355	The higher ratio indicates more high income households available but not captured thus latent demand exists
Huntsville Projected Supply (2024)	109	Supply includes all known future supply
Huntsville Projected Supply w/ Excess	97	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Raleigh (2024)	79	Market most similar to huntsville in growth pattern and barriers to development
Kansas City (2024)	106	City with similar growth patterns and economic drivers
Nashville (2024)	51	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

Kansas City has a development boom occurring and the ratio level has not been tested for saturation. Thus, we are cautious to rely on this peer city. Raleigh is a relatively stable market and Huntsville’s ratio is slightly higher when including 255 additional units. This is again seen as reasonable due to the large medical node contiguous to the downtown core. The 610 units for the aggressive analysis results in a ratio of 83; slightly above Raleigh. This suggests there may be sufficient growth to accommodate the aggressive projection.

The capture rate of downtown was also compared, indicating 255 units is a reasonable estimated of supportable supply.

<b>DOWNTOWN CAPTURE OF REGIONAL SUPPLY</b>		
<i>Calculation is total projected future supply of the downtown core divided by the total projected city supply. Projections are through 2024</i>		
Study Area	Ratios	Comments: Apartments are total supply
Current Huntsville	4.94%	The low ratio indicates a significant percentage of households must seek housing outside of the downtown core
Projected Huntsville (2024)	10.43%	The current multifamily pipeline places huntsville comfortably in the range of the peer cities utilized in the analysis
Projected Huntsville W/ Excess	11.78%	Supply includes the known future supply and 255 units of additional supply above what is currently in the pipeline
Kansas City (2024)	7.04%	Typical office space plus university nearby
Raleigh (2024)	14.71%	Typical office space plus research and university nearby
Nashville (2024)	31.85%	Nashville is a mature metro and sets the upper bound for the peer city analysis
Source: ESRI, CoStar, Value Tech Realty Services, Inc.		

Traditional demand models were prepared that suggest about 255 rental apartments above what is currently



planned is market supported. The aggressive estimate of 610 units results in a ratio of 13.67%; still within the supportable range.

There is an opportunity to expand beyond the levels indicated by diversifying the product to include workforce-oriented apartments, live/work and active senior. The 255-610 units was tested against peer cities. All of the various tests for reasonableness suggest the 255 units is necessary to achieve ratios similar to the peer cities and 610 units aligns most closely with Raleigh.

An urban core density analysis was completed. This examines only the core population to land mass providing a density comparison. Additional markets were included:

<b>GROWTH CITY COMPARISONS</b>				
<b>Growth City (Downtown Core)</b>	<b>Residents</b>	<b>Size (Sq. Miles)</b>	<b>Acres</b>	<b>Density</b>
Huntsville	3,257	1.50	960	3.4
Nashville	14,000	1.80	1,152	12.2
Kansas City	11,008	1.26	806	13.7
Oklahoma City	7,694	1.64	1,050	7.3
Raleigh	6,539	0.89	570	11.5
Austin	15,513	1.10	704	22.0
Charlotte	18,300	2.00	1,280	14.3
Indianapolis	29,537	5.20	3,328	8.9
Tampa	14,000	1.70	1,085	12.9
Source: ESRI				

The capture ratio for Huntsville is well below the range of the peer cities. Similar to Huntsville, these are cities with natural or manmade barriers that restrict the size of the urban core. Thus, rental apartment development competes with other moderate- to high-density land uses for downtown sites.

**Conclusion**

A conservative estimate of about 255 units of unmet Class A Market Rate demand is supported by the peer city analysis. The 610 units utilized as the aggressive scenario has support but begins to reach the saturation threshold. When the current planned supply is built, Huntsville will have achieved a critical mass of rental housing options. Housing in excess of the current pipeline will still be sustainable. As noted in other peer cities, the continued addition to supply will create a vibrant live/work/entertain environment that will further attract additional capital into the downtown sector. Over time, the urban core will further develop allowing additional housing to be considered beyond the projection period presented.



## ***Alternate Product Types***

The city has the ability to diversify the type of rental product offered. This could be within the downtown core or in adjacent districts. A discussion is provided of alternative product types for consideration. This includes Workforce Housing, Live/Work and Active Senior.

Demand associated with the alternative product types has not been specifically analyzed. It is likely these specialized product types could generate demand above the 255 recommended units.

A brief discussion of the various product types is provided.

### **Workforce Housing**

Workforce housing is oriented to households with wage levels that align with essential workers in the medical, service, and public sector. Development of workforce housing is difficult due to the high cost of construction relative to achievable rent levels. To be able to provide workforce housing, many developers will seek some form of financial or development assistance. This could include assistance with infrastructure, flexibility in zoning or density bonuses to be able to construct units at affordable price points.

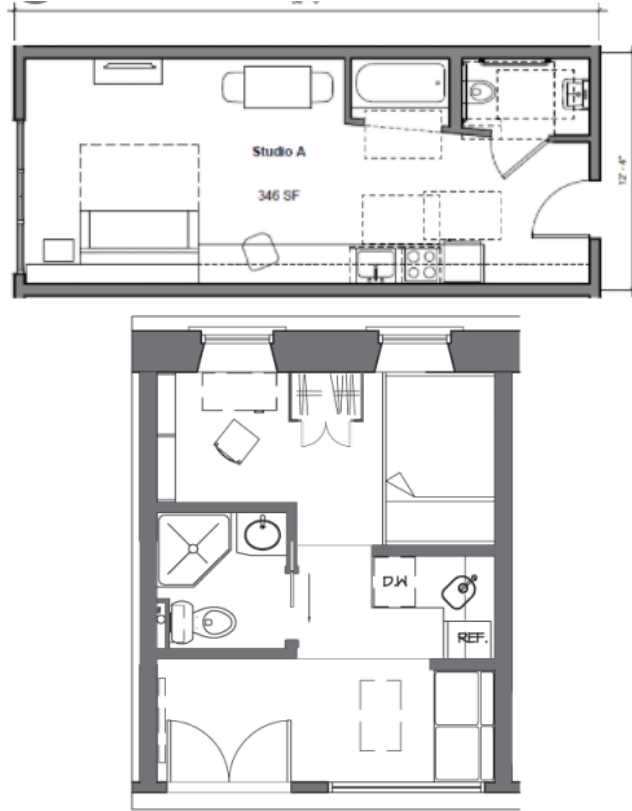
### **Micro Units**

Micro units may be a development option that reduces entry level pricing by offering small floor plans. Micro/small floor plans feature units in the range of 200-550 square feet, with an emphasis on efficient use of space. Developers place a priority on space saving features such as pull-down or lofted beds, tables, and desks that fold, and appliances that are hidden or compact. As these units are highly attractive to single renters, the developers will also prioritize communal activities. A roof deck, pet spa, pet park, movie area, cookout space, and professional workspace are a few popular amenities in micro unit or live/work communities.

Project designs must be careful to comply with the Fair Housing Amendment Act and accessibility requirements. Providing livable units is achieved with flexible furniture systems, high ceilings (more than nine feet), oversized windows, built-in storage, upright washer/dryers, gadget walls, retractable walls, customizable closets and storage areas, and movable kitchen islands. Some developers have built into their designs the ability to combine units to achieve full one-bedroom or two-bedroom apartments. Storage is critical to making micro units livable. Thus, built-in seating above storage and maximizing the vertical use of spaces is critical. Developers incorporate built-in armoires, kitchen islands, built-in seating, and dining, etc. so tenants do not bring in large furniture pieces. TV and web-based monitors are mounted on flexible arms. Thus, floor space is left open to reduce walkable barriers.

Important to the small or micro unit project is the emphasis on common spaces. An extensive array of amenities, intimate gathering spaces, indoor and outdoor recreational amenities, and services to residents enable and encourage community engagement outside units. Bikes are increasingly replacing cars in micro unit communities which are “car-lite” or carless. Pet-centric amenities are common with grooming stations; pet walks, pet space and pet parks provided.

Typical floor plans in for a micro-unit are as follow:



Typical amenity options found at micro-unit communities follows:





**Live/Work Housing**

Live/Work housing generally offers larger floorplans than a typical workforce housing community with emphasis on the professional amenities offered. Workspace in the unit is typically segregated from the rest of the unit. From a design and construction perspective, this space is usually taken from what would traditionally be a bedroom. Some successful live/work communities have large office and conferencing space centrally located within the community. This space is subdivided with both private and collaborative options for tenants.

Live/Work housing communities with retail on the first floor is also highly attractive to young entrepreneurs that have established their business in a downtown environment. Typically, the residential component is above or adjacent the “business” space. This provides the necessary frontage and exposure for the business, and a low-cost residential option for the business owner. Work-from-home is a popular trend and could be attracted to live/work units.

Designs for some live work buildings and floorplans are provided:





**Active Senior**

Active senior rental communities blend housing with social activities. Optional support services are available at additional fees outside of rent. Residents in a senior community are typically leaving a home. They may be moving from outside the market and leaving their existing network of friends and support network. Active senior demand may be in addition to traditional apartment demand.

Successful active senior communities offer programs to encourage resident interaction to facilitate the formation of new friends. Staff create social programs, activities, and outings to provide vehicles for residents to remain active both physically and mentally. A robust offering of support services is available so residents can remain engaged.

Active adult senior housing communities are priced at or above traditional multi-family housing. Active adult communities are similar in design and appearance to traditional multi-family but offer senior-specific features and amenities that make the apartment more senior-friendly and desirable. General discernable differences between the active senior rental community’s residents versus other healthcare-oriented housing options are the ability to live without direct oversight and its position as choice-based housing.

Active adult residents are typically younger seniors with minimal impairments. Independent living residents will typically have an instrumental or physical constraint that restricts their lifestyle and will have meals and service fees included within the rent. Assisted living and memory care residents have acuity levels requiring personal or cognitive support and are need-based. Their resident profile is generally older and frailer. A chart displaying the differences between the types of senior communities (traditional market-rate, senior-restricted, independent living, and assisted living) is provided:



**Active Adult Senior Housing Communities  
vs. Other Housing Options**

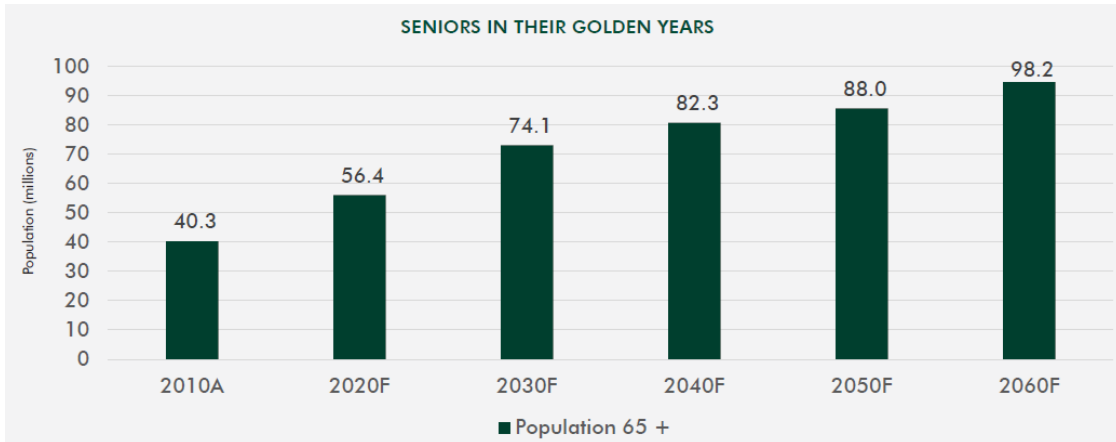
Features & Amenities	Market Rate	Active Adult	Independent Living	Assisted Living
Senior-Only Community		✓	✓	✓
Choice-Based	✓	✓	✓	
Need-Based				✓
Upscale Apartments	✓	✓	✓	✓
Senior Friendly Design*		✓	✓	
Fully Accessible Design				✓
Amenity-rich Clubhouse	✓	✓	✓	✓
Social Activities		✓	✓	✓
Wellness Support Programs		✓	✓	✓
Transportation		✓	✓	
Ala Carte Amenities**		✓	✓	
Meals			✓	✓
Personal Services				✓
Medical Services / Life Care				✓

\* Senior Friendly Design - includes design features that accommodate a resident's changing needs without appearing institutional, such as: elevator-buildings, wider door ways, blocking for grab bars, larger maneuvering spaces in kitchens & bathrooms, larger shower/bath areas, taller toilets, accessible appliances, etc.

\*\* Ala Carte Amenities - typically include personal care (e.g., hair styling, manicures, massages), housekeeping, in-home care, health or wellness services, laundry, etc.

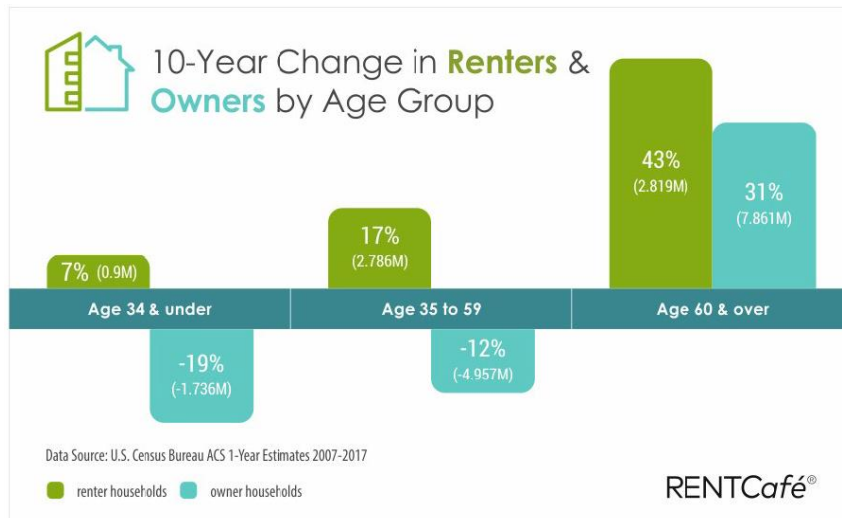
The active senior subset of the 62+ population is a rapidly expanding portion of rental households. Seniors are selling their homes, recouping equity, and moving into apartment communities to reduce the maintenance required of homeownership and downsize their belongings.

The generation that is currently seeking this style of housing is the Baby Boomer. It is projected that by 2030 approximately 21% of the total US population will be over 65. This is an increase of 50% over the current 2020 numbers. The projected trend in the 65+ population is provided:



Many of these individuals are retired without an active working income. From a rental perspective, this results in a much smaller percent of defaults as the risk of losing a source of income is minimal.

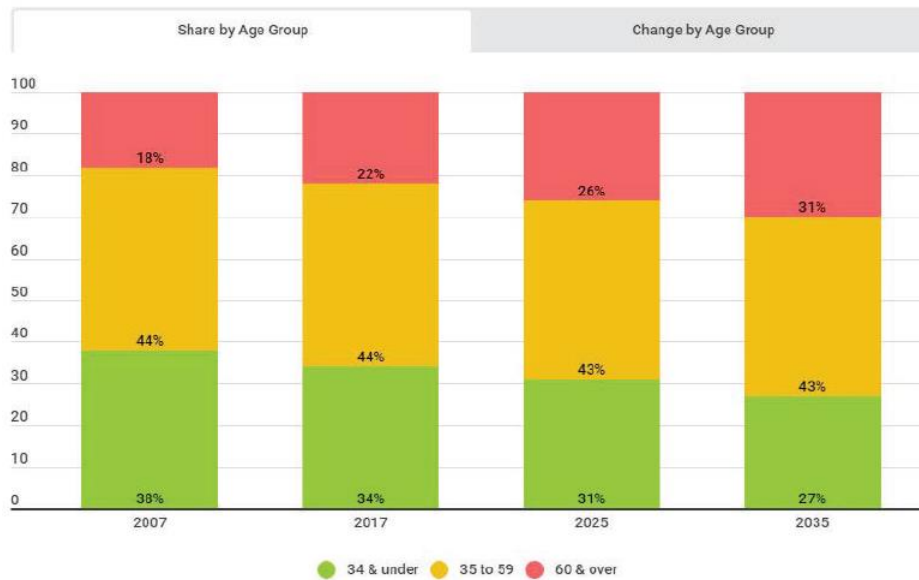
From 2007 to 2017, the percent of renters aged 60+ grew by approximately 43% with an increase of over 2.8 million people as provided below:



Additionally, the increase in senior rental households surpassed that of ownership as the prospect of owning a home in retirement becomes less attractive to the aging Baby Boomer population.

