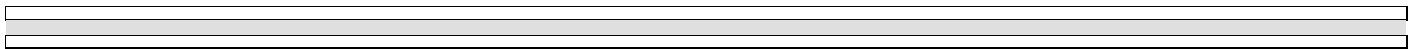
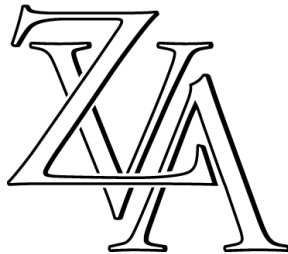

AN ANALYSIS OF
RESIDENTIAL MARKET POTENTIAL

City Center Study Area

City of Birmingham
Jefferson County, Alabama

December, 2018

Conducted by
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Residential Market Analysis Across the Urban-to-Rural Transect

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Residential Market Analysis Across the Urban-to-Rural Transect

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

City Center Study Area
City of Birmingham, Jefferson County, Alabama

December, 2018

INTRODUCTION

The purpose of this study is to determine the market potential and optimum market position for newly-introduced rental and for-sale housing units that could be developed within the City Center Study Area in the City of Birmingham, Alabama over the next five years.

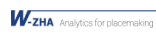
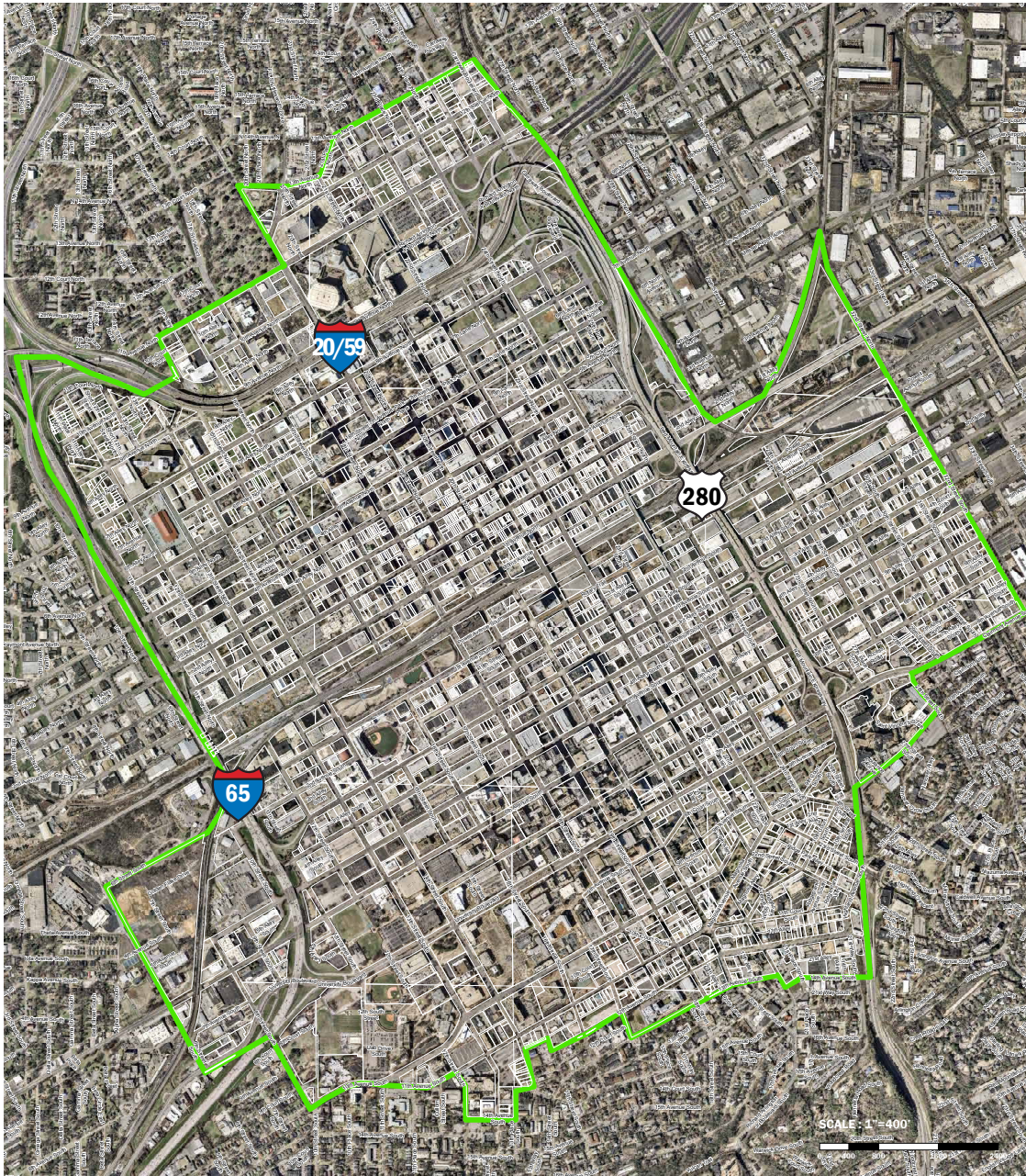
The optimum market position for new housing units in the Study Area has been derived from: the housing preferences, financial capacities, and lifestyle characteristics of the target households; the Study Area's location, visibility and physical attributes; the rental and for-sale housing market context in the City Center market area; and Zimmerman/Volk Associates' extensive experience with downtown development and redevelopment. For the purposes of this analysis, the boundaries of the Study Area extend to approximately 11th and 13th Avenues in the north, the railroad tracks and 32nd Street East in the east, follow an irregular boundaries in the south between approximately 10th and 14th Avenues South, and 6th Street South and Interstate 65 to the west. (*See map of Study Area following this page.*)

The extent and characteristics of the potential market for new housing units that could be developed within the City Center Study Area were identified using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when housing choices in the market are increased with new housing types that match the housing preferences and economic capabilities of the draw area households.

