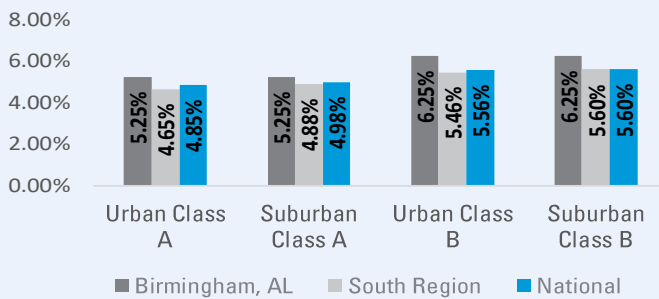


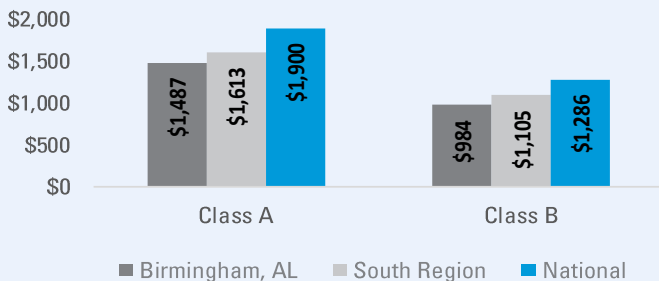
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▲	▼

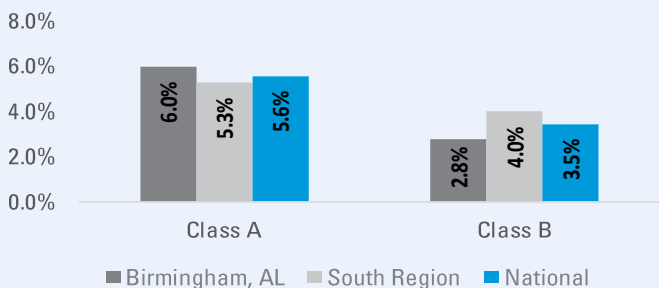
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



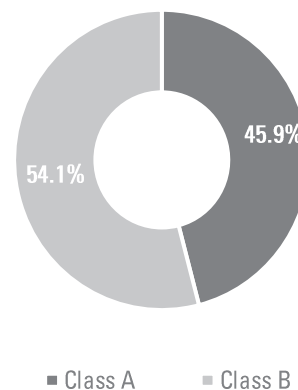
Vacancy Rates (%)



Birmingham, AL Multifamily Market Overview

The end of 2021 and start of 2022 in the Birmingham apartment market were marked with significant sales activity at peak pricing. Market participants in the multifamily sector have indicated that a significant slowdown occurred near the end of the 2nd quarter of 2022 as the 10-year treasury yield increased significantly from around 1.5% at the start of the year to nearly 3.5% in mid-June. While the 10-year treasury yield leveled off over the end of summer, it continued to increase in the Fall and exceeded 4% in October 2022. Despite changes in capital markets, the Birmingham apartment market continues to perform well, with effective rent reaching all-time highs to end 2021 at \$1,170 per unit with vacancy of 4.4%. Some of the stronger markets across Alabama, such as suburban Birmingham, Huntsville, and Baldwin County (Mobile) have remained strong and continued to see peak pricing. In particular, the Hoover submarket has been active, with a number of sales at pricing consistent with late 2021 and early 2022 price levels. However, there has been weakness in the secondary and tertiary markets throughout the state. Birmingham saw sales reach record high pricing levels with two sales exceeding \$300,000 per unit with Foundry Yards in the Downtown submarket and The Estelle along Lakeshore Parkway. The strength of the market will be tested over the near term due to the active listing of some of the highest quality and rental rate properties in the market including Thomas Jefferson Towers and The Pizitz located in downtown Birmingham. Activity at the start of 2023 will hinge significantly on movements in the treasury rate and the volatility in capital markets. Institutional investors in the market have adopted a "wait and see" mentality and will hold off on deploying capital in the market until the debt markets reach some level of stability. As interest rates continue to increase, most of the impact will be focused on Class A properties that generally sell at the lowest in-place cap rates and value-add transactions that are structured using short-term bridge loan debt financing.

Distribution of Total Inventory



48,765 Units
Multifamily Inventory

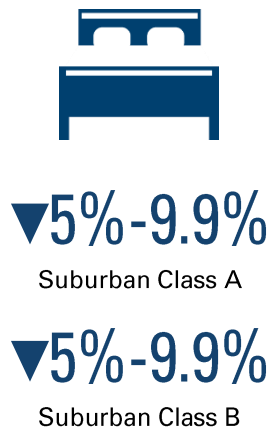
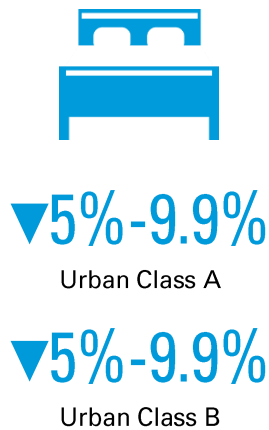
0.00% - 12 Mo. Proj.
Construction/Inventory

2023 BIRMINGHAM, AL MULTIFAMILY ANNUAL REPORT

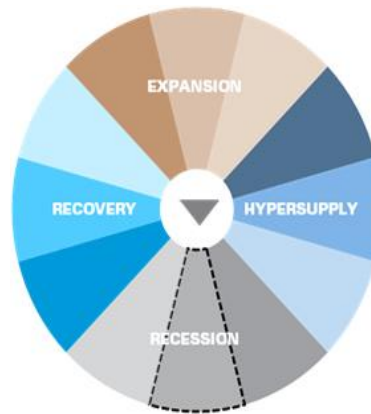
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Change In Value Next 12 Months



Market Cycle: Recession Stage 2



- Moderate/Low New Construction
- Low/Negative Employment Growth
- Low Absorption
- Low/Neg Rental Rate Growth
- Increasing Vacancy Rates

Forecasts

Birmingham, AL 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Discount Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Reversion Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Construction (Units)	0			
Market Rent Change	+3.00%	+3.00%	+3.00%	+3.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	In Balance			

Birmingham, AL 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+13.41%			
Change in Value	Decrease 3%-3.9%	Decrease 3%-3.9%	Decrease 3%-3.9%	Decrease 3%-3.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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