This trend is anticipated to continue over the next several decades with the percent of senior renters increasing. This is shown in the following graph:

## Renter Households Projection by Age Group



Active adult communities will accommodate residents who are couples, widowed, or single and attracted to the companionship offered at the property. The second reason for a move into an active adult will be to move to be closer to grandchildren or family members. A survey of active adult communities in the northeastern United States indicated that approximately 25% of residents are moving to be closer to their children.

There is likely a market for an active senior rental complex. A portion of this demand may be in addition to the 255 units quantified as “traditional” rental household needs.



### Class A Apartment-Regional Rent Ranges

Achievable rental rates for new construction in the downtown core are provided. These are based on assumptions relating to floor plans, the size of units and amenities within the units and property overall. The rental rates are to provide general guidance. A specific rental rate for a project is only possible once the exact project is defined.

Rental rates will be presented along with the square footage of each floor plan. The assumption is the project is Class A in quality similar to the summary tables presented previously regarding Class A apartment characteristics.

Huntsville is a diverse market with a variety of product types and rental rates. For the purpose of this analysis, only newer (2020 or newer) communities have been examined. Older properties begin to diverge greatly in management, quality, and amenities offered. As such, precluding these communities from the analysis allows the rental ranges provided to be much more representative of the overall rental market.

Gross rental rates were included, which includes utility costs for water, sewer, pest, and valet trash. This is included to demonstrate what a tenant in Huntsville can expect their all-in rental cost to be. These utility costs are included in the tables below:

<b>HOUSING AUTHORITY ELECTRIC ADJUSTMENT</b>				
	Studio/Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom
Heating	\$5	\$7	\$9	\$11
Cooking	\$5	\$7	\$9	\$11
Water Heating	\$14	\$19	\$25	\$30
Other Electric	\$19	\$26	\$34	\$41
Air Conditioning	\$5	\$7	\$9	\$11
<b>Total Electric</b>	<b>\$48</b>	<b>\$66</b>	<b>\$86</b>	<b>\$104</b>
Source: Housing Authority				

<b>HOUSING AUTHORITY UTILITY ALLOWANCE- WATER AND SEWER</b>				
	Studio/Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom
Water	\$17	\$20	\$24	\$26
Sewer	\$13	\$24	\$32	\$39
<b>Total Water/Sewer</b>	<b>\$30</b>	<b>\$44</b>	<b>\$56</b>	<b>\$65</b>
Source: Housing Authority				

<b>TRASH REMOVAL ADJUSTMENT</b>	
Property	Rate
Station at Clift Farm	\$22
Somerset at Madison	\$25
Henry House	\$25
Zen Garden	\$30
<b>Conclusion</b>	<b>\$25</b>

Underwriting Support by & Prepared for:

PEST CONTROL ADJUSTMENT	
Property	Rate
Station at Clift Farm	\$3
Pest Control	\$5
Zen Garden	\$4
<b>Conclusion</b>	<b>\$5</b>

INTERNET ADJUSTMENT	
Property	Rate
FarmHaus	\$80
Zen Garden	\$70
<b>Conclusion</b>	<b>\$75</b>

Rental rates at newer rental communities in the greater Huntsville region are broken out by floor plan below:

STUDIO RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
The Avenue (Downtown)	\$975	\$975	TP	\$78	\$1,053	\$1,053
The Heights at Monte Sano	\$875	\$875	TP	\$78	\$953	\$953
The Avenue Madison	\$976	\$976	TP	\$78	\$1,054	\$1,054

ONE-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
Artisan Twickenham Square (Downtown)	\$1,125	\$1,434	TP	\$110	\$1,235	\$1,544
Belk Hudson Lofts (Downtown)	\$1,210	\$1,600	TP	\$110	\$1,320	\$1,710
The Avenue (Downtown)	\$1,000	\$1,100	TP	\$110	\$1,110	\$1,210
Seleno at Bridge Street	\$1,295	\$1,375	None	\$140	\$1,435	\$1,515
Henry House	\$1,199	\$1,328	None	\$140	\$1,339	\$1,468
Ballpark Apartments at Town Madison	\$1,265	\$1,602	None	\$140	\$1,405	\$1,742
Alexandria Apartments	\$1,135	\$1,290	None	\$140	\$1,275	\$1,430
FarmHaus by Watermark	\$1,315	\$1,400	None	\$140	\$1,455	\$1,540
Station at Clift Farm	\$1,250	\$1,450	None	\$140	\$1,390	\$1,590
The Collins	\$1,210	\$1,400	None	\$140	\$1,350	\$1,540

TWO-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
Artisan Twickenham Square (Downtown)	\$1,530	\$1,999	TP	\$142	\$1,672	\$2,141
The Avenue (Downtown)	\$1,500	\$1,700	TP	\$142	\$1,642	\$1,842
Belk Hudson Lofts (Downtown)	\$1,575	\$2,100	TP	\$142	\$1,717	\$2,242
Seleno at Bridge Street	\$1,645	\$1,745	None	\$172	\$1,817	\$1,917
Henry House	\$1,323	\$1,629	None	\$172	\$1,495	\$1,801
Ballpark Apartments at Town Madison	\$1,510	\$1,871	None	\$172	\$1,682	\$2,043
Alexandria Apartments	\$1,611	\$1,645	None	\$172	\$1,783	\$1,817
FarmHaus by Watermark	\$1,525	\$1,680	None	\$172	\$1,697	\$1,852
Station at Clift Farm	\$1,450	\$1,750	None	\$172	\$1,622	\$1,922



Underwriting Support by & Prepared for:

<b>THREE-BEDROOM RENTS</b>						
<i>Unadjusted Rents</i>			<i>Utilities</i>		<i>Adjusted Gross Rents</i>	
<b>Property</b>	<b>Low End</b>	<b>High End</b>	<b>Utilities Included</b>	<b>Utility Cost Difference</b>	<b>Low End</b>	<b>High End</b>
The Avenue (Downtown)	\$1,800	\$1,800	TP	\$169	\$1,969	\$1,969
Seleno at Bridge Street	\$2,050	\$2,050	None	\$199	\$2,249	\$2,249
Henry House	\$1,604	\$1,615	None	\$199	\$1,803	\$1,814
Ballpark Apartments at Town Madison	\$1,926	\$1,926	None	\$199	\$2,125	\$2,125
Alexandria Apartments	\$1,390	\$1,750	None	\$199	\$1,589	\$1,949
FarmHaus by Watermark	\$1,700	\$1,820	None	\$199	\$1,899	\$2,019
Station at Clift Farm	\$1,950	\$1,950	None	\$199	\$2,149	\$2,149

Exclusive of utilities, Artisan Twickenham Square commands rents in the \$1.60 to \$2.35, rounded, per square foot range and is the best current example of achievable rents. A new Class A project in downtown should be able to achieve average rents at or above \$2.00 per square foot, stated in current (not inflated) dollars.



*Underwriting Support by & Prepared for:*

***ADDENDUM A***  
***RENT COMPARABLES***

**Lease Comparable 1  
Artisan Twickenham Square**

<b>Property Identification - 5565</b>	
<b>Property Name</b>	Artisan Twickenham Square
<b>Property Type</b>	Multifamily
<b>Address</b>	700 Dorothy Ford Lane Southwest
<b>City, State, Zip</b>	Huntsville, Alabama 35801
<b>Occupancy</b>	96.3%
<b>Confirmed By</b>	Quintin Kauchick
<b>Confirmed With</b>	Leasing Agent
<b>Date of Confirmation</b>	September/October 2021



<b>Physical Data</b>
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<b>Rentable Area</b>	203,589
<b>Year Built</b>	2014
<b>Stories</b>	4
<b>Number of Units</b>	246
<b>Property Amenities</b>	Clubhouse, Business Center, Fitness Center, Pool, Pet Spa, Resident Lounge, Barbecue/Picnic Area, Elevators, Courtyard, Secure Access
<b>Unit Amenities</b>	Balcony/Patio (some units), Walk-In Closet, Ceiling Fans, Carpet/Wood Vinyl, Blinds
<b>Unit Appliances</b>	Refrigerator, Range/Oven, Dishwasher, Garbage Disposal, Microwave, Washer/Dryer
<b>Utilities with Rent</b>	Trash Removal and Pest Control

<b>Unit Mix</b>									
<b>Unit Description</b>	<b>Unit Type</b>	<b>Units</b>	<b>Avg Unit SF</b>	<b>Total SF</b>	<b>Avg Rent/Mo</b>	<b>Total Rent</b>	<b>Rent/SF</b>	<b>% of Total</b>	
Azure	1 Bd 1.0 Ba	33	566	18,678	\$1,125	\$37,125	\$1.99	13%	
Bronze	1 Bd 1.0 Ba	27	658	17,766	\$1,268	\$34,236	\$1.93	11%	
Brick	1 Bd 1.0 Ba	27	663	17,901	\$1,189	\$32,103	\$1.79	11%	
Celadon	1 Bd 1.0 Ba	27	726	19,602	\$1,235	\$33,345	\$1.70	11%	
Cobalt	1 Bd 1.0 Ba	27	788	21,276	\$1,434	\$38,718	\$1.82	11%	
Copper	1 Bd 1.0 Ba	27	880	23,760				11%	
Emerald	2 Bd 2.0 Ba	20	960	19,200	\$1,530	\$30,600	\$1.59	8%	
Gold	2 Bd 2.0 Ba	8	1,014	8,112	\$1,565	\$12,520	\$1.54	3%	
Iris	2 Bd 2.0 Ba	8	1,056	8,448	\$1,712	\$13,696	\$1.62	3%	
Magenta	2 Bd 2.0 Ba	7	1,060	7,420				3%	
Sienna	2 Bd 2.0 Ba	7	1,070	7,490				3%	
Slate	2 Bd 2.0 Ba	13	1,168	15,184	\$1,999	\$25,987	\$1.71	5%	
Stone	2 Bd 2.0 Ba	7	1,204	8,428	\$1,979	\$13,853	\$1.64	3%	
Teal	2 Bd 2.0 Ba	4	1,289	5,156				2%	
Viridian	2 Bd 2.0 Ba	4	1,292	5,168	\$1,867	\$7,468	\$1.45	2%	
<b>* Totals *</b>		<b>246</b>	<b>828</b>	<b>203,589</b>				<b>100%</b>	

<b>Remarks</b>
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Artisan Twickenham Square was constructed in 2014 with 246 units. It offers one- and two-bedroom apartments that range in size from 566 to 1,292 square feet. The property is located in downtown Huntsville near the medical district. Project amenities include a pool, fitness center, resident lounge, barbeque/picnic area, and secured access. Each unit includes a balcony or patio (some units), walk-in closet, ceiling fans, carpet/wood vinyl, blinds, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer. No utilities are included in base rents. Trash removal and pest control are billed at \$22 and \$3 per month, respectively. At the time of the survey, the property was 96.3% occupied. Additional storage units are available for \$35-\$65 per month. The property does not currently have premiums or concessions.

**Lease Comparable 2  
Belk Hudson Lofts**

**Property Identification - 5564**

**Property Name** Belk Hudson Lofts  
**Property Type** Multifamily  
**Address** 110 Washington Street  
 Northeast  
**City, State, Zip** Huntsville, Alabama 35801  
**Occupancy** 100.0%  
**Confirmed By** Quintin Kauchick  
**Confirmed With** Leasing Agent  
**Date of Confirmation** September/October 2021



**Physical Data**

**Rentable Area** 72,960  
**Year Built** 2012  
**Stories** 6  
**Number of Units** 75  
**Property Amenities** Clubhouse, Business Center, Fitness Center, Resident Lounge, Rooftop Terrace, Grocery Delivery, Dry Cleaning Service, Elevator Access  
**Unit Amenities** Balcony/Patio, Walk-In Closets, Ceiling Fans, Wood Vinyl, Granite/Quartz Countertops, Blinds  
**Unit Appliances** Stainless Steel, Refrigerator, Range/Oven, Dishwasher, Disposal, Microwave, Washer/Dryer  
**Utilities with Rent** Trash Removal and Pest Control

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
Lincoln	1 Bd 1.0 Ba	30	782	23,460	\$1,210	\$36,300	\$1.55	40%
Randolph	1 Bd 1.0 Ba	10	830	8,300	\$1,299	\$12,990	\$1.57	13%
Jefferson	1 Bd 1.0 Ba	5	989	4,945	\$1,600	\$8,000	\$1.62	7%
Franklin	2 Bd 2.0 Ba	25	1,083	27,075	\$1,575	\$39,375	\$1.45	33%
Washington	2 Bd 2.0 Ba	5	1,184	5,920	\$2,100	\$10,500	\$1.77	7%
<b>* Totals *</b>		<b>75</b>	<b>929</b>	<b>69,700</b>	<b>\$1,429</b>	<b>\$107,165</b>	<b>\$1.54</b>	<b>100%</b>

**Remarks**

Belk Hudson Lofts was built in 2012 with 75 units. This rental community offers one- and two-bedroom apartments that range in size from 786-1,346 square feet. The property is located in downtown Huntsville. Project amenities include a fitness center, resident lounge and a rooftop terrace. Access and visibility are considered to be good.

No utilities are included in rent. Trash removal and pest control are billed above rent. Reserved parking is available for \$100 per month. At the time of the survey, the property was 100% occupied with a waitlist.

**Lease Comparable 3  
The Avenue**

**Property Identification - 8190**

**Property Name** The Avenue  
**Property Type** Multifamily  
**Address** 201 Jefferson Street  
**City, State, Zip** Huntsville, Alabama 35801  
**Occupancy** 100.0%  
**Confirmed By** Quintin Kauchick  
**Confirmed With** Jeff  
**Date of Confirmation** September/October 2021  
**Confirmation Phone** 256-533-5885



**Physical Data**

**Rentable Area** 168,200  
**Year Built** 2016  
**Stories** 5  
**Number of Units** 197

**Property Amenities** Clubhouse, Business Center, Fitness Center, Pool, Barbecue/Picnic Area, Elevators, Gated/Secured Access

**Unit Amenities** Balcony/Patio with Storage, Ceiling Fans, Walk-In Closets, Washer/Dryer Connections, Carpet, Granite Countertops, Blinds

**Unit Appliances** Stainless Steel, Refrigerator, Range/Oven, Dishwasher, Garbage Disposal, Microwave, Washer/Dryer

**Utilities with Rent** Trash Removal, Pest Control

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
Manhattan	0 Bd 1.0 Ba	28	630	17,640	\$975	\$27,300	\$1.55	14%
Midtown	1 Bd 1.0 Ba	77	710	54,670	\$1,000	\$77,000	\$1.41	39%
Soho	1 Bd 1.0 Ba	35	790	27,650	\$1,100	\$38,500	\$1.39	18%
Gramercy	2 Bd 2.0 Ba	36	1,100	39,600	\$1,500	\$54,000	\$1.36	18%
Tribeca	2 Bd 2.0 Ba	17	1,240	21,080	\$1,700	\$28,900	\$1.37	9%
Park Avenue	3 Bd 2.5 Ba	4	1,890	7,560	\$1,800	\$7,200	\$.95	2%
<b>* Totals *</b>		<b>197</b>	<b>854</b>	<b>168,200</b>	<b>\$1,182</b>	<b>\$232,900</b>	<b>\$1.38</b>	<b>100%</b>

**Remarks**

The Avenue is a 197-unit apartment community built in 2016. It offers studio, one-, two-, and three-bedroom units ranging in size from 630 to 1,890 square feet. The property features a clubhouse, business center, fitness center, pool, barbeque/picnic area, street-level retail, and secured access. Each unit includes a balcony/patio, walk-in closets, ceiling fans, carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, microwave, garbage disposal, and washer/dryer.