City Center Study Area
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City Center Master Plan Study Area Map



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In contrast to conventional supply/demand analysis, which is typically limited by supply-side dynamics and baseline demographic projection, target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw areas. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less frequently analyzed attributes such as lifestage, mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment where often no directly-comparable properties exist.

Based on the target market methodology, then, this analysis examined the following:

- Where the potential renters and buyers of new dwelling units that could be developed within the City Center Study Area currently live (the draw areas);
- How many households have the potential to move to the Study Area each year (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- Who are they and what they are like (the target markets);
- What are their current housing alternatives (the City Center market context);
- What are the rents and prices of new units that could be developed within the City Center Study Area that correspond to target household financial capabilities (optimum market position); and
- How quickly they will rent or purchase the new units (absorption forecasts).

The target market methodology is described in detail in the *METHODOLOGY* document, provided separately.

CITY-WIDE AVERAGE ANNUAL MARKET POTENTIAL _____

Analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is integral to the determination of the depth and breadth of the potential market for new housing units within the City of Birmingham and the City Center Study Area.

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An understanding of these mobility trends, as well as the socio-economic and lifestyle characteristics of households currently living within defined draw areas, is the first step in the analysis. The draw areas are derived primarily through household migration analysis (using the latest taxpayer data provided by the Internal Revenue Service). To refine the draw area for the city, the IRS migration data have been supplemented by population migration and mobility data for the City of Birmingham from the 2017 American Community Survey.

The most recent Jefferson County migration and mobility data—from taxpayer records compiled by the Internal Revenue Service from 2011 through 2015—and the 2017 American Community Survey for the City of Birmingham show that the draw areas for new and existing housing units in the city and the Study Area include the following:

- The primary draw area, covering households who live within the Birmingham city limits.
- The local draw area, covering households with the potential to move to the City of Birmingham from the balance of Jefferson County.
- The regional draw area, covering households with the potential to move to the City of Birmingham from Shelby, Tuscaloosa and St. Clair Counties.
- The national draw area, covering households with the potential to move to the City of Birmingham from all other U.S. cities and counties, particularly southeastern U.S. counties.

As derived from the migration, mobility and target market analysis, the draw area distribution of market potential (those households with the potential to move within or to Birmingham each year over the next five years) is as shown on the following table:

Average Annual Market Potential by Draw Area
City of Birmingham, Jefferson County, Alabama

| | |
|--|--------|
| City of Birmingham (Primary Draw Area): | 57.1% |
| Balance of Jefferson County (Local Draw Area): | 17.2% |
| Shelby, Tuscaloosa, and St. Clair Counties (Regional Draw Area): | 7.3% |
| Balance of US (National Draw Area): | 18.4% |
| Total: | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

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As determined by the target market methodology, which accounts for household mobility within the City of Birmingham, as well as migration and mobility patterns for households currently living in all other cities and counties, an annual average of 18,500 households represent the potential market for new and existing housing units within the city each year over the next five years. (NOTE: This number includes all households, not just households with incomes at or above \$50,000 per year, which was the calculation used in 2004.)

AVERAGE ANNUAL MARKET POTENTIAL FOR THE CITY CENTER STUDY AREA _____

The target market methodology identifies those households that prefer living in downtowns and walkable urban neighborhoods. After eliminating those segments of the potential city-wide market that have preferences for new or existing housing in more suburban or rural areas, the distribution of draw area market potential for new and existing housing units in City Center is summarized on the following table:

| Average Annual Market Potential by Draw Area CITY CENTER STUDY AREA <i>City of Birmingham, Jefferson County, Alabama</i> | |
|--|--------------|
| City of Birmingham (Primary Draw Area): | 56.8% |
| Balance of Jefferson County (Local Draw Area): | 13.7% |
| Shelby, Tuscaloosa, and St. Clair Counties (Regional Draw Area): | 3.8% |
| Balance of US (National Draw Area): | <u>25.7%</u> |
| Total: | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Based on the target market analysis, then, an annual average of 4,105 younger singles and couples, empty nesters and retirees, and compact families, with incomes over \$35,000 per year, represent the annual potential market for new and existing housing units of every kind within the City Center Study Area each year over the next five years (*see Table 1 following the text*).

The tenure (rental or ownership) preferences of these 4,105 draw area households show that approximately 49.5 percent of these households (or 2,032 households) comprise the annual potential market for new and existing rental units and the remaining 50.5 percent (2,073 households) comprise the market for new and existing for-sale (ownership) housing units.

City Center Study Area
City of Birmingham, Jefferson County, Alabama

December, 2018

The combined tenure and housing type propensities of the target 4,105 renter and owner households are outlined on the following table (*see again* Table 1 *following the text*):

| Tenure/Housing Type Propensities Average Annual Market Potential Households With Annual Incomes Above \$35,000 CITY CENTER STUDY AREA <i>City of Birmingham, Jefferson County, Alabama</i> | | |
|--|-------------------------|---------------------|
| HOUSING TYPE | NUMBER OF HOUSEHOLDS | PERCENT OF TOTAL |
| Multi-family for-rent (lofts/apartments, leaseholder) | 2,032 | 49.5% |
| Multi-family for-sale (lofts/apartments, condo/co-op ownership) | 345 | 8.4% |
| Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership) | 403 | 9.8% |
| Single-family detached for-sale (houses, fee-simple ownership) | <u>1,325</u> | <u>32.3%</u> |
| Total | 4,105 | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Excluding households with preferences for single-family houses, and potential buyer households with annual incomes below \$50,000, an annual average market potential of 2,420 households currently living in the defined draw areas represent the pool of potential renters and purchasers of new and existing housing units within City Center each year over the next five years. Based on the tenure and housing preferences of those 2,420 draw area households, the distribution of rental multi-family, for-sale multi-family, and for-sale single-family attached housing types is shown on the table following this page:

City Center Study Area
City of Birmingham, Jefferson County, Alabama

December, 2018

Average Annual Market Potential
 Renter Households With Annual Incomes Above \$35,000
 Buyer Households With Annual Incomes Above \$50,000
 CITY CENTER STUDY AREA
City of Birmingham, Jefferson County, Alabama

| HOUSING TYPE | HOUSEHOLDS | |
|---|------------------------|-------------|
| | NUMBER | PERCENT |
| Multi-family for-rent (lofts/apartments, leaseholder) | 2,032 | 84.0% |
| Multi-family for-sale (lofts/apartments, condo/co-op ownership) | 193 | 8.0% |
| Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership) | <u>195</u> | <u>8.0%</u> |
| Total | 2,420 | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

TARGET MARKET ANALYSIS

The aftermath of the housing crash has seen significant changes in market preferences from single-use subdivisions to mixed-use, walkable neighborhoods, particularly downtowns and in-town neighborhoods. The preference for urban living evidenced by both younger and older one- and two-person households has been a primary force in downtown redevelopment across the country,

These changes have been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 74 million), older singles and couples born between 1946 and 1964, and the estimated 88 million Millennials, younger singles and couples who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their lifestage—is unprecedented.

In addition to their shared preference for urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, the 21st century home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of

City Center Study Area
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homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families.

As determined by the target market analysis, and reflecting national trends, the annual potential market—represented by lifestage—for new rental and ownership housing units in the City Center Study Area is shown on the following table (*see also Table 2 following the text*):

Annual Market Potential By Lifestage And Housing Type

Renter Households With Annual Incomes Above \$35,000

Buyer Households With Annual Incomes Above \$50,000

CITY CENTER STUDY AREA

City of Birmingham, Jefferson County, Alabama

| HOUSEHOLD TYPE | PERCENT OF TOTAL | ... MULTI-FAMILY ... | | SINGLE-FAMILY ATTACHED |
|---|---------------------|----------------------|------------|---------------------------|
| | | FOR-RENT | FOR-SALE | |
| Empty-Nesters & Retirees | 17% | 14% | 30% | 38% |
| Traditional & Non-Traditional Families | 9% | 7% | 18% | 27% |
| Younger Singles & Couples | <u>74%</u> | <u>79%</u> | <u>52%</u> | <u>35%</u> |
| Total | 100% | 100% | 100% | 100% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Younger singles and couples represent nearly three-quarters of the market for new dwelling units in the Study Area. The younger market includes a variety of white-collar professionals, young entrepreneurs, artists, and knowledge workers, as well as entry-level office employees, waiters and waitresses, and other retail workers—*New Power Couples, New Bohemians, Cosmopolitan Elite, The VIPs, Fast-Track Professionals, Suburban Achievers, Suburban Strivers, Small-City Singles, and Downtown Couples*. These younger singles and couples prefer to live in downtowns and urban neighborhoods for their diversity, and for the availability of employment, entertainment, and cultural opportunities within walking distance of their residences. Among the other principal factors in the largest share of the market held by younger singles and couples are:

- Their higher mobility rates—young people tend to move much more frequently than older people;
- Their strong preference for rental apartments, in part because they have not saved sufficient funds for a down payment and in part because the collapse of the housing

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market during the Great Recession has made many of them skeptical about the value of owning versus renting; and

- The continued reduced mobility of empty nesters and retirees.

Sixty percent of the younger singles and couples that represent the market for new and existing housing units in the City Center Study Area would be moving from elsewhere in the city; just under 16 percent would be moving from the balance of Jefferson County and from the region; and approximately 24 percent would be moving from elsewhere in the United States.

At 17 percent of the annual potential market for new and existing housing units in the City Center Study Area, older households (empty nesters and retirees) represent the second largest share of the market. Most of these households have adult children who no longer live in the family home; many are enthusiastic participants in community life and are still actively involved in well-paying careers in the banking, legal and medical professions. These target groups range from the wealthiest households—the *One Percenters*, *Old Money*, and the *Social Register*, to the well-to-do *Urban Establishment*, *Affluent Empty Nesters*, *Suburban Establishment*, and *Second City Establishment*, to the financially-comfortable *Multi-Ethnic Empty Nesters*, *Cosmopolitan Couples*, *Mainstream Empty Nesters*, *Middle-American Retirees*, *Blue-Collar Retirees*, and *Middle-Class Move-Downs*.

Over 52 percent of the empty nesters and retirees would be moving from elsewhere within the City of Birmingham; 14.7 percent would be moving from the balance of Jefferson County; three percent currently live in one of the counties in the regional draw area; and the remaining 30 percent would be moving from elsewhere in the U.S.

Family-oriented households represent just nine percent of the market for new and existing dwelling units in the City Center. Households with children are now increasingly diverse and in many urban areas are largely non-traditional families. Heads of these households have banking careers and upper-middle management jobs, or are professionals in the medical and legal sectors. These households include *Corporate Establishment*, *Nouveau Money*, *e-Type Families*, *Button-Down Families*, *Unibox Transferees*, *Fiber-Optic Families*, *Late-Nest Suburbanites*, *Full-Nest Suburbanites*, *Kids 'r' Us*, *Multi-Cultural Families*, *Multi-Ethnic Families*, and *Uptown Families*.

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Nearly 49 percent of the family households are already living in the City of Birmingham, 26 percent live in the balance of Jefferson County and the regional draw area, and the remaining 25 percent would be moving from elsewhere in the U.S.

APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided in a separate document. The METHODOLOGY, APPENDIX ONE AND TWO, TARGET MARKET TABLES document describes how the target market groups for the City Center Study Area have been determined.

THE CURRENT CONTEXT

Summary supply-side information for the City Center market area (covering multi-family rental properties, and for-sale condominiums and for-sale single-family attached properties) is provided in tabular form following the text: Table 3, Summary of Selected Rental Properties, and Table 4, Summary of Selected For-Sale Multi-Family and Single-Family Attached Properties.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, has grown in importance as a value criterion. Walk Scores above 90 indicate a “Walker’s Paradise,” where daily errands do not require a car. Walk Scores between 70 and 90 are considered to be very walkable, where most errands can be accomplished on foot, and Walk Scores between 50 and 69 are regarded as somewhat walkable, where some errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all errands require an automobile.

All but two of the 23 rental properties listed on Table 3 have Walk Scores above 70, very walkable and most have Walk Scores of 80 or above. Two properties have scores in the 90s—the Goodall Brown Lofts on 1st Avenue North and Terrace Court on 20th Street South.

—Multi-Family Rental Properties—

Table 3 provides detailed information on the 23 surveyed rental properties, covering more than 3,000 dwelling units, and is summarized in the following text.

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—*Studios (10 properties)*—

- Rents for studios range between \$555 per month at The LaSalle on 11th Avenue South, to \$1,250 per month at 20 Midtown, on 10th Street South.
- Studios contain between 330 square feet at The LaSalle and 672 square feet at Parkside Apartments on 1st Avenue South.
- The studio rents per square foot range between \$1.66 at The Sheraton on Highland Avenue South and \$2.80 at LIV on Fifth on 5th Avenue South.

—*One-Bedroom Units (21 properties)*—

- Rents for one-bedroom apartments range from \$750 per month at The LaSalle and The Sheraton to \$2,260 per month at the Pizitz on 19th Street North.
- One-bedroom units range in size from 400 square feet at The Sheraton to 1,480 square feet at the Goodall-Brown Lofts on 1st Avenue North.
- One-bedroom rents per square foot range between \$0.98 at the Goodall-Brown Lofts, to \$3.22 at Thomas Jefferson Towers on 2nd Avenue North.

—*Two-Bedroom Units (20 properties)*—

- Rents for two-bedroom units range from \$820 per month for a two-bedroom/one-bath apartment at Park Place on 24th Street North, to \$2,700 per month for a two-bedroom/two-bath apartment at Thomas Jefferson Towers.
- Two-bedroom units range in size from 805 square feet for a two-bedroom/one-bath at Thomas Jefferson Towers, to 2,246 square feet at the Fix Play Lofts (two bedrooms/one bath).
- Two-bedroom rents per square foot fall between \$0.71 for two bedrooms and one bath at Fix Play Lofts on 1st Avenue North and \$2.23 at Parkside Apartments (two bedrooms/two baths).

—*Three-Bedroom Units (3 properties)*—

- Three-bedroom apartments are only offered at Park Place, with rental rates ranging between \$955 and \$1,495 per month, at the Venue at the Ball Park, with three-

bedroom rents at \$2,427 per month, and at Metropolitan Birmingham on 7th Avenue South, where three-bedroom rents range between \$2,810 and \$2,915 per month.

- Three-bedroom apartments at Park Place contain between 1,146 and 1,272 square feet, at the Venue at the Ball Park between 1,313 and 1,316 square feet, and between 1,566 and 1,781 square feet at Metropolitan Birmingham.
- Three-bedroom rents per square foot range between \$0.83 and \$1.18 at Park Place, \$1.84 to \$1.85 at the Venue at the Ball Park, and between \$1.64 and \$1.79 at Metropolitan Birmingham.

Most of the surveyed rental properties are at or close to functional full occupancy (less than five percent vacancy rate); only one is in the initial lease-up stage. Nearly all of the properties provide a range of community amenities, typically fitness centers, clubhouses or residents' lounges, and business centers.

—*Multi-Family For-Sale Properties*—

Table 4 provides pricing and unit sizes and configuration information for the multiple condominiums and two townhouses listed for sale as of November 2018. The Franklin, a 14-unit redevelopment of the former Franklin, Stiles & Franklin Grocery Company on 1st Avenue North, is marketing units priced between \$154,900 and \$509,900. Current listings range from a one-bedroom/one-bath loft with 451 square feet priced at \$154,900, \$343 per square foot, to a three-bedroom/two-bath unit with 1,634 square feet priced at \$439,900, \$269 per square foot. Another new construction listing in the core downtown is the Liberty House condominium, a three-bedroom/two-bath addition to the Liberty House Loft building priced at \$549,000 for nearly 1,900 square feet of living space (\$290 per square foot).

Pre-sales of the New Ideal condominiums, a 38-unit redevelopment of the New Ideal building on 2nd Avenue North, began in the summer of 2018. Current listings range in price from \$144,900 for a one-bedroom/one-bath unit containing 425 square feet (\$341 per square foot) to \$439,900 for a two-bedroom-two-bath unit with 1,570 square feet (\$280 per square foot).

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Thirty one- to three-bedroom condominiums are being built as part of the Lakeview Green mixed-use development at the site of the former Davis School on the corner of 4th Avenue South and 29th Street South. Current listings include a 562-square-foot one-bedroom/one-bath unit priced at \$209,999 (\$374 per square foot), two two-bedroom/two-bath condominiums containing nearly 1,100 square feet and priced at \$334,999 (\$305 per square foot), and a three-bedroom/three-bath unit at 1,685 square feet with an asking price of \$509,999 (\$303 per square foot).