Trash removal and pest control are included in rent. There is a \$100 premium on balconies and \$50 premiums on views. At the time of the survey, the property was 100% occupied.

**Lease Comparable 4  
Seleno at Bridge Street**

**Property Identification - 14798**

<b>Property Name</b>	Seleno at Bridge Street
<b>Property Type</b>	Multifamily
<b>Address</b>	6854 Governors West NW
<b>City, State, Zip</b>	Huntsville, Alabama 35806
<b>Occupancy</b>	99.2%
<b>Confirmed By</b>	Quintin Kauchick
<b>Confirmed With</b>	Leasing Agent / Website
<b>Date of Confirmation</b>	September/October 2021



**Physical Data**

<b>Rentable Area</b>	230,985
<b>Year Built</b>	2019
<b>Stories</b>	4
<b>Number of Units</b>	244
<b>Property Amenities</b>	Clubhouse, Business Center, Fitness Center, Pool with Spa, Barbecue/Picnic Area, Pet Park, Pet Spa, Detached Garages, Parcel Lockers, Storage Units
<b>Unit Amenities</b>	Balcony/Patio, Ceiling Fans, Walk-In Closets, Washer/Dryer Connections, Tile/Wood Vinyl Flooring, Blinds
<b>Unit Appliances</b>	Refrigerator, Range/Oven, Dishwasher, Microwave, Washer/Dryer
<b>Utilities with Rent</b>	None

<b>Unit Description</b>	<b>Unit Type</b>	<b>Units</b>	<b>Unit Mix</b>		<b>Avg Rent/Mo</b>	<b>Total Rent</b>	<b>Rent/SF</b>	<b>% of Total</b>
			<b>Avg Unit SF</b>	<b>Total SF</b>				
Atlas	1 Bd 1.0 Ba	118	751	88,618	\$1,295	\$152,810	\$1.72	48%
Delta	1 Bd 1.0 Ba	2	864	1,728	\$1,375	\$2,750	\$1.59	1%
Falcon	2 Bd 2.0 Ba	93	1,043	96,999	\$1,645	\$152,985	\$1.58	38%
Pegasus	2 Bd 2.0 Ba	1	1,190	1,190	\$1,745	\$1,745	\$1.47	0%
Redstone	3 Bd 2.0 Ba	30	1,415	42,450	\$2,050	\$61,500	\$1.45	12%
<b>* Totals *</b>		<b>244</b>	<b>947</b>	<b>230,985</b>	<b>\$1,524</b>	<b>\$371,790</b>	<b>\$1.61</b>	<b>100%</b>

**Remarks**

Seleno at Bridge Street (formally known as Watermark at Bridge Street) is a 244-unit mid-rise community built in 2019. The property is located within the Bridge Street development, which is an outdoor mall and entertainment mall near the Cummings Research Park in Madison County. The complex provides a wet lounge, courtyards, focus rooms, detached garages for a fee, valet trash, dog park, game room, pool, fitness center and is smoke free. In addition, there is a clubhouse, storage units, coffee bar, parcel lockers, fitness center, dog park and dog wash.

No utilities are included in base rents. Trash removal and pest control are billed above base rents at \$25 and \$4 per month, respectively. Detached garages and storage units are available for \$100 and \$50 per month, respectively. At the time of the survey, the property was 99.2% occupied.



**Lease Comparable 5  
Henry House**

**Property Identification - 20394**

**Property Name** Henry House  
**Property Type** Multifamily  
**Address** 1435 Balch Rd  
**City, State, Zip** Madison, Alabama 35757  
**Occupancy** 97.0%  
**Confirmed By** Brandon Pearson  
**Confirmed With** Tiffany  
**Date of Confirmation** September/October 2021  
**Confirmation Phone** 833-571-1351



**Physical Data**

**Year Built** 2020  
**Number of Units** 273

**Property Amenities** Clubhouse, Business Center, Fitness Center, Pool, Playground, Barbeque/Picnic Area, Pet Park, Pet Spa, Parcel Lockers

**Unit Amenities** Balcony/Patio, Fireplace, Ceiling Fans, Washer/Dryer Connections, Walk-In Closets, Wood Vinyl/Carpet, Granite Countertops, Blinds

**Unit Appliances** Stainless Steel, Refrigerator, Range/Oven, Dishwasher, Microwave

**Utilities with Rent** None

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
A1/A5	1 Bd 1.0 Ba	75	776	58,200	\$1,265	\$94,875	\$1.63	27%
A2	1 Bd 1.0 Ba	6	807	4,842	\$1,199	\$7,194	\$1.49	2%
A3	1 Bd 1.0 Ba	6	818	4,908	\$1,213	\$7,278	\$1.48	2%
A4	1 Bd 1.0 Ba	12	853	10,236	\$1,328	\$15,936	\$1.56	4%
B1	2 Bd 2.0 Ba	12	1,081	12,972	\$1,323	\$15,876	\$1.22	4%
B2	2 Bd 2.0 Ba	30	1,114	33,420	\$1,419	\$42,570	\$1.27	11%
B3	2 Bd 2.0 Ba	9	1,148	10,332	\$1,470	\$13,230	\$1.28	3%
B4	2 Bd 2.0 Ba	9	1,160	10,440	\$1,485	\$13,365	\$1.28	3%
B5	2 Bd 2.0 Ba	18	1,191	21,438	\$1,442	\$25,956	\$1.21	7%
B6	2 Bd 2.0 Ba	18	1,329	23,922	\$1,580	\$28,440	\$1.19	7%
B7	2 Bd 2.0 Ba	36	1,347	48,492	\$1,629	\$58,644	\$1.21	13%
C1	3 Bd 2.0 Ba	30	1,267	38,010	\$1,615	\$48,450	\$1.27	11%
C2	3 Bd 2.0 Ba	12	1,331	15,972	\$1,604	\$19,248	\$1.21	4%
<b>* Totals *</b>		<b>273</b>	<b>1,074</b>	<b>293,184</b>	<b>\$1,432</b>	<b>\$391,062</b>	<b>\$1.33</b>	<b>100%</b>

**Remarks**

Henry House is a Class A community located in Clift Farm, a major mixed-use development. The property is well maintained with well kempt grounds and no deferred maintenance. Community amenities include a clubhouse, business center, pool, playground, fitness center, pet park, and package locker. Unit amenities include granite countertops, stainless steel appliances, ceiling fans, washer / dryer, walk-in closet, and a patio / balcony. No utilities are included in rent. Trash removal and pest control are billed above rent at \$28 and \$5 per month, respectively. There are \$10 and \$20 premiums for private view and first-floor units, respectively. Detached garages are available for \$150 per month. Storage is available for \$50 - 75 per month. The property began move-ins December 2020 and stabilized July 2021. At the time of the survey, the property was 97% occupied and 99.5% leased.

**Lease Comparable 6  
Ballpark Apartments at Town Madison**

**Property Identification - 17111**

**Property Name** Ballpark Apartments at Town Madison  
**Property Type** Mid, High-Rise Multifamily  
**Address** 200 Town Madison Boulevard  
**City, State, Zip** Madison, Alabama 35758  
**Occupancy** 97.0%  
**Confirmed By** Quintin Kauchick  
**Confirmed With** Leasing Agent  
**Date of Confirmation** September/October 2021



**Physical Data**

**Year Built** 2020  
**Number of Units** 274  
**Property Amenities** Clubhouse, Fitness Center, Pool, Barbeque/Picnic Area, Pet Park, Pet Spa  
**Unit Amenities** Balcony/Patio, Walk-In Closets, Blinds, Ceiling Fans, Granite Countertops, Stainless Steel Appliances  
**Unit Appliances** Refrigerator, Range/Oven, Dishwasher, Garbage Disposal, Microwave, Washer / Dryer  
**Utilities with Rent** None

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
The Madison	1 Bd 1.0 Ba	96	756	72,576	\$1,265	\$121,440	\$1.67	35%
The Station	1 Bd 1.0 Ba	16	802	12,832	\$1,325	\$21,200	\$1.65	6%
The Panda 1	1 Bd 1.0 Ba	2	1,062	2,124	\$1,602	\$3,204	\$1.51	1%
The Rocket	2 Bd 1.0 Ba	16	1,024	16,384	\$1,570	\$25,120	\$1.53	6%
The Stadium	2 Bd 2.0 Ba	46	1,172	53,912	\$1,510	\$69,460	\$1.29	17%
The Breland	2 Bd 2.0 Ba	48	1,135	54,480	\$1,711	\$82,128	\$1.51	18%
The Panda 2	2 Bd 2.0 Ba	4	1,208	4,832	\$1,850	\$7,400	\$1.53	1%
The Diamond	2 Bd 2.0 Ba	24	1,240	29,760	\$1,871	\$44,904	\$1.51	9%
The Town	3 Bd 2.0 Ba	22	1,402	30,844	\$1,926	\$42,372	\$1.37	8%
<b>* Totals *</b>		<b>274</b>	<b>1,014</b>	<b>277,744</b>	<b>\$1,523</b>	<b>\$417,228</b>	<b>\$1.50</b>	<b>100%</b>

**Remarks**

The Station at Town Madison is a 274-unit multifamily community built in 2020. It features one-, two-, and three-bedroom units ranging from 756 to 1,402 square feet. Community amenities include a clubhouse, fitness center, pool, barbeque/picnic area, pet park, and pet spa. Units feature a balcony/patio, walk-in closets, blinds, ceiling fans, granite countertops, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer. No utilities are included in base rents. Trash removal and pest control are billed together above base rents at \$25 per month. Reserved covered parking and detached garages are available for \$50 and \$150 per month, respectively. There is a \$25 premium on units with a pool view. Fourth-floor units are \$25 above base rent and first-floor units are \$50 above base rent. At the time of the survey, the property was 97% occupied and 100% released.

**Lease Comparable 7  
Alexandria Apartments**

**Property Identification - 19686**

**Property Name** Alexandria Apartments  
**Property Type** Garden, Low-Rise  
**Address** 1028 Balch Road  
**City, State, Zip** Madison, Alabama 35758  
**Occupancy** 69.8%  
**Confirmed By** Brandon Pearson  
**Confirmed With** Leasing Agent  
**Date of Confirmation** September/October 2021  
**Confirmation Phone** (256) 408-3665



**Physical Data**

**Year Built** 2021  
**Stories** 3  
**Number of Units** 258

**Property Amenities** Clubhouse, Fitness Center, Pool, Barbeque/Picnic Area, Pet Park, Pet Spa, Car Care Center, Gated/Secure Access, Car Charging Station

**Unit Amenities** Balcony/Patio, Ceiling Fans, Wood Vinyl/Carpet, Granite Countertops, Blinds  
**Unit Appliances** Stainless Steel, Refrigerator, Range/Oven, Dishwasher, Microwave

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
A1	1 Bd 1.0 Ba	36	654	23,544	\$1,135	\$40,860	\$1.74	14%
A2	1 Bd 1.0 Ba	36	774	27,864	\$1,250	\$45,000	\$1.61	14%
A3	1 Bd 1.0 Ba	24	790	18,960	\$1,280	\$30,720	\$1.62	9%
A4	1 Bd 1.0 Ba	18	792	14,256	\$1,290	\$23,220	\$1.63	7%
B1	2 Bd 2.0 Ba	66	1,107	73,062	\$1,645	\$108,570	\$1.49	26%
B2	2 Bd 2.0 Ba	60	1,224	73,440	\$1,611	\$96,660	\$1.32	23%
C1	3 Bd 2.0 Ba	18	1,356	24,408	\$1,750	\$31,500	\$1.29	7%
<b>* Totals *</b>		<b>258</b>	<b>990</b>	<b>255,534</b>	<b>\$1,459</b>	<b>\$376,530</b>	<b>\$1.47</b>	<b>100%</b>

**Remarks**

Alexandria Apartments completed construction on September 1, 2021. Community amenities include a pool, barbecue/picnic area, pet park, pet spa, fitness center, clubhouse, EV charging stations, and package lockers. Unit amenities include a balcony, washer/dryer, granite countertops, ceiling fans, walk-in closets, stainless steel appliances, and mixed flooring. No utilities are included in rent. Trash removal and pest control are billed above rent at \$25 and \$10 per month, respectively. There are \$15 and \$20 premiums for third- and first-floor units, respectively. Detached garages and private storage are available for \$75 and \$40 per month, respectively. The community is currently offering a month off leases of 12 months or greater. At the time of the survey, the property was 69.77% occupied and 79.84% preleased.

**Lease Comparable 8  
FarmHaus by Watermark**

**Property Identification - 20393**

**Property Name** FarmHaus by Watermark  
**Property Type** Multifamily  
**Address** 1260 Balch Rd  
**City, State, Zip** Madison, Alabama 35757  
**Occupancy** 30.2%  
**Confirmed By** Brandon Pearson  
**Confirmed With** Haley  
**Date of Confirmation** September/October 2021  
**Confirmation Phone** tel:(833) 426-9177



**Physical Data**

**Year Built** 2021  
**Stories** 3  
**Number of Units** 324  
**Property Amenities** Clubhouse, Fitness Center, Pool with Spa, Bowling Alley, Barbeque/Picnic Area, Pet Park, Pet Spa  
**Unit Amenities** Balcony/Patio, Ceiling Fans, Walk-In Closets, Wood Vinyl/Carpet, Granite Countertops, Blinds  
**Unit Appliances** Stainless Steel, Refrigerator, Range/Oven, Dishwasher, Garbage Disposal, Microwave, Washer/Dryer  
**Utilities with Rent** None

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
Buffalo	1 Bd 1.0 Ba	41	678	27,798	\$1,340	\$54,940	\$1.98	13%
Baler	1 Bd 1.0 Ba	17	689	11,713	\$1,315	\$22,355	\$1.91	5%
Bison	1 Bd 1.0 Ba	67	755	50,585	\$1,400	\$93,800	\$1.85	21%
Meadow	2 Bd 2.0 Ba	27	1,041	28,107	\$1,595	\$43,065	\$1.53	8%
Ravine	2 Bd 2.0 Ba	37	1,049	38,813	\$1,525	\$56,425	\$1.45	11%
Orchard	2 Bd 2.0 Ba	17	1,063	18,071	\$1,555	\$26,435	\$1.46	5%
plains	2 Bd 2.0 Ba	79	1,175	92,825	\$1,680	\$132,720	\$1.43	24%
Hay	3 Bd 2.0 Ba	7	1,237	8,659	\$1,700	\$11,900	\$1.37	2%
Harvest	3 Bd 2.0 Ba	13	1,251	16,263	\$1,740	\$22,620	\$1.39	4%
Hive	3 Bd 2.0 Ba	19	1,362	25,878	\$1,820	\$34,580	\$1.34	6%
<b>* Totals *</b>		<b>324</b>	<b>984</b>	<b>318,712</b>	<b>\$1,540</b>	<b>\$498,840</b>	<b>\$1.57</b>	<b>100%</b>

**Remarks**

FarmHaus by Watermark is a 324-unit multifamily facility built in 2021. It offers one-, two-, and three-bedroom units ranging in size from 678 to 1,362 square feet. The community features a clubhouse, fitness center, pool with spa, bowling alley, barbeque/picnic area, pet park, and pet spa. Unit amenities include balcony/patio, ceiling fans, walk-in closets, wood vinyl/carpet, granite countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer. No utilities are included in rent. Trash removal, pest control, wifi, and Amazon delivery are bundled above rent at \$110 per month. There are \$125 - 150 premiums for puppy porch patios. Detached garages are available for \$115 per month. The community is offering 1 month free for two-bedrooms, \$350 look and lease for two-bedroom units, and \$500 look and lease for one- and three-bedroom units. The property began move-ins June 2021. At the time of the survey, the property was 30.25% occupied and 46% leased.