Resale units in the Study Area have asking prices ranging from \$115,000 for a 625-square-foot, one-bedroom/one-bath condominium at Kingsridge Highland on 2nd Avenue North (\$184 per square foot) to \$458,000 for a three-bedroom/two-bath unit containing 2,118 square feet of living space (\$216 per square foot) at Morris Place on Morris Avenue. Only two townhouses are currently on the market—both contain two-bedrooms and two-and-a-half baths. One is located on 15th Avenue South and priced at \$339,900 (1,764 square feet of living space, \$193 per square foot) and the other is in Highland Park on 33rd Street South and is listed at \$239,000 for 1,178 square feet (\$203 per square foot).

OPTIMUM MARKET POSITION: CITY CENTER STUDY AREA

As noted above under AVERAGE ANNUAL MARKET POTENTIAL FOR THE CITY CENTER STUDY AREA, the proposed price points for new rental and ownership housing units that could be developed within the City Center Study Area are derived from the income and financial capabilities of the 2,420 target draw area households (renter households with annual incomes at or above \$35,000; buyer households with incomes at or above \$50,000).

—Multi-Family For-Rent Distribution by Rent Range—

An annual average of 2,032 households with incomes at or above \$35,000 per year represent the target markets for newly-constructed rental housing units within the City Center Study Area (*as shown on Table 5 following the text*). Supportable rent ranges have been established at 25 to 30 percent of the monthly gross incomes of those 2,032 households, yielding the distribution shown on the table following this page:

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New Multi-Family For-Rent
 Distribution by Rent Range
 Households With Annual Incomes Above \$35,000
 CITY CENTER STUDY AREA
 City of Birmingham, Jefferson County, Alabama

| MONTHLY RENT RANGE | HOUSEHOLDS PER YEAR | PERCENTAGE |
|-----------------------|------------------------|-------------|
| \$750–\$1,000 | 531 | 26.1% |
| \$1,000–\$1,250 | 448 | 22.1% |
| \$1,250–\$1,500 | 404 | 19.9% |
| \$1,500–\$1,750 | 269 | 13.2% |
| \$1,750–\$2,000 | 137 | 6.7% |
| \$2,000–\$2,250 | 108 | 5.3% |
| \$2,250–\$2,500 | 72 | 3.6% |
| \$2,500 and up | <u>63</u> | <u>3.1%</u> |
| Total: | 2,032 | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- The largest group of target renters are younger singles and couples, at over 79 percent of the market for new rental units within the City Center Study Area. Just over five percent have careers that provide them with the financial capacity to afford rents at or above \$2,250 per month, primarily *New Power Couples* and *New Bohemians*. Another 10.4 percent of the younger singles and couples represent the market for units with rents between \$1,750 and \$2,250 per month—*Cosmopolitan Elite* and half of the *Fast-Track Professionals*. Approximately a third—the rest of the *Fast-Track Professionals*, *The VIPs*, and *Suburban Achievers*—can afford rents between \$1,250 and \$1,750 per month. The remaining 52 percent would only be able to support rents between \$750 and \$1,250 per month—the *Suburban Striver* and *Small-City Singles*.
- Empty nesters and retirees represent 13.8 percent of the market for new rental units within the City Center Study Area. Just over 11 percent of the target empty nester and retiree market—*The One Percenters*, *Old Money*, *The Social Register*, *Affluent Empty Nesters*, and many of the *Urban Establishment*—have the incomes that enable them to support rents above \$2,250 per month. More than 16 percent are able to afford rents between \$1,750 and \$2,250 per month—*Urban Establishment*, *Suburban Establishment*, *Second-City Establishment*, *Multi-Ethnic Empty Nesters*, and *Mainstream Empty Nesters*. The largest group, at 37 percent, represent the market for new units with rents between \$1,250 and \$1,750 per month, predominantly *Mainstream Empty Nesters*, *Cosmopolitan Couples*, and *Middle-*

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American Retirees. Another 35 percent can support rents between \$750 and \$1,250 per month, *Middle-American Retirees, Blue-Collar Retirees, and Middle-Class Move-Downs.*

- Traditional and non-traditional families make up the remaining 7.1 percent of the market for new rental units within the City Center Study Area. Just under 15 percent of the family market can afford rents above \$2,250 per month (*Corporate Establishment, e-Type Families, Nouveau Money, Button-Down Families, and Fiber-Optic Families*). Over 22 percent can support rents between \$1,750 and \$2,250 per month (*Unibox Transferees and Late-Nest Suburbanites*) with an additional 32 percent that can pay between \$1,250 and \$1,750 per month—*Full-Nest Suburbanites, Kids ‘r’ Us, Multi-Ethnic Families, and Multi-Cultural Families*. The remaining 31 percent can only afford rents between \$750 and \$1,250 per month (*Uptown Families*.)

—Multi-Family For-Sale Distribution by Price Range—

An annual average of 193 households with incomes above \$50,000 per year represent the target markets for newly-constructed for-sale multi-family housing units within the City Center (*as shown on Table 6 following the text*). Supportable price points have been determined by assuming a down payment of 10 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 25 percent of gross income for each of the 193 annual households with incomes above \$50,000 per year that represent the annual potential for-sale multi-family market, yielding the distribution shown on the following table:

New Multi-Family For-Sale
 Distribution by Price Range
 Households With Annual Incomes Above \$50,000
 CITY CENTER STUDY AREA
 City of Birmingham, Jefferson County, Alabama

| PRICE RANGE | HOUSEHOLDS PER YEAR | PERCENTAGE |
|---------------------|---------------------|------------|
| \$150,000–\$200,000 | 20 | 10.4% |
| \$200,000–\$250,000 | 44 | 22.8% |
| \$250,000–\$300,000 | 46 | 23.9% |
| \$300,000–\$350,000 | 30 | 15.5% |
| \$350,000–\$400,000 | 24 | 12.4% |
| \$400,000–\$450,000 | 16 | 8.3% |
| \$450,000 and up | 13 | 6.7% |
| Total: | 193 | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