**Lease Comparable 9  
Station at Clift Farm**

**Property Identification - 20395**

**Property Name** Station at Clift Farm  
**Property Type** Multifamily  
**Address** 165 John Thomas Dr  
**City, State, Zip** Madison, Alabama 35757-9612  
**Occupancy** 22.9%  
**Confirmed By** Brandon Pearson  
**Confirmed With** Mandy  
**Date of Confirmation** September/October 2021  
**Confirmation Phone** 256-812-5438



**Physical Data**

**Year Built** 2021  
**Stories** 4  
**Number of Units** 315

**Property Amenities** Clubhouse, Business Center, Fitness Center, Pool, Barbeque/Picnic Area, Pet Park, Pet Spa, Gated/Secure Access, Elevators, Rooftop Terrace, Car Charging Station, Parcel Lockers

**Unit Amenities** Balcony/Patio, Ceiling Fans, Walk-In Closets, Wood Vinyl, Quartz Countertops, Blinds  
**Unit Appliances** Stainless Steel, Refrigerator, Range/Oven, Dishwasher, Garbage Disposal, Microwave, Washer/Dryer (some)

**Utilities with Rent** None

Unit Description	Unit Type	Unit Mix	
		Avg Unit SF	Avg Rent/Mo
Madison	1 Bd 1.0 Ba	838	\$1,250
Station	1 Bd 1.0 Ba	868	\$1,350
Thomas	1 Bd 1.0 Ba	1,117	\$1,450
Thomas (4th Fl)	2 Bd 1.0 Ba	1,024	\$1,450
The Cottonwood	2 Bd 2.0 Ba	1,135	\$1,595
Cottonwood	2 Bd 2.0 Ba	1,232	\$1,675
Harvest	2 Bd 2.0 Ba	1,172	\$1,525
Lillian	2 Bd 2.0 Ba	1,240	\$1,750
Clift	3 Bd 2.0 Ba	1,513	\$1,950

**Remarks**

Station at Clift Farm is a 315-unit multifamily facility built in 2021. As of September 1, 2021, only 92 of the 315 units have been delivered. It offers one-, two-, and three-bedroom units ranging in size from 838 to 1,513 square feet. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, pet park, pet spa, gated/secure access, elevators, rooftop terrace, car charging station, and parcel lockers. Unit amenities include balcony/patio, ceiling fans, walk-in closets, wood vinyl, quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer. No utilities are included in rent. Trash removal and pest control are bundled above rent at \$25 per month. Water and sewer are bundled above rent at \$30, \$40, and \$50 for one-, two- and three-bedroom units per month, respectively. There are \$50 premiums for both pool-view and first-floor units. Private storage is available for \$25 - 65 per month. The community is currently offering a concession of a month free for two-bedroom units. The property began move-ins June 2021. At the time of the survey, occupancy was 22.9%.

**Lease Comparable 10  
The Collins**

**Property Identification - 18177**

**Property Name** The Collins  
**Property Type** Multifamily  
**Address** 1100 Enterprise Way  
**City, State, Zip** Huntsville, Alabama 35806  
**Occupancy** 98.8%  
**Confirmed By** Quintin Kauchick  
  
**Date of Confirmation** September/October 2021



**Physical Data**

**Rentable Area** 277,703  
**Year Built** 2020  
**Number of Units** 284  
**Property Amenities** Clubhouse, Business Center, Fitness Center, Pool, Barbeque/Picnic Area, Pet Park, Car Care Center  
**Unit Appliances** Refrigerator, Range/Oven, Dishwasher, Garbage Disposal, Microwave, Washer/Dryer  
**Utilities with Rent** None

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
A0	1 Bd 1.0 Ba	15	670	10,050	\$1,210	\$18,150	\$1.81	5%
A4L (Garage)	1 Bd 1.0 Ba	13	695	9,035	\$1,354	\$17,602	\$1.95	5%
A1	1 Bd 1.0 Ba	14	712	9,968				5%
A4U (Garage)	1 Bd 1.0 Ba	15	760	11,400	\$1,300	\$19,500	\$1.71	5%
A3 / A3 A	1 Bd 1.0 Ba	30	817	24,510				11%
A2	1 Bd 1.0 Ba	15	863	12,945				5%
A2 ALT 2	1 Bd 1.0 Ba	30	881	26,430				11%
A6U (Garage)	1 Bd 1.0 Ba	15	922	13,830	\$1,330	\$19,950	\$1.44	5%
A5U (Garage)	1 Bd 1.0 Ba	20	947	18,940	\$1,400	\$28,000	\$1.48	7%
B1	2 Bd 2.0 Ba	11	1,011	11,121				4%
B2	2 Bd 2.0 Ba	22	1,064	23,408	\$1,474	\$32,428	\$1.39	8%
B4L (Garage)	2 Bd 2.0 Ba	33	1,175	38,775	\$1,570	\$51,810	\$1.34	12%
B3	2 Bd 2.0 Ba	21	1,255	26,355	\$1,680	\$35,280	\$1.34	7%
B4U (Garage)	2 Bd 2.0 Ba	10	1,312	13,120	\$1,745	\$17,450	\$1.33	4%
C1L (Garage)	3 Bd 2.0 Ba	12	1,352	16,224	\$1,765	\$21,180	\$1.31	4%
C1U (Garage)	3 Bd 2.0 Ba	8	1,449	11,592	\$1,819	\$14,552	\$1.26	3%
<b>* Totals *</b>		<b>284</b>	<b>978</b>	<b>277,703</b>				<b>100%</b>

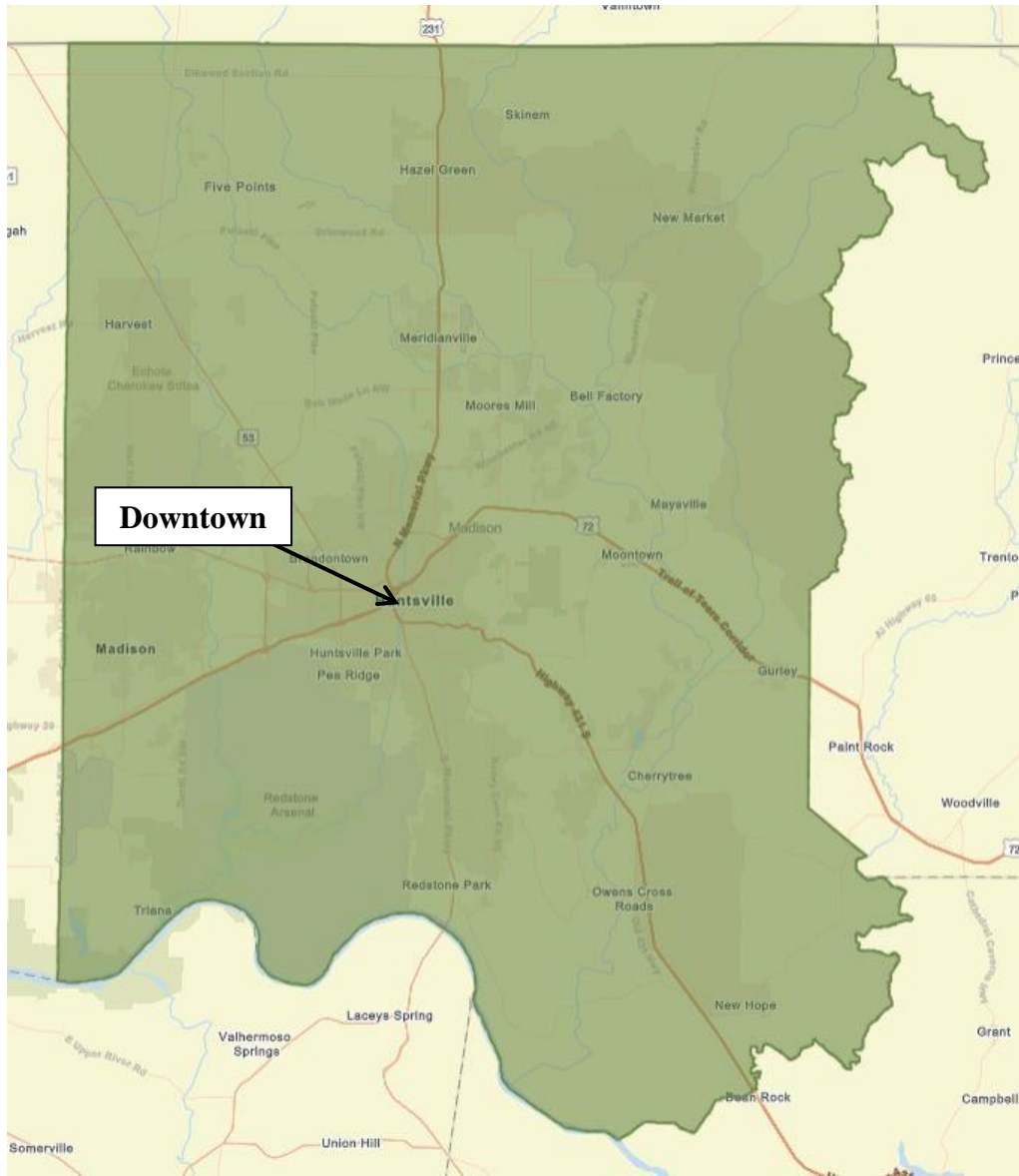
**Remarks**

The Collins is a 284-unit multifamily community built in 2020. It features one-, two-, and three-bedroom units ranging from 670 to 1,449 square-feet. Community amenities include a clubhouse, business center, fitness center, pool, barbeque/picnic area, pet park, and car care center. Units feature a balcony/patio, walk-in closets, ceiling fans, blinds, wood vinyl flooring, attached garage (some units), quartz countertops, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

No utilities are included in base rent. Trash removal and pest control are a combined fee of \$47 per month. First and third-floor units have a premium of \$20 per month. At the time of the survey, the community was 98.8% occupied. The community opened for move-ins in August 2020 and reached stabilized occupancy in February 2021. Phase II is comprised of 50 units and will begin delivering in January of 2022. Pre-leasing has begun for phase II at a \$50 premium over existing units.

***ADDENDUM B***  
***AREA ANALYSIS***

## ***Madison County Area Analysis***



### **Introduction**

Madison County was founded in 1808 and was named after James Madison, who was a Founding Father and the fourth president of the United States from 1809-1817. The county covers 813 square miles and has an estimated density of 468 people per square mile. Huntsville is the largest city and the county seat. The county's economy is largely based on aeronautic and engineering firms located in a large research park within the county. Military presence and incoming automotive manufacturing have set up Madison County for continued economic expansion.

Madison County is surrounded by Lincoln County, Tennessee to the north, Franklin County, Tennessee to the northeast, Jackson County to the east, Marshall County to the southeast, Morgan County to the southwest, and Limestone County to the west. The county is included in the Huntsville, AL metropolitan statistical area (MSA).



**Population and Demographics**

The information in this section was obtained through the U.S. Census Bureau and ESRI. Madison County continues to experience positive population growth as evidenced by the following:

<b>POPULATION AND HOUSEHOLDS: MADISON COUNTY</b>				
	2010	2021	Change	% Change
Total Population	334,811	388,971	54,160	16.2%
Total Households	134,700	158,267	23,567	17.5%
Source: Demographic and Income Profile, ESRI Site Analysis				

Total population and the total number of households have increased over the past 11 years.

The following chart provides historical population data as well as future projections by age for Madison County:

<b>MADISON COUNTY POPULATION PROJECTIONS BY AGE</b>					
<b>Total Number of Residents</b>					
Age	2010	2021	2026	Change 2021 - 2026	% Change
0-4	20,869	21,124	22,386	1,262	6.0%
5-9	21,285	22,512	23,180	668	3.0%
10-14	22,834	24,132	24,580	448	1.9%
15-19	24,777	24,463	25,922	1,459	6.0%
20-24	24,321	25,184	24,763	-421	-1.7%
25-34	43,958	54,337	54,732	395	0.7%
35-44	44,357	50,694	56,650	5,956	11.7%
45-54	53,816	48,085	48,540	455	0.9%
55-64	37,721	53,933	52,520	-1,413	-2.6%
65-74	23,151	38,124	45,062	6,938	18.2%
75-84	13,284	19,354	24,708	5,354	27.7%
85+	4,438	7,029	8,419	1,390	19.8%
<b>Total</b>	<b>334,811</b>	<b>388,971</b>	<b>411,462</b>	<b>22,491</b>	<b>5.8%</b>
<b>% Change</b>		<b>16.2%</b>	<b>5.8%</b>		
<b>Compounded annual growth rate (2010 to 2026)</b>			<b>1.3%</b>		
<b>Compounded annual growth rate (2021 to 2026)</b>			<b>1.1%</b>		
Source: Demographic and Income Profile, ESRI Site Analysis					

The county has experienced positive growth trends which are projected to continue through 2026. The largest increase in population is projected for the age groups between 65 and 84. The 65+ age cohorts represent the empty nester housing market. This is becoming a more important segment within the rental housing industry as seniors seek low maintenance lifestyles within a secured living environment.

The following table provides information on the working-age population within Madison County:

<b>MADISON COUNTY WORKING-AGE RESIDENTS</b>					
<b>Total Number of Residents</b>					
<b>Age</b>	<b>2010</b>	<b>2021</b>	<b>2026</b>	<b>Change 2021 - 2026</b>	<b>% Change</b>
20-24	24,321	25,184	24,763	-421	-1.7%
25-34	43,958	54,337	54,732	395	0.7%
35-44	44,357	50,694	56,650	5,956	11.7%
45-54	53,816	48,085	48,540	455	0.9%
55-64	37,721	53,933	52,520	-1,413	-2.6%
<b>Total</b>	<b>204,173</b>	<b>232,233</b>	<b>237,205</b>	<b>4,972</b>	<b>2.1%</b>
<b>% Change</b>		<b>13.7%</b>	<b>2.1%</b>		
<b>Compounded annual growth rate (2010 to 2026)</b>			<b>0.9%</b>		
<b>Compounded annual growth rate (2021 to 2026)</b>			<b>0.4%</b>		

Source: Demographic and Income Profile, STDB, Inc., ESRI Site Analysis.

The working-age population increased from 2010 to 2021 and will continue this trend through 2026.

The following table exhibits household growth within Madison County as well as expected future growth:

<b>HOUSEHOLD PROJECTION FOR 2021 to 2026</b>					
<b>MADISON COUNTY</b>					
				<b>% Household Change</b>	
<b>Year</b>	<b>2010</b>	<b>2021</b>	<b>2026</b>	<b>2010-2021</b>	<b>2021-2026</b>
<b>Total</b>	134,700	158,267	168,119	17.5%	6.2%
<b>Compounded annual growth rate</b>				<b>1.5%</b>	<b>1.2%</b>
<b>Average Size</b>	2.43	2.40	2.39		

Source: Site To Do Business

The number of households increased from 2010 to 2021 and is projected to continue this trend through 2026.