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- Younger singles and couples comprise a little over half of the market for new for-sale multi-family units (condominiums) within the City Center Study Area. Approximately 26.5 percent of the younger singles and couples, *New Power Couples*, the *New Bohemians*, and the *Cosmopolitan Elite*, have the income and assets to purchase new condominiums with base prices over \$350,000. A plurality, 47 percent, would be in the market for new units priced between \$250,000 and \$350,000 (*The Fast-Track Professionals* and the more affluent of the *VIPs*). The remaining majority, 26.5 percent, including the somewhat less affluent *VIPs*, can only afford new condominiums with base prices between \$150,000 and \$250,000.
- Empty nesters and retirees represent just under 30 percent of the market for new condominiums within the City Center Study Area. Over 28 percent of the empty nesters and retirees could afford new units priced over \$350,000, primarily the *One Percenters*, *Old Money*, the *Social Register*, *Affluent Empty Nesters*, the *Urban Establishment*, *Suburban Establishment*, *Second City Establishment*, and *Multi-Ethnic Empty Nesters*). Another 32 percent would be in the market for new condominiums with base prices between \$250,000 and \$350,000, including *Mainstream Empty Nesters* and some of the *Cosmopolitan Couples*. The remaining 40.4 percent could afford new condominiums priced between \$150,000 and \$250,000—*Cosmopolitan Couples* and *Middle-American Retirees*.
- Traditional and non-traditional families are the smallest market segment at approximately 17.6 percent of the market for new condominiums in the City Center Study Area. Approximately 41 percent could afford new units priced between \$150,000 and \$250,000—*Kids ‘r’ Us*, *Multi-Ethnic Families*, *Multi-Cultural Families*, and *Uptown Families*. Another 29.4 percent of the family households would be in the market for new condominiums with base prices between \$250,000 and \$350,000, *Unibox Transferees*, *Late-Nest Suburbanites*, and *Full-Nest Suburbanites*. Over 29 percent, *Corporate Establishment*, *e-Type Families*, *Button-Down Families*, and *Nouveau Money*, have the income and assets to purchase new condominiums priced over \$350,000.

—Single-Family Attached For-Sale Distribution by Price Range—

An annual average of 195 households with incomes above \$50,000 per year represent the target markets for newly-constructed single-family attached housing units (townhouses) within the City

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Center Study Area (as shown on Table 7 following the text). As with the for-sale condominiums, supportable price points for the townhouses have been determined by assuming a down payment of 10 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 25 percent of gross income for each of the 195 households that represent the annual potential townhouse market, yielding the distribution shown on the following table:

New Single-Family Attached For Sale
 Distribution by Price Range
 Households With Annual Incomes Above \$50,000
 CITY CENTER STUDY AREA
 City of Birmingham, Jefferson County, Alabama

| PRICE RANGE | HOUSEHOLDS PER YEAR | PERCENTAGE |
|---------------------|---------------------|-------------|
| \$150,000–\$200,000 | 15 | 7.7% |
| \$200,000–\$250,000 | 39 | 20.0% |
| \$250,000–\$300,000 | 48 | 24.7% |
| \$300,000–\$350,000 | 26 | 13.3% |
| \$350,000–\$400,000 | 25 | 12.8% |
| \$400,000–\$450,000 | 23 | 11.8% |
| \$450,000–\$500,000 | 10 | 5.1% |
| \$500,000 and up | <u>9</u> | <u>4.6%</u> |
| Total: | 195 | 100.0% |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- The largest group of target buyers of townhouses are the empty nesters and retirees, at nearly 38 percent of the market for new for-sale single-family attached units within the City Center Study Area. Over 24 percent of the empty nesters and retirees represent the market for townhouses with base prices above \$400,000, including *The One Percenters*, *Old Money*, the *Social Register*, *Affluent Empty Nesters*, *Urban Establishment*, and *Suburban Establishment*. Another 47 percent—*Second City Establishment*, *Multi-Ethnic Empty Nesters*, *Mainstream Empty Nesters*, and the *Cosmopolitan Couples*—could afford to purchase townhouses with base prices ranging between \$250,000 and \$400,000. The remaining 28.4 percent are able to purchase units priced between \$150,000 and \$250,000—primarily the *Middle-American Retirees*.
- At over a 35 percent share, the next largest group of target buyers of townhouses in the City Center Study Area is younger singles and couples. Approximately 27.5 percent represent the market for new townhouses with base prices between \$150,000 and \$250,000, the least affluent of *The VIPs*. The majority of this market—56.5 percent—the more affluent of *The*

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VIPs, the *Fast-Track Professionals*, and the *Cosmopolitan Elite*—are able to purchase new townhouses with base prices between \$250,000 and \$400,000. The remaining 15.9 percent have the income and assets that enable them purchase new units priced above \$400,000—*New Power Couples* and *New Bohemians*.

- Traditional and non-traditional families comprise 26.7 percent of the market for new townhouses within the City Center Study Area. A quarter of the target traditional and non-traditional families—primarily *Corporate Establishment*, *e-Type Families*, *Nouveau Money*, *Button-Down Families*, *Fiber-Optic Families*, and some of the *Unibox Transferees*—have the income and assets that enable them to purchase new townhouses with base prices above \$400,000. Just over 48 percent of the family market can afford base prices of new townhouses between \$250,000 and \$350,000 (the remaining *Unibox Transferees*, *Late-Nest Suburbanites*, *Full-Nest Suburbanites*, *Kids ‘r’ Us*, and *Multi-Ethnic Families*); and the remaining 26.9 percent can support base prices between \$150,000 and \$250,000 (*Multi-Cultural Families* and *Uptown Families*).