Households by size within Madison County are provided:

<b>HOUSEHOLDS BY SIZE IN MADISON COUNTY</b>		
<b>Tenure</b>	<b>2010</b>	
<b>Persons Per Household</b>	<b>Number</b>	<b>Percentage</b>
One Person	38,659	28.7%
Two People	45,125	33.5%
Three People	22,360	16.6%
Four People	17,646	13.1%
Five People	7,274	5.4%
Six People	2,425	1.8%
Seven or More People	1,212	0.9%
<b>Total</b>	<b>134,700</b>	<b>100%</b>

Source: ESRI, Market Profile, 2010

The majority of households within Madison County are one- or two-person households. Further, husband-wife families make up the majority of two-person households, as provided:

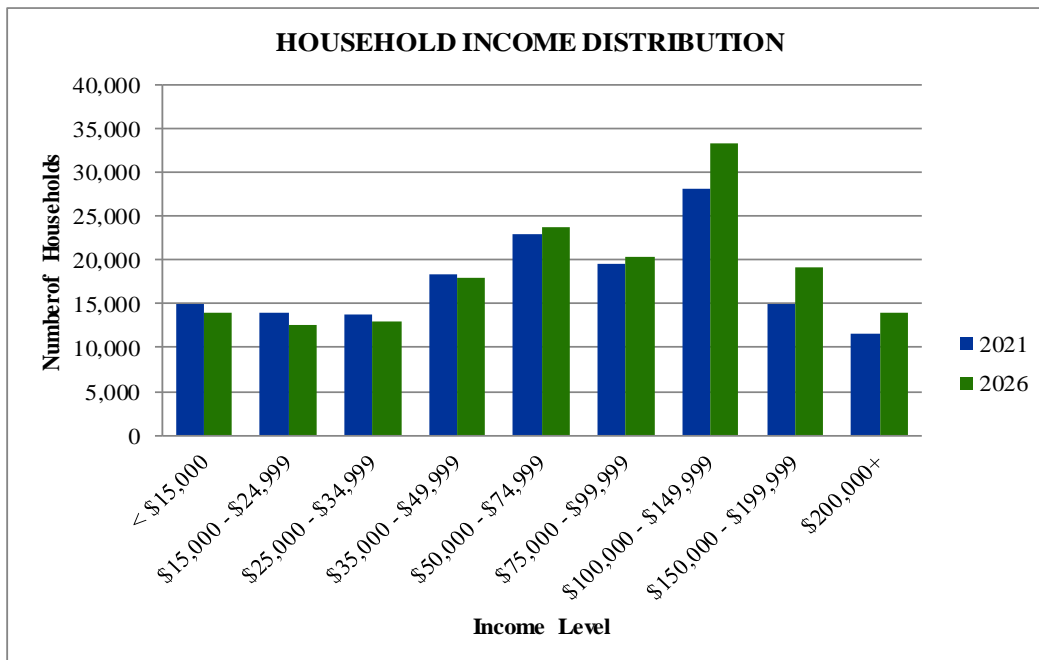
HOUSEHOLDS BY TYPE IN MADISON COUNTY	
Households with Two or More People	<b>71.3%</b>
Family Households	66.2%
Husband-wife Families	49.1%
With Related Children	21.7%
Other Family (No Spouse Present)	17.1%
Other Family with Male Householder	4.2%
With Related Children	2.3%
Other Family with Female Householder	12.8%
With Related Children	8.5%
Nonfamily Households	5.1%
Households with One Person	<b>28.7%</b>
<b>Total Households</b>	<b>100.0%</b>
Source: ESRI, Market Profile, 2010	

**Household Income**

The median household income in Madison County is provided:

MEDIAN HOUSEHOLD INCOME IN MADISON COUNTY	
2021	2026
\$68,166	\$77,680
Source: Age by Income Profile, ESRI Site Analysis	

More than 61% of households earn more than \$50,000 per year, the income levels typically associated with rental housing. The income distribution in Madison County is provided:



Households are generally projected to earn higher incomes by 2026.

**Near-Term Employment Expansion Summary**

Major employers in the region are expanding their footprint in Huntsville. New job openings from these major employers in the greater Huntsville region are anticipated to accelerate to over 12,000 new positions throughout 2021-2022 as detailed in the table below:

<b>Job Growth</b>		
<b>Employer</b>	<b>Employees</b>	<b>Year</b>
Mazda-Toyota Direct	4,000	2022
Mazda-Toyota Indirect	2,000	2022
Amazon	500	2021
Facebook	200	2022
FBI	4,000	2030
City Center	300	2022
Teledyne Brown	200	2022
565 Logistics Center	300	2021
Blue Origin	300	2021
BAE	300	2021
<b>Total</b>	<b>12,100</b>	<b>---</b>

A brief summary of the employment expansion is provided later in this section.

**Employment Trends**

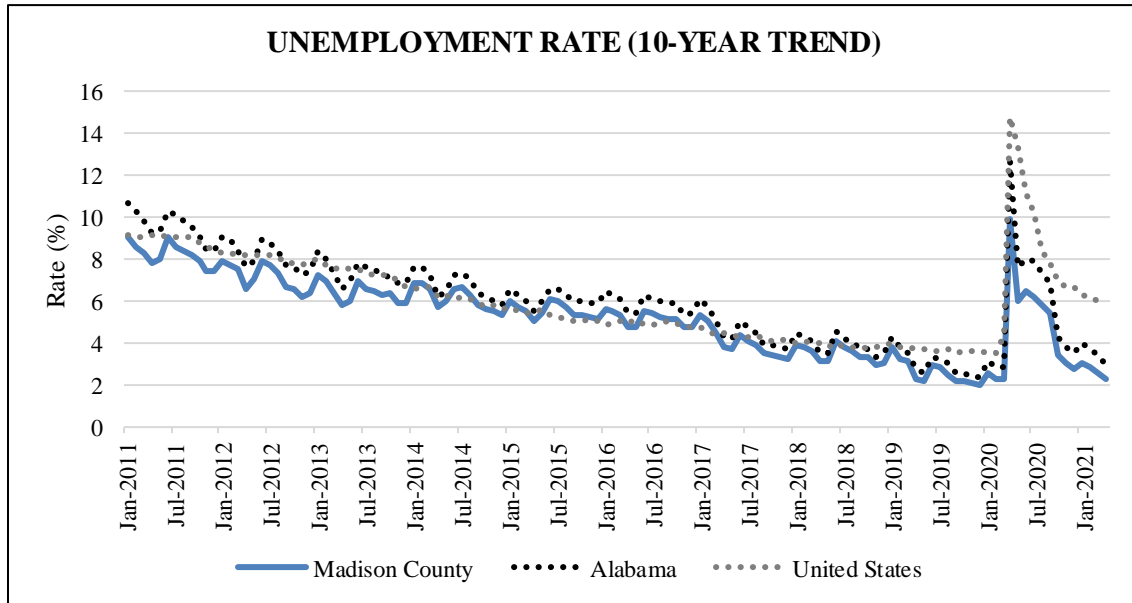
The civilian labor force is defined as all employed or unemployed persons 16+ years of age who are actively looking for work and available to accept employment. Persons in the Armed Forces or within institutional settings such as prisons, nursing homes, etc. are not counted within the civilian labor force. The trend in employment is provided:

<b>LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT DATA IN MADISON COUNTY</b>				
<i>Year</i>	<i>Civilian Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate (%)</i>
2021 YTD	190,704	186,383	4,321	2.3%
2020	187,247	178,579	8,668	4.6%
2019	184,941	180,126	4,815	2.6%
2018	180,767	174,517	6,250	3.5%
2017	175,368	168,333	7,035	4.0%
2016	172,125	163,288	8,837	5.1%
2015	170,473	161,071	9,402	5.5%
2014	170,377	159,923	10,454	6.1%
2013	171,178	160,213	10,965	6.4%
2012	170,324	158,207	12,117	7.1%
2011	171,679	157,588	14,091	8.2%
Source: Bureau of Labor Statistics				
YTD 2021 consists of data through Apr 2021; the data is not seasonally adjusted.				

The unemployment rate in Madison County has been decreasing over the past several years, despite that the labor force is increasing.

The unemployment rate in Madison County has been decreasing over the past several years, despite that the labor force is increasing. The employed population decreased by around 20,900 from February 2020 to April 2020 due to the impact of COVID-19 on businesses. By April 2021, the employed population had increased by around 23,900 from its April 2020 trough. The employed population will continue to increase as the economy recovers.

The county’s unemployment rate compared to the state and nation’s unemployment rate over the past 10 years is provided:



Madison County’s unemployment rate has generally mirrored the state and national unemployment rate over the past 10 years. As of April 2021, Madison County’s unemployment rate of 2.3% was lower than the state and national rates.

At-place employment refers to jobs that are filled and located within the same county. The trend in the market is presented:

AT-PLACE EMPLOYMENT IN MADISON COUNTY			
Year	Employment	Change	Percent
2020 YTD	208,031	1,898	0.9%
2019	206,133	5,794	2.9%
2018	200,339	4,637	2.4%
2017	195,702	4,024	2.1%
2016	191,678	4,957	2.7%
2015	186,721	4,091	2.2%
2014	182,630	1,122	0.6%
2013	181,508	3,066	1.7%
2012	178,442	585	0.3%
2011	177,857	-766	-0.4%
2010	178,623	-	-

YTD data is provided through Dec. 2020  
 Source: Department of Labor Statistics

The trend in the market was positive through 2019 as employment increased. The trend in the market was positive through 2019 as employment increased. From February to April 2020, at-place employment decreased by approximately 20,200 jobs due to the impact of COVID-19 on the economy. From April to December 2020 (most recent data available), at-place

employment increased by approximately 19,300 jobs. Employment recovery is projected to continue along a positive trajectory.

The following chart illustrates employment by sector with the most recent data for Madison County:

<b>MADISON COUNTY EMPLOYMENT BY INDUSTRY</b>		
<i>Industry Sector</i>	<i>Annual 2020 (Most Recent Data)</i>	
	<i>Jobs #</i>	<i>Jobs %</i>
Private sector	159,261	78.5%
Goods producing	29,421	14.5%
Natural resources and mining	419	0.2%
Construction	6,748	3.3%
Manufacturing	22,254	11.0%
Service providing	129,840	64.0%
Trade, transportation, and utilities	28,061	13.8%
Information	1,823	0.9%
Financial activities	6,111	3.0%
Professional and business services	54,442	26.8%
Education and health services	18,977	9.4%
Leisure and hospitality	17,198	8.5%
Other services	3,229	1.6%
Unclassified	#N/A	#N/A
Public sector	43,529	21.5%
Federal government	18,530	9.1%
State government	3,437	1.7%
Local government	21,562	10.6%
<b>TOTAL EMPLOYMENT</b>	<b>202,790</b>	<b>100.0%</b>
Source: Bureau of Labor Statistics		

The top three industry sectors in the county are the trade, transportation, and utilities industry, the education and health services industry, and the leisure and hospitality industry.

Employment totals by industry sector over the previous five years are provided:

MADISON COUNTY EMPLOYMENT BY INDUSTRY									
Industry Sector	Annual 2016	Annual 2017	% Chg	Annual 2018	% Chg	Annual 2019	% Chg	Annual 2020	% Chg
Private sector	150,307	153,648	2.2%	157,472	2.5%	162,845	3.4%	159,261	-2.2%
Goods producing	26,123	26,822	2.7%	27,356	2.0%	28,442	4.0%	29,421	3.4%
Natural resources and mining	335	356	6.3%	393	10.4%	417	6.1%	419	0.5%
Construction	5,155	5,487	6.4%	5,802	5.7%	6,325	9.0%	6,748	6.7%
Manufacturing	20,634	20,979	1.7%	21,162	0.9%	21,700	2.5%	22,254	2.6%
Service providing	124,183	126,826	2.1%	130,116	2.6%	134,402	3.3%	129,840	-3.4%
Trade, transportation, and utilities	27,655	27,660	0.0%	28,067	1.5%	28,992	3.3%	28,061	-3.2%
Information	2,143	2,086	-2.7%	2,062	-1.2%	2,008	-2.6%	1,823	-9.2%
Financial activities	5,659	5,785	2.2%	5,900	2.0%	6,031	2.2%	6,111	1.3%
Professional and business services	48,754	49,990	2.5%	51,377	2.8%	53,863	4.8%	54,442	1.1%
Education and health services	18,058	18,482	2.3%	19,057	3.1%	19,579	2.7%	18,977	-3.1%
Leisure and hospitality	18,700	19,550	4.5%	20,337	4.0%	20,443	0.5%	17,198	-15.9%
Other services	3,214	3,274	1.9%	3,317	1.3%	3,487	5.1%	3,229	-7.4%
Unclassified	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Public sector	41,370	42,054	1.7%	42,867	1.9%	43,289	1.0%	43,529	0.6%
Federal government	17,772	17,789	0.1%	17,840	0.3%	18,004	0.9%	18,530	2.9%
State government	3,165	3,204	1.2%	3,294	2.8%	3,293	0.0%	3,437	4.4%
Local government	20,433	21,061	3.1%	21,733	3.2%	21,992	1.2%	21,562	-2.0%
<b>TOTAL EMPLOYMENT</b>	<b>191,677</b>	<b>195,702</b>	<b>2.1%</b>	<b>200,339</b>	<b>2.4%</b>	<b>206,134</b>	<b>2.9%</b>	<b>202,790</b>	<b>-1.6%</b>

Source: Bureau of Labor Statistics

Madison County lies within Alabama Region 1 Workforce Council, which includes Franklin, Colbert, Cullan, De Kalb, Jackson, Lauderdale, Lawrence, Limestone, Marion, Marshall, Morgan, and Winston Counties. The following chart provides the total job growth for Region 1 through 2026:

REGION 1 OCCUPATIONAL PROJECTIONS				
Total Employment	2016	2026	Total Growth %	Total Growth
All Occupations	516,010	558,250	8.2%	42,240
<b>Compounded Annual Growth Rate</b>			<b>0.8%</b>	

Source: Alabama Department of Labor, Labor Market Information Division

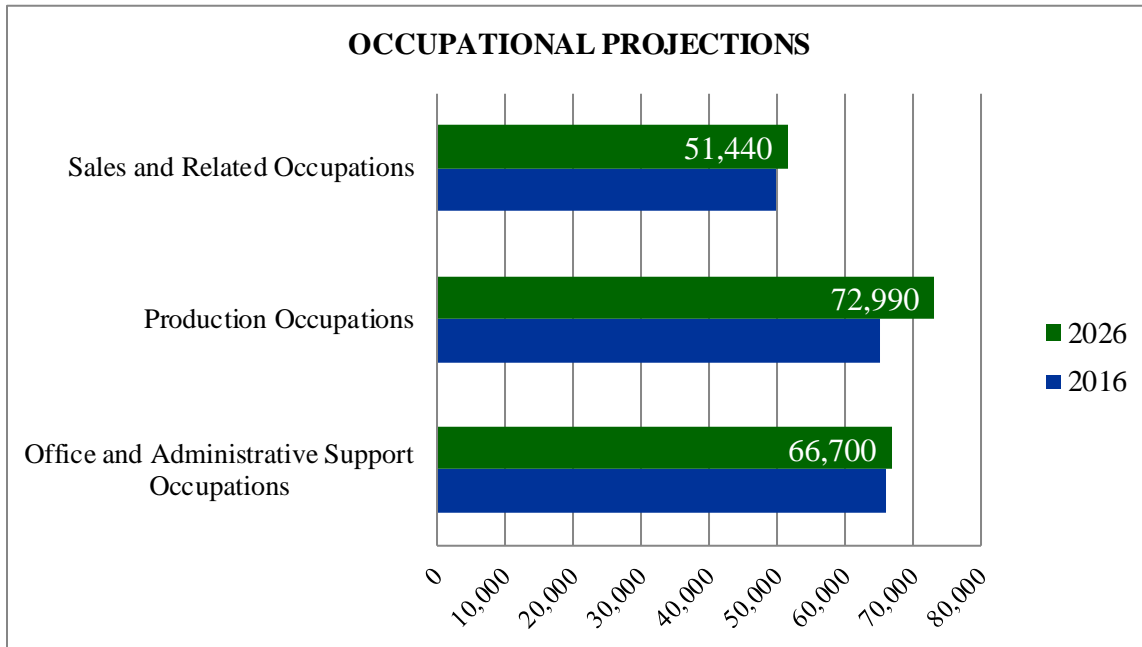
Jobs are projected to grow at an annual rate of 0.8% between 2016 and 2026. This amounts to an increase of over 42,000 total job openings.

The following chart illustrates the largest occupation categories and projected growth within those categories within the region:

REGION 1 OCCUPATIONAL PROJECTIONS				
Occupation Category	Employment		Total Growth %	Total Growth
	2016	2026		
Office and Administrative Support Occupations	65,860	66,700	1.3%	840
Production Occupations	65,060	72,990	12.2%	7,930
Sales and Related Occupations	49,770	51,440	3.4%	1,670
Food Preparation and Serving Related Occupations	38,560	42,370	9.9%	3,810
Transportation and Material Moving Occupations	36,660	38,950	6.2%	2,290
Management Occupations	31,470	34,050	8.2%	2,580
Healthcare Practitioners and Technical Occupations	26,980	30,540	13.2%	3,560
Education, Training, and Library Occupations	24,530	25,860	5.4%	1,330
Architecture Engineering Occupations	22,880	26,150	14.3%	3,270
Business and Financial Operations Occupations	22,460	24,720	10.1%	2,260

Source: Alabama Department of Labor, Labor Market Information Division

Office and administrative support occupations, production occupations, and sales and related occupations were the largest categories in 2016 and are expected to remain the largest through 2026.



The following chart shows the typical annual wages by occupation type for the Huntsville, AL MSA:

ANNUAL WAGE LEVEL BY OCCUPATION		
Occupation Type	Huntsville, AL MSA	Alabama
Management Occupations	\$129,950	\$110,040
Business and Financial Operations Occupations	\$88,700	\$74,820
Computer and Mathematical Occupations	\$99,370	\$86,720
Architecture and Engineering Occupations	\$103,200	\$90,900
Life, Physical, and Social Science Occupations	\$77,030	\$67,030
Community and Social Service Occupations	\$43,910	\$45,410
Legal Occupations	\$89,480	\$88,270
Education, Training, and Library Occupations	\$48,810	\$52,360
Arts, Design, Entertainment, Sports, and Media Occupations	\$52,420	\$47,480
Healthcare Practitioners and Technical Occupations	\$74,900	\$68,070
Healthcare Support Occupations	\$27,350	\$26,760
Protective Service Occupations	\$44,550	\$40,870
Food Preparation and Serving Related Occupations	\$22,110	\$21,870
Building and Grounds Cleaning and Maintenance Occupations	\$27,800	\$27,100
Personal Care and Service Occupations	\$26,370	\$26,160
Sales and Related Occupations	\$38,030	\$37,850
Office and Administrative Support Occupations	\$38,140	\$37,120
Farming, Fishing, and Forestry Occupations	\$27,950	\$33,300
Construction and Extraction Occupations	\$45,000	\$43,640
Installation Maintenance and Repair Occupations	\$48,840	\$48,920
Production Occupations	\$38,920	\$38,240
Transportation and Material Moving Occupations	\$32,500	\$34,550

Source: Bureau of Labor Statistics



The average annual wage level in the Huntsville, AL MSA is higher than that of the State of Alabama overall.

The following table illustrates the major employers in the area:

MAJOR EMPLOYERS IN MADISON COUNTY		
Company	Number of Employees	Industry
U.S. Army/Redstone Arsenal	44,000	Military
NASA/Marshall Space Flight Center	6,500	Government/Aerospace
Huntsville Hospital	6,341	Healthcare
Huntsville City Schools	3,000	Education
The Boeing Company	2,900	Aerospace
Madison County Schools	2,389	Education
SAIC	2,277	Research and Development
City of Huntsville	2,206	Government
University of Alabama in Huntsville	1,660	Education
ADTRAN, Inc.	1,549	Telecommunications
Technicolor	1,450	Technology
Toyota Motor Manufacturing Alabama, Inc.	1,350	Automotive
Hexagon US Federal	1,325	Software
Madison County Commission	1,242	Government
Alabama A&M University	1,207	Education
Northrop Grumman Corporation	1,100	Research and Development
KBRwyle	1,085	Research and Development
Dynetics, Inc.	1,038	Research and Development
Madison City Schools	976	Education
Polaris Industries	950	Utility Vehicle
Crestwood Medical Center	920	Healthcare
Alorica	800	Professional Services
Teledyne Brown Engineering	794	Research and Development
Lockheed Martin Corporation	764	Research and Development
PPG Aerospace	750	Aerospace
Sanmina	702	Electronics
Science and Engineering Services	692	Aviation
Redstone Federal Credit Union	681	Finance
Huntsville Utilities	642	Utilities
COLSA Corporation	635	Research and Development

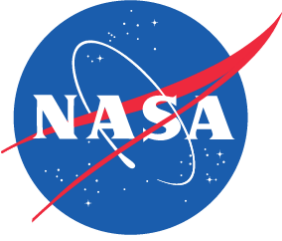
Source: Huntsville/Madison County Chamber of Commerce



Boeing is among the largest manufacturers of military aircraft and commercial jets worldwide. The company also manufactures satellites, launch vehicles, missiles, rotorcraft, and defense systems. As the country’s largest manufacturing exporter, Boeing supports airlines and US and allied government customers in over 150 countries. The company is headquartered in Chicago and employs over 140,000 people in more than 65 countries. Boeing employs approximately 2,900 individuals in Madison County.



Science Applications International Corporation (SAIC®) is a Fortune 500 scientific engineering company that primarily supports the government market. The company develops a wide range of products, including products that aid in military and intelligence agency operations. The company employs almost 2,300 individuals within Madison County.



*The George C. Marshall Space Flight Center* is the government's rocketry research center established in 1960. The center is located in Huntsville and consists of 170 primary facilities and 62 support facilities. NASA operations include transporting science experiments, equipment, and people into space and conducting related research. The space center has an annual budget of approximately \$2.6 billion. Marshall Space Flight Center employs 6,500 individuals within Madison County.

President Obama cancelled the Constellation program in 2011, which halted the production of the new \$9 billion space shuttle and rockets. These vehicles were intended to replace three space shuttles that were due for retirement. Huntsville's NASA facility continues to work at near pre-cancellation employment numbers and is a good indicator of growth. September 2011 brought the announcement that Huntsville NASA was to create the next and most powerful human-rated rocket. In January 2019, NASA loaded its new liquid hydrogen tank and oxygen tank onto a test stand in Huntsville to begin testing for the deep space rocket. It is the largest rocket stage ever built and will fuel NASA's journey to Mars. If Huntsville NASA can maintain its current pace, there will be a far higher possibility of funding for the future of NASA.

NASA's expertise is also being incorporated into private company plans such as those of Sierra Nevada. Sierra Nevada will be teaming with NASA to build what some have nicknamed "space taxis." Sierra Nevada named its shuttle the Dream Chase. The project's main goal is to develop the capability to transport astronauts and cargo to the International Space Station.

Marshall Space Flight Center is designing the propulsion system for the Space Launch System, the most powerful rocket ever built. The liquid oxygen tank can hold over 730,000 gallons of propellant and will connect with the liquid hydrogen tank, intertank, and forward skirt to create the 212-foot core stage. The SLS is meant for deep space missions, including to an asteroid and ultimately to Mars. To get there, it will require an advanced booster with more thrust than any U.S. liquid- and solid-fueled booster.

## **Economic Development**

### **Redstone Arsenal/Cummings Research Park**

Redstone Arsenal, located in southern Huntsville, was built in 1941 for ammunition production. The Arsenal manages weapon systems and conducts research and development on weapon systems to ensure operational readiness. Some of the main functions of the military base are to provide missile and aviation systems to troops and provide services and supplies to allies. Multiple defense programs exist in Redstone Arsenal today. These include the U.S. Army Aviation and Missile Command (AMCOM), the Space and Missile Defense Command, and major components of the Defense Intelligence Agency and the Missile Defense Agency. NASA's Marshall Space Flight Center and various tenant and satellite organizations are also located at the arsenal.

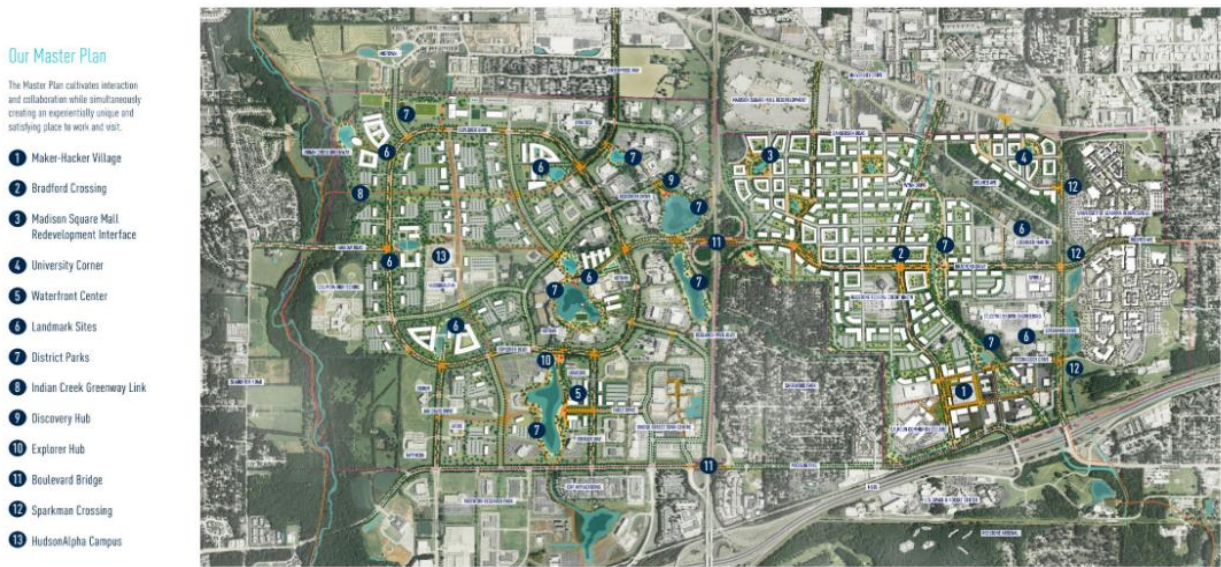
The population served includes 850 active-duty soldiers and over 15,000 retirees and their family members. Redstone encompasses 38,248 acres and 19 million square feet of building space. Redstone Arsenal employs approximately 44,000 individuals and is projected to grow to 50,000 employees by 2025. Annually, Redstone Arsenal contributes an economic impact of \$22 billion to the area through goods, services, and salaries.

The 2005 BRAC (military base realignment and closure) closed 25 military bases and another 24 were heavily downsized. Redstone Arsenal was a recipient of commands including the Army Material Command headquarters, Army Security Assistance Command headquarters, SMDC headquarters, Second Recruiting Brigade, Second Medical Recruiting Battalion and the location's first four-star general.

Redstone Arsenal maintains a close relationship with companies and contractors located within the Cummings Research Park.

The park is home to nearly 300 companies with more than 26,000 employees and 12,500 students. The park was originally created to be a central location for contracting firms working with Redstone Arsenal. The park was established in 1962 and has since expanded from 382 to 3,843 acres. Tenants include Lockheed Martin, Northrop Grumman, ADTRAN, and Teledyne Brown Engineering. Cummings Research Park is the foundation of Huntsville’s research and development sector. Strategically located near Redstone Arsenal and the University of Alabama Huntsville, the park is a vital part of the Huntsville region’s economy.

In June 2016, Cummings Research Park announced a master plan that will transform the park through 2025. The architecture and design firm, Perkins + Will, plans to turn the area into a vibrant urban center for high-tech research and development. The site plan is presented:

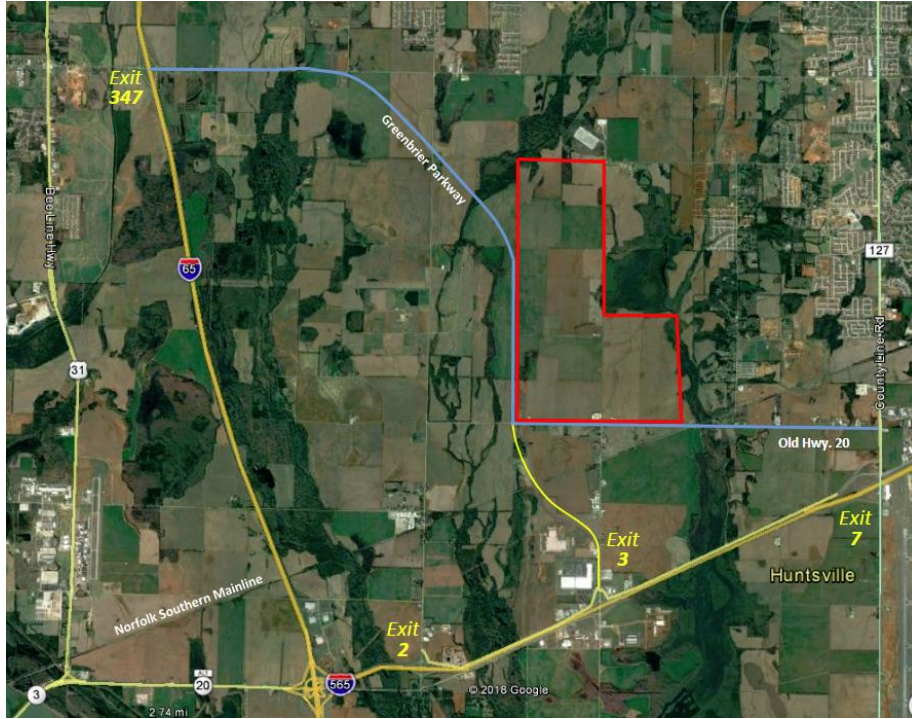


*Mazda-Toyota Plant*

In June 2021, Toyota and Mazda opened a \$1.6 billion auto manufacturing plant in Huntsville. The facility’s site spans 2,500 acres. The facility will create about 4,000 direct and 6,000 indirect jobs. Direct jobs will have an average salary of \$50,000. The plant will produce 300,000 vehicles annually. The company has already begun to move workers to the region to work at the facility and began hiring new employees in January 2020. Production will begin in 2021 yet the company will continue to hire on a rolling basis through 2022.

In August 2020, Toyota and Mazda announced plans to invest \$830 million in technology and training programs for the plant. This investment will accommodate production line enhancements to support the Mazda vehicle and design changes to the yet-to-be announced Toyota SUV.

The Mazda-Toyota plant will join a network of automobile manufacturers and the associated supply chain located throughout the south. Toyota has a partial Tier I and II supplier network in place. Mazda must built-out its supply-chain. Many of their Tier I and II companies are seeking sites in the region to construct their companies. The location map is provided:



The concentration of automotive facilities in the Southern US is known as the Southern Automobile Corridor. A map of the Southern Automobile Corridor is provided. The Mazda-Toyota plant has been added.