—OPTIMUM MARKET POSITION: CITY CENTER STUDY AREA—

As detailed in the preceding section, an annual average of 2,032 potential renters with incomes of \$35,000 or more per year, 193 potential condominium purchasers with incomes of \$50,000 or more per year, and 195 potential townhouse purchasers, also with incomes of \$50,000 or more per year, comprise the annual potential market for new rental and ownership housing units in the City Center Study Area over the next five years. The optimum market position for new housing in the City Center has therefore been developed based on a variety of factors, including but not limited to:

- The tenure and housing preferences, financial capabilities, and lifestages of the target households;
- The assets and amenities located throughout the City Center; and
- Current market area residential market dynamics.

Based on these factors, the optimum market position for new rental and for-sale housing within the City Center Study Area is summarized on the table following this page (*see also* Table 8 *following the text for greater detail*):

City Center Study Area
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Optimum Market Position
 Renter Households With Annual Incomes Above \$35,000
 Buyer Households With Annual Incomes Above \$50,000
CITY CENTER STUDY AREA
City of Birmingham, Jefferson County, Alabama

| HOUSING TYPE | UNIT RENT/PRICE RANGE | UNIT SIZE RANGE | BASE RENT/PRICE PER SQ. FT. |
|---|------------------------|-------------------|-----------------------------|
| MULTI-FAMILY FOR-RENT—84% | | | |
| Lofts | \$900 to \$1,550 | 350 to 850 sf | \$1.82 to \$2.57 |
| Apartments | \$1,000 to \$2,650 | 450 to 1,350 sf | \$1.96 to \$2.22 |
| MULTI-FAMILY FOR-SALE—8% | | | |
| Condominiums | \$195,000 to \$450,000 | 600 to 1,850 sf | \$243 to \$325 |
| SINGLE-FAMILY ATTACHED FOR-SALE—8% | | | |
| Townhouses | \$325,000 to \$590,000 | 1,200 to 2,000 sf | \$250 to \$271 |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Based on the mix of unit types, sizes, and rents/prices outlined in the optimum market position, the weighted average rents and prices for each of the housing types are shown on the table following this page:

Weighted Average Base Rents/Prices and Size Ranges
 Renter Households With Annual Incomes Above \$35,000
 Buyer Households With Annual Incomes Above \$50,000
CITY CENTER STUDY AREA
City of Birmingham, Jefferson County, Alabama

| HOUSING TYPE | WEIGHTED AVERAGE BASE RENTS/PRICES | WEIGHTED AVERAGE UNIT SIZE | WEIGHTED AVERAGE BASE RENTS/PRICES PER SQ. FT. |
|--|------------------------------------|----------------------------|--|
| MULTI-FAMILY FOR-RENT | | | |
| Lofts | \$1,155 | 513 sf | \$2.25 psf |
| Apartments | \$1,473 | 698 sf | \$2.11 psf |
| MULTI-FAMILY FOR-SALE | | | |
| Condominiums | \$306,750 | 1,093 sf | \$281 psf |
| SINGLE-FAMILY ATTACHED FOR-SALE | | | |
| Townhouses | \$387,500 | 1,498 sf | \$259 psf |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

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The proposed prices are in year 2018 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades. Location will have a significant impact on values, ranging from as much as a 10 percent premium on new properties located in the most walkable and amenity-laden areas to a reduction of up to five percent on new properties located in auto-dependent, less walkable parts of the City Center Study Area.

—MARKET CAPTURE—

Based on 30 years' experience employing the target market methodology in urban locations at every scale in 47 states, and given current economic conditions, Zimmerman/Volk Associates has determined that a capture of between 15 to 20 percent of the annual potential market for new multi-family rentals, and between approximately 10 to 12.5 percent of the annual potential market for new multi-family and single-family attached for-sale units could be achievable in the City Center Study Area.

Annual average absorption over the next five years within the City Center is forecast as shown on the table following this page (see again Table 8):

| Annual Forecast Absorption | | | |
|--|----------------------|---------------|-----------------------|
| Renter Households With Annual Incomes Above \$35,000 | | | |
| Buyer Households With Annual Incomes Above \$50,000 | | | |
| CITY CENTER STUDY AREA | | | |
| <i>City of Birmingham, Jefferson County, Alabama</i> | | | |
| HOUSING TYPE | NUMBER OF HOUSEHOLDS | CAPTURE RATES | ANNUAL UNITS ABSORBED |
| Multi-family for-rent | 2,032 | 15 – 20% | 323 - 372 |
| Multi-family for-sale | 193 | 10 – 12.5% | 20 - 24 |
| Single-family attached for-sale | <u>195</u> | 10 – 12.5% | 20 - 24 |
| Total | 2,420 | | 363 - 420 units |

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Based on these capture rates, the City Center Study Area should be able to absorb between 363 and 420 new rental and for-sale housing units per year each year over the next five years, or a total of 1,815 to 2,100 units over the five year timeframe.

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New housing units, configured according to target market preferences, can not only attract new households to the City Center Study Area and to the City of Birmingham, but can also provide appropriate alternatives to households that, due to a change in household composition or economic status, might otherwise have moved out.

The capture rates of the annual potential market used here fall within the target market methodology's parameters of feasibility.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of feasibility. Target market capture rates are not equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a property or study area is more precisely defined using the residential target market methodology, a substantially smaller number of households are qualified; as a result, target market capture rates are higher than the more grossly-derived penetration rates. The resulting higher capture rates remain within the range of feasibility.