*Rocket Development*

In June 2021, the City of Huntsville approved a roughly \$325 million mixed-use project from Rocket Development Partners LLC in Huntsville. The project will consist of multiple phases and will include a hotel, multifamily housing, and retail space. The project is projected to finish by Q3 2025.

*Amazon*

In May 2021, Amazon announced plans for a Huntsville distribution center. The roughly 1 million square foot facility is projected to bring over 500 jobs to the area.

*Marshall Medical*

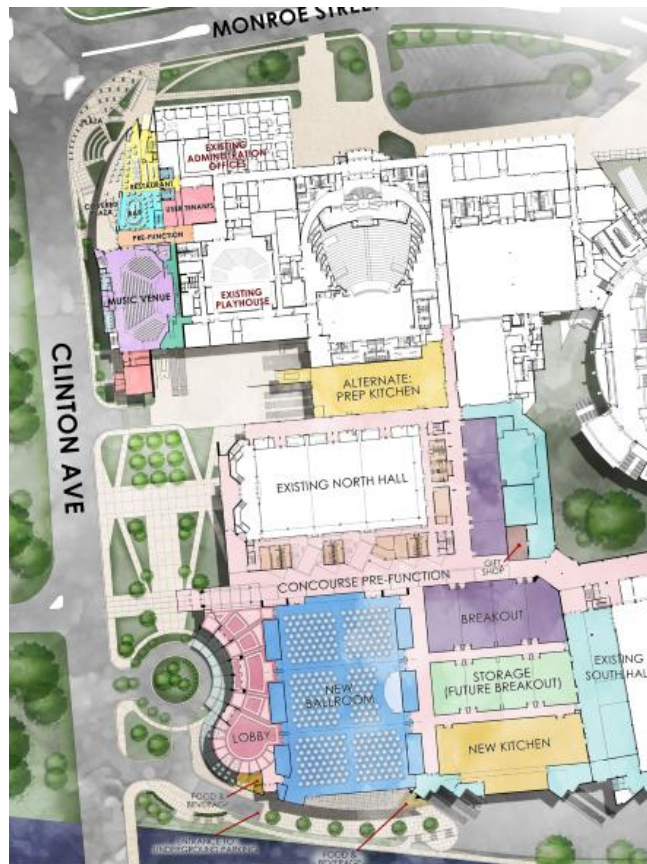
In April 2021, construction began on the renovation of Marshall Medical Center South. The roughly \$51 million project will add roughly 50 beds to the facility. It is projected to finish by 2024.

*Federal Bureau of Investigations (FBI) and Redstone*

The FBI has leased 1,600 acres on Redstone Arsenal to construct a second headquarters. With a \$1 billion investment, the new facility will focus on terrorism, ballistic devices, and emerging cyber threats. The first phase will be complete in 2021. Upon completion, 1,400 people will be transferred from the Washington D.C. headquarters to Huntsville. Over the next ten years, the FBI will create up to 4,000 jobs in the area.

*Hampton Inn, Autograph, and Curio Hotels*

In Fall 2019, a new 150-room Hampton Inn and Suites broke ground at Clinton Avenue and Monroe Street, near the Von Braun Center and was still under construction as of April 2021. The Autograph Hotel by Marriott, also located near the Von Braun Center, was still under construction as of February 2021. A third hotel, a Curio by Hilton Hotel on Jefferson Street, opened in June 2021. All three of these hotels will be located within one mile of the Von Braun Center. The new hotels are being constructed to make the Von Braun Center a more feasible location for larger events and conferences in the future. A site plan is provided:



*Toyota Field*

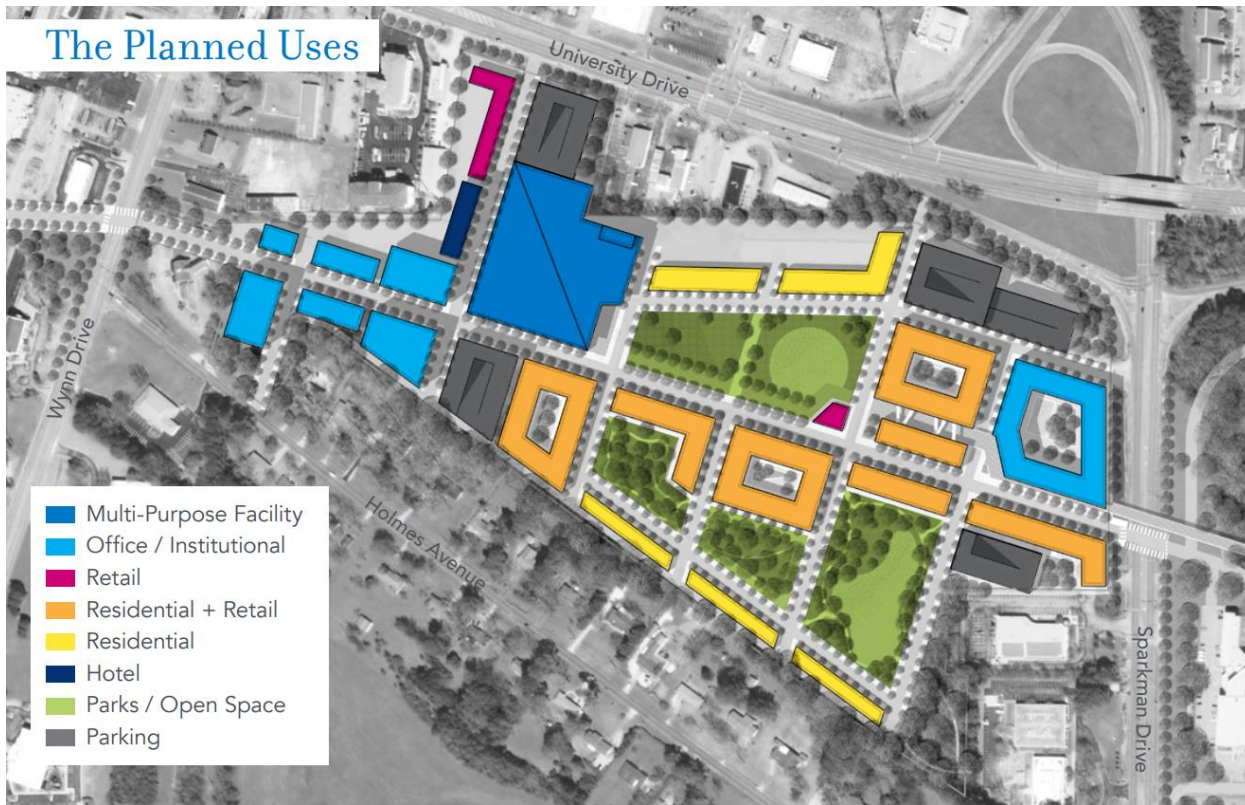
In February 2020, construction finished on the new Toyota Field Stadium in Town Madison. The new 82,328-square-foot, \$46 million baseball stadium will accommodate the Rocket City Trash Pandas, a local minor-league baseball team that is relocating from Mobile. The stadium will seat up to 7,000 people.

*City Centre at Big Spring* is a \$70-million mixed-use development currently under construction in downtown Huntsville. The project is being constructed in two phases. Phase I will contain 230 apartments, a 120 room AC by Marriott boutique hotel, and 38,000 square feet of retail space. The hotel opened for business in March 2019. Phase II will contain a Residence Inn with 100 rooms and additional retail or office space. The project is expected to bring 300 jobs to the downtown area. City officials indicated that the increase in hotel rooms will make the city significantly more marketable for business conferences. As of June 2021, Phase I was completed. An artistic rendering of the development is shown below:



*University of Alabama in Huntsville (UAH)*

In April 2021, UAH received approval from the University of Alabama System Board of Trustees for plans to develop a 58-acre mixed-use district oriented toward the life of students, faculty, and staff outside of the classroom. The new campus expansion will provide housing and lifestyle amenities such as dining, entertainment, events, performances, and outdoor recreation. The plan calls for 2,000 units devoted to student housing, 170,000 square feet of commercial retail, a 165,000-square-foot multipurpose facility, and 3.5 acres of parks, reservation, and open spaces. Below is a map of planned uses within the district:



#### *Huntsville Hospital*

In August 2018, the hospital announced a \$150 million expansion project. A new seven-story 380,000 square foot tower will be constructed along Gallatin Street with 24 operating rooms and 72 beds. The expansion is meant to accommodate future population growth in Huntsville that is driven by an expanding economic base. The new facility will largely house Orthopedic and Spinal care services and will free up more hospital beds in the main building. Construction was still unfinished as of June 2021.

#### *Teledyne Brown Engineering*

Teledyne Brown Engineering is currently constructing a 22,000 square-foot manufacturing facility in Cummings Research Park. The company recently secured a \$178 million federal contract to manufacture a submersible vehicle to be utilized by Navy SEAL Teams. The contract will be active through 2024.

In July 2020, the firm announced plans to expand one of its Huntsville facilities from roughly 200,000 to 255,000 square feet. The project is expected to generate around 100 jobs by 2022.

#### *Huntsville 565 Logistics Project*

An Atlanta-based Intersect Development Group broke ground on the Huntsville 565 Logistics Park in Fall 2020. Phase I of this development will include a 1,445,500-square-foot facility built upon 47 acres. This \$35 million project expects to create 300 jobs in e-commerce or local logistics and services. The project will be adjacent to GE Aviation, the Target distribution center, Polaris Manufacturing, and the new Mazda-Toyota factory.

#### *Blue Origin*

In January 2019, Blue Origin opened a new BE-4 manufacturing plant in Cummings Research Park with 200 workers and plans to employ another 300 by the end of 2021.

*BAE Systems*

In January 2020, BAE Systems opened a new 83,000 square-foot facility in Cummings Research Park. The facility is the first phase of a planned expansion and aims to employ approximately 300 by the end of 2021.

*Electro Optic Systems*

In October 2020, Electro Optic Systems (EOS), an Australian Aerotech and defense company, opened a factory in Huntsville. The facility is located at 2865 Wall Triana Highway. The company plans to hire up to 100 full-time workers in its first year of operation and eventually expand with more than 200 employees.

*Lockheed Martin*

In September 2019, Lockheed Martin announced an expansion in Cummings Research Park. The project will be at least a \$19.3 million investment and will be used to support the new Army contract for Long Range Hypersonic Weapon prototypes. The project will create 200 new jobs in Huntsville. Neither Lockheed nor the park had additional information as of June 2021.

*Facebook*

In June 2018, Facebook announced it will be building a new data center in Huntsville. The new facility will be over 970,000 square-feet in size and cost up to \$ 1 billion. The company estimates the data center will employ about 100 people with an average annual salary of \$80,000 once operational. The facility was projected to be complete in 2020 but construction has paused temporarily due to COVID-19. The site will be located on 340 acres in the North Huntsville Industrial Park.

*Boeing*

In October 2020, Boeing was awarded a \$249 million contract modification in support of the only operationally deployed missile defense capable of shielding the entire U.S. against long-range ballistic missile attacks. The system is designed to detect, intercept, and destroy long-range missiles during their midcourse phase of flight.

*HudsonAlpha*

In March 2021, HudsonAlpha announced it will invest roughly \$15 million into a new biotechnology campus. The project will consist of two parts – a roughly 90,000 square foot headquarters for Discovery Life Sciences and approximately 13,000 square feet of lab space for the HudsonAlpha Center for Plant Science and Sustainable Agriculture.

*Huntsville Amphitheater*

In February 2021, construction began on the Huntsville Amphitheater. The project will have roughly 8,000 seats and is expected to finish by April 2022. It is projected to cost roughly \$40 million.

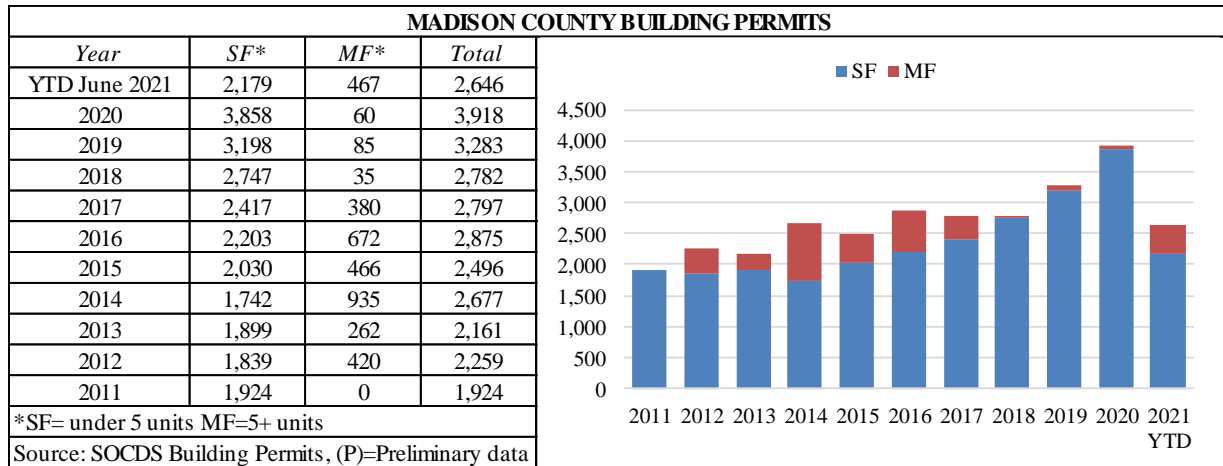
*Zierdt Road*

The improvement project to Zierdt Road is currently in its final phase. Two red lights were installed at Nature's Way and the southbound lanes are complete. However, the city plans to construct a 12-foot multiuse path on the west side, seven lanes at the intersection of Martin and Zierdt Road, and six lanes at the intersection of Madison Boulevard and Zierdt Road. Construction commenced in the fall of 2018 and is expected to be completed in 2021.



**Housing Market**

Residential building permits for Madison County are presented below:



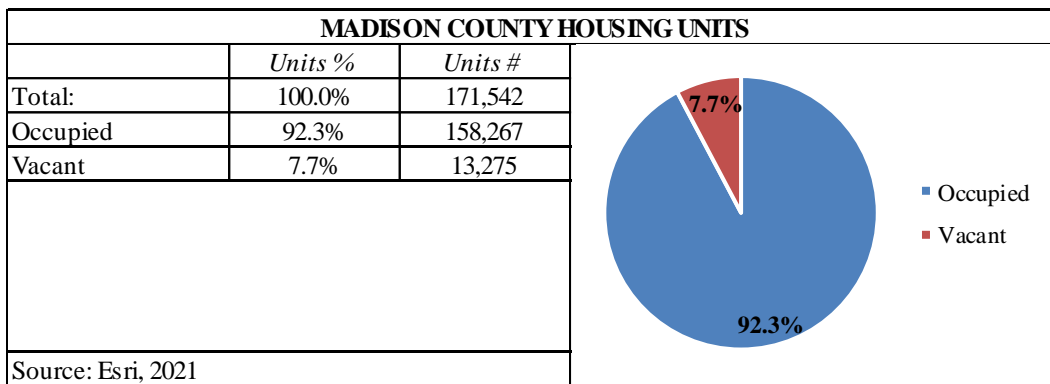
Residential development in the market has trended upward.

The median home price for Madison County is provided:

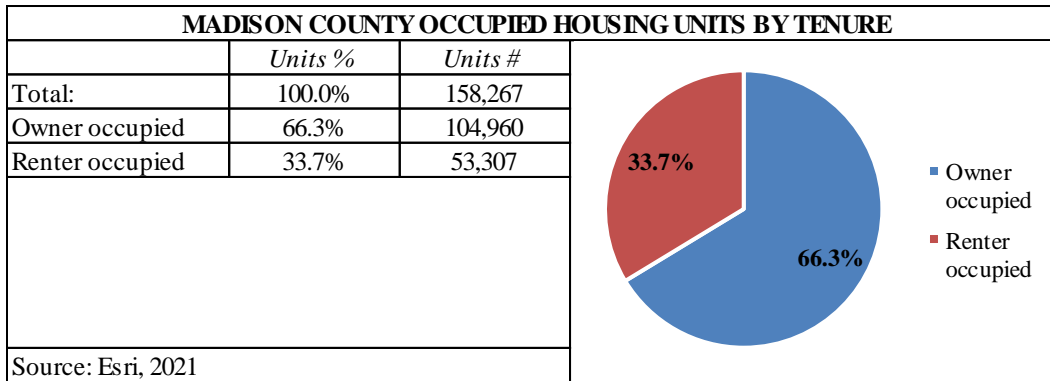
MEDIAN HOME PRICES FOR MADISON COUNTY	
2021	2026
\$213,915	\$248,881

Source: Housing Profile

The following table displays the occupancy and vacancy rates for the housing market in the county:



The vacancy rate includes all vacant homes regardless of their availability to be rented. Most housing units in the county are owner occupied. Rental housing includes all types of units such as apartments, duplexes, triplexes, manufactured housing, single-family homes, etc. The number of owner and renter occupied units for the area is provided:



**For Sale Housing Trends**

Single family housing statistics for Madison County are provided by the Huntsville Area Association of Realtors. Statistics for June 2021 and June 2020 are provided below:

The average sales price and homes sold rose from roughly \$249,000 to roughly \$326,000 in June 2021. Average days on market fell from 42 to 13 over the same period.

SINGLE-FAMILY HOUSING STATISTICS		
	Jun-20	Jun-21
Homes Sold	847	951
Avg. Sale Price	\$249,280	\$326,000
Avg. Days	42	13
Homes on Market	926	470

Source: Huntsville Area Association of Realtors

The average sale price rose from roughly \$249,000 in June 2020 to \$326,000 in June 2021. Average days on market fell from 42 to 13 over the same period.

**Medical**

The area is well serviced by the following major medical facilities:

MAJOR HOSPITALS IN MADISON COUNTY		
Facility	Beds	City
Huntsville Hospital	912	Huntsville
Crestwood Medical Center	183	Huntsville

Source: American Hospital Directory



Huntsville Hospital (HH) a full-service hospital with 912 beds serving as a regional center for North Alabama and Southern Tennessee. HH is the second largest hospital in Alabama and employs around 6,300 workers. The hospital sees an average of 62,000 patients and treats 163,000 emergency patients annually. Huntsville Hospital is a part of the Huntsville Hospital HealthCare System and is used as a teaching facility for UAB’s Family Practice and Internal Medicine Residency Programs. The system employs around 14,000 spread across North Alabama.

**Schools**



HUNTSVILLE CITY  
SCHOOLS

Huntsville City Schools educates more than 24,000 students across 43 public education facilities: 26 elementary schools, 11 middle schools, and six high schools. The district employs over 2,600 teachers, faculty, and staff members. The district had a per-pupil expenditure of over \$11,000 in the 2018 to 2019 school year.



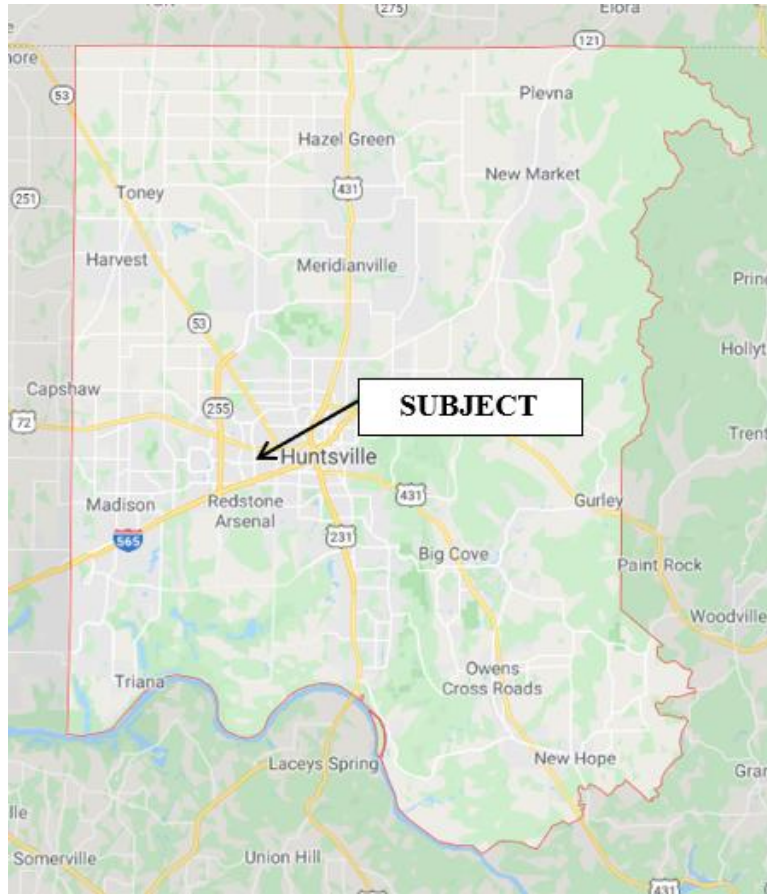
*The University of Alabama in Huntsville* (UAH) is a public university built in 1950. The campus encompasses over 53 buildings and 16 research centers. The university offers nearly 90 different degrees in nine colleges including engineering, science, business administration, and nursing. According to an economic impact study, the campus generates over \$475 million in economic impact for the state and \$21 million in tax revenues. It also contributes to nearly 3,900 jobs in the Huntsville MSA. UAH currently employs over 1,600 people and is a major employer in the county.

**Government**



Madison County has six districts with one commissioner elected per district. The board of commissioners is overseen by a Chairman and is voted on by the county as a whole. All commissioners serve four-year terms.

**Transportation**



*Highway Network*

The major roadways that service Madison County include Interstate 565 and U.S. Highways 231, 431, and 72. Huntsville serves as the main convergence point of the major highways in Madison County. Interstate 565 is an east-west interstate that connects Decatur to Huntsville. U.S. Highway 231 and U.S. Highway 431 are north-south arterials that connect Southern Madison County to Downtown Huntsville and continue through to Tennessee. U.S. Highway 72 is an east-west highway that allows Huntsville residents access to Athens. There are several state roads and county roads throughout the area providing local access to employment nodes, residences, and support services.

Travel patterns in the county provide an indication of where residents work and their commuting patterns. The typical modes of transportation are provided:

<b>TYPICAL MODE OF TRANSPORTATION</b>		
Mode of Transportation	Worker's Age 16+	
	Number	Percent
Drove Alone	150,637	88.1%
Carpooled	10,162	5.9%
Public Transit	300	0.2%
Walked	1,514	0.9%
Other Means	2,185	1.3%
Worked at Home	6,249	3.7%
Total	171,047	100.0%
Source: 2019 American Community Survey		

The majority of residents commute alone. Typical travel time provides an indication of the distance from employment residents live and/or the traffic congestion involved with their commutes. The typical travel time is provided:

<b>TYPICAL TRAVEL TIME</b>		
Travel Time	Worker's Age 16+	
	Number	Percent
Less Than 15 Minutes	39,195	23.8%
15 to 29 Minutes	82,808	50.2%
30 to 44 Minutes	33,365	20.2%
45 to 59 Minutes	6,479	3.9%
60 or More Minutes	2,951	1.8%
Total	164,798	100.0%
Source: 2019 American Community Survey		

Most residents have travel times less than 30 minutes. This suggests that a majority of the residents will live within urban or suburban areas.

*Public Transit*

The City of Huntsville public transportation system provides a daily bus service. The service has an extended weeknight that runs from 6 am through 9 pm. Saturday services run 7 am to 7 pm. It also provides a paratransit service for individuals with disabilities with the extended hours to match the current bus route. The city will be implementing a five-phase improvement plan to increase efficiency and get rid of disused stops. The first phase was implemented on July 1, 2019 and focused on changes to the bus network to reduce trip times and add more direct routes. Phases 2-5 will improve route frequency to 30 minutes or less through Huntsville’s entire transit network.

*Airport*

The Huntsville International Airport is located in southwestern Madison County. The airport has an 18-county service region and offers non-stop flights to locations ranging from Detroit to Denver.

In September 2018, Senator Richard Shelby announced that the Huntsville Madison County Airport Authority will receive a \$29.115 million federal Airport Improvement Program (AIP) grant from the US Department of Transportation. The growing airport recently added Silver Airways and Frontier Airlines to its list of commercial carriers. The funds will be used to build a new 4,600-foot taxiway which will allow increased accessibility and efficiency of air traffic flow.

Sierra Nevada Company, the manufacturer of the Dream Chaser space plane, is planning to begin landing the space plane at the airport in 2023. The plane will be used to transport NASA cargo. It will be the first airport licensed by the FAA for space planes.

**Conclusion**

Madison County is located in northern Alabama and is the third largest county by population in Alabama. This area has been steadily increasing in population over the past several years and is projected to increase through 2026. Currently, the area has become a hub for privatized aerospace projects, such as the EOS manufacturing facility, Boeing expansions, and AeroJet Rocketdyne manufacturing facility. Additionally, a new Toyota / Mazda manufacturing facility and FBI Headquarters are being constructed within Huntsville. These two developments alone are expected to bring up to 8,000 jobs to the area. Several large commercial developments are underway in the area to bring retail and entertainment space to support the expanding workforce.

***ADDENDUM C***  
***QUALIFICATIONS***



"Providing solutions & exceeding expectations through vision, integrity & excellence"

***Kay Kauchick, MAI***

President

**Value Tech Realty Services, Inc.**

240 Crystal Grove Boulevard

Lutz, FL 33548

813.948.0545 Phone

813.909.9338 Fax

***Certifications***

Member: Appraisal Institute (MAI No. 10510)  
NCHMA – National Council of Housing Market Analysts

State-Certified General Real Estate Appraiser in the following states:

- Alabama – G00706
- Arizona – 32204
- Arkansas – CG 4260
- Florida – RZ 2066
- Georgia – 251355
- Indiana – CG40700410
- Iowa – CG03490
- Kentucky – 003868
- Louisiana – G4460
- Maryland – 32466
- Michigan – 1205006024
- Mississippi – GA-813
- New Jersey – 42RG00194800
- New York – 46000052997
- North Carolina – A6711
- Ohio – 2006006410
- Pennsylvania – GA004330
- South Dakota – 1403CG
- Tennessee – 5891
- Texas – TX-1336610-G
- Virginia – 4001-015705

***Education***

Bachelor of Arts – Michigan State University with specializations in Tourism and Travel Management, Economics, and Marketing.

Mrs. Kauchick has successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and others. She is currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members. Mrs. Kauchick completed the HUD sponsored MAP training session in October 2000. She regularly updates her USPAP training and other education requirements as needed to maintain licensure in each state.

***Professional Experience***

Mrs. Kauchick is co-founder of Value Tech Realty Services, Inc. She is a real estate consultant and Member of the Appraisal Institute. Her consulting services cover a broad spectrum of industries including market analytics, economic evaluations and financial valuations with deliverables that include a variety of real estate related services such as appraisals, market studies, economic impact reports and investment consulting. Reports have been prepared for a variety of private and governmental entities including the U.S Department of Housing and Urban Development (HUD) including MAP applications, Fannie Mae, Freddie Mac, LIHTC and various Bond programs. Each report was prepared in conformance with its individual agency requirements and with adherence to USPAP.

Mrs. Kauchick has been actively engaged in real estate valuation and consulting since 1979 on national and international levels. Her background includes experience with the creation of economic development programs for third world countries utilizing tourism and real estate development as a stimulus for growth and detail market studies for private and public entities. She has assisted banks, international investment funds, and various profit and non-profit entities, evaluate investment opportunities. Her specialization has been within the housing, healthcare, multifamily, retail, office and hospitality industries. Clients served include accountants, investment firms, law firms, and lenders, private and public agencies. Valuations and market studies have been done on proposed, partially completed, renovated and existing structures.

Military-related work has been completed for the Navy, Air Force, Army, Army Core of Engineers, AAFES and developers providing services to each of the divisions. Economic and market program models have been created for the ability to evaluate various development scenarios. Demand studies were developed to interface with financial modeling programs in order to judge the highest and/or best use for military projects.

240 Crystal Grove Boulevard, Lutz, Florida 33548 · Phone 813-948-0545 · Fax 813-909-9338 · [www.gotovalue.com](http://www.gotovalue.com)



***ADDENDUM D***  
***ENGAGEMENT LETTER***



"Providing solutions & exceeding expectations through vision, integrity & excellence"

August 3, 2021

Mr. Chad Emerson  
Chief Executive Officer  
Downtown Huntsville, Inc.  
P.O. Box 471  
Huntsville, AL 35804  
[chad@downtownhuntsville.org](mailto:chad@downtownhuntsville.org)

RE: Multifamily Market Assessment for downtown Huntsville

Dear Mr. Emerson:

Downtown Huntsville is on target to create a dynamic live/work/entertain environment on par with other peer cities in the southern United States. Development density remains in the initial stages of growth. Therefore, you have asked Value Tech Realty Services, Inc. to assess the downtown core's development intensity and to provide recommendations with respect to the number of market-rate rental residential units the city should target. Included within the report will be achievable rental rates a developer should anticipate achieving if the proper project is delivered into the market.

To provide the market assessment requested, we propose the following Scope of Work:

1. Conduct a historical review of similar downtown/urban core development trends in peer cities to assess their development time lines and compare these to Huntsville current development pipeline;
2. Examine the region's employment trends to assess the type of jobs that are anticipated to attract new households into the region in general and downtown in specific;
3. Project propensity to rent factors based on trends in peer cities and the region overall;
4. Quantify current and known future supply additions to determine where voids exist in supply and determine the number of supportable units in the downtown sector;
5. Provide general guidelines with respect to project concept(s) for the downtown market;
6. Determine general rental rates for new rental housing in the downtown sector;
7. Prepare a written report that documents our findings.

The fee associated with the market study is \_\_\_\_\_ retainer is requested that provides the funding necessary to conduct the primary and secondary research. A preliminary draft of the research and conclusions will be issued for review prior to finalizing the document. The purpose of the review is to provide the opportunity for feedback and discussion of our findings. Corrections and/or additional explanations of the findings will be incorporated based on our discussions and a final report will be issued.

The time frame for a market study is typically five (5) weeks. This timeline is flexible. We encourage discussions with you as we move through the research and analytical process which could impact the timeline outlined for delivery of the final report.

We appreciate the opportunity to submit this proposal and would welcome the opportunity to work with you on this assignment. Please call me at (813) 948-0545 if you have any questions.

Mr. Chad Emerson  
Downtown Huntsville, Inc.

Page 2  
August 3, 2021

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.



Kay Kauchick, MAI  
President

Your signature along with a retainer in the amount of \_\_\_\_\_ authorizes our firm to complete this assignment. The retainer will be applied to the total fee. The balance of the fee will be due prior to issuance of the final report. It is understood that in the event any part of the fee or expenses is not delivered to Value Tech Realty Services, Inc., the proprietary interest in the research shall remain exclusively in Value Tech Realty Services, Inc. It is further understood that you, the client, shall be responsible for any fees or costs that may be incurred in an attempt to collect unpaid fees under this agreement.

Accepted by: \_\_\_\_\_



Mr. Chad Emerson,  
Chief Executive Office,  
Downtown Huntsville, Inc.

Date: \_\_\_\_\_

8/31/21