—BUILDING AMENITIES—

New buildings in the City Center Study Area should include 21st century urban amenities, with a technology focus, including an emphasis on “the internet of things” enabling remote access to HVAC,

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appliances, lighting and security. Particularly important would be features designed to help residents control energy usage and utility costs, such as:

- Internet-enabled thermostat;
- Energy-Star HVAC and appliances;
- Internet-enabled lighting and outlets;
- USB charging outlets in the kitchen and master bedroom; and
- Built-in LED lighting.

Amenities in larger buildings could include a small fitness center with treadmills, bikes, Stairmasters, and free weights; a small business center; outdoor and indoor community gathering spaces, *e.g.*, Wi-Fi café, bar and kitchen. The kitchen could be designed as a demonstration chef's kitchen with adjoining dining area that could be leased for dinner parties, or used by local chefs. Outdoor spaces should include a fire pit or other focal gathering points.

Other community amenities that are not very expensive to provide but are highly attractive to the target markets include storage units, secure bicycle storage with bicycle repair and maintenance room, or “velo room,” including a repair stand, standard bike tools and air pumps, and recycling bins in the mail room. Because dogs have now become the equivalent of urban children, a dog washing station should also be provided.

CITY CENTER BUILDING AND UNIT TYPES

Building and unit types most appropriate for the City Center Study Area include:

—MULTI-FAMILY BUILDINGS—

- Courtyard Apartment Building: In new construction, an urban-scale, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is at minimum three, and typically four or more stories, often combined with non-residential uses on the ground floor, or with a ground floor configured for later conversion from residential to retail use. The building should be built to the sidewalk edge and when the ground-floor serves a permanent residential use it should be elevated significantly above grade to provide privacy and a sense of security. Parking is either below grade, at grade behind or in a parking courtyard, or in an integral structure.

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- Liner Building: An apartment building with apartments and/or lofts lining two to four sides of a multi-story parking structure. Units are typically served from a single-loaded corridor that often includes access to parking. Ground floors typically include a traditional apartment lobby and can also include maisonette apartments, retail or some combination of the two.
- Loft Apartment Building: Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.
- Mansion Apartment Building: A two- to three-story flexible-use structure with a street façade resembling a large detached or attached house (hence, “mansion”). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for downtown locations. Because of the small number of units, mansion buildings are particularly well-suited to condominium development since meeting pre-sales financing requirements is less challenging. The mansion building can also accommodate a variety of uses—from apartments, professional offices, any of these uses over ground-floor retail, a bed and breakfast inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives. The form of the parking can be in open lots, in garages with units above, or integral to the building.

Mansion buildings should be strictly regulated in form, but flexible in use. However, flexibility in use is somewhat constrained by the handicapped accessibility regulations in both the Fair Housing Act and the Americans with Disabilities Act.

- Mixed-Use Building: A pedestrian-oriented building, either attached or free-standing, with apartments and/or offices over flexible ground floor uses that can range from retail to office to residential.
- Podium Building: An apartment building construction type with three to five stories of stick-frame residential units (lofts or apartments) built over one or two levels of above-grade

structured parking, usually constructed with reinforced concrete. With a well-conceived street pattern, a podium building can include ground-level non-residential uses lining one or more sides of the parking deck.

—MULTI-FAMILY UNIT TYPES—

- Apartments: More conventionally-finished single-level units, typically with completely-partitioned rooms.—trim, interior doors, kitchens and baths are often fitted out with higher-end finishes and fixtures than in lofts.
- Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of hard lofts, such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.
- Microlofts: Several cities across the country are changing minimum unit size requirements as part of a strategy to attract young knowledge workers with contemporary yet affordable units. Millennial knowledge workers have responded positively to efficiency units as small as 220 square feet, often leasing out new micro loft projects within a matter of days.
- Mezzanine lofts: Lofts with an additional half level, the mezzanine, that typically occur only on the uppermost full floor of a multi-family building. The main double-height space—with at least 16-foot ceilings—should have large, two-story windows. The kitchen and often a half bath are on the main level, at least one full bath is located on the mezzanine.

—SINGLE-FAMILY ATTACHED—

- Townhouses: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban rowhouses/townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk. The rowhouse, as distinct from the townhouse, typically has a uniform front façade and cornice height.

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- Duplexes: Two-unit townhouses with the garages—either attached or detached—located to the rear of the units. Like the rowhouses, urban duplexes conform to the pattern of streets, typically with shallow front-yard setbacks. In a corner location, duplex units can each front a different street.
- Live-work is a unit or building type that accommodates non-residential uses in addition to, or combined with living quarters. The typical live-work unit is a building, either attached or detached, with a principal dwelling unit that includes space that can be used as office, retail, or studio space, or as an accessory dwelling unit. Regardless of the form they take, live-work units should be flexible in order to respond to economic, social and technological changes over time and to accommodate as wide as possible a range of potential uses. The unit configuration must also comply with the requirements of the Fair Housing Amendments Act and the Americans with Disabilities Act.



Table 1

Annual Market Potential

Annual Average Number Of Draw Area Households With The Potential
To Move To The City Center Study Area Each Year Over The Next Five Years
Households With Annual Incomes Above \$35,000

City Center Study Area

City of Birmingham, Jefferson County, Alabama

*City of Birmingham; Balance of Jefferson County;
Shelby, Tuscaloosa, and St. Clair Counties, Alabama; and Balance of the United States
Draw Areas*

Annual Target Market Households
With The Potential To Rent/Purchase In the
City of Birmingham, Jefferson County, Alabama 18,500

Annual Target Market Households
With The Potential To Rent/Purchase In The
City Center Study Area 4,105

City Center Average Annual Market Potential

| | <i>Multi- Family</i> | | <i>Single- Family</i> | | |
|----------------------------|--------------------------------------|-----------------|---------------------------------------|-----------------------|--------------|
| | <i>For-Rent</i> | <i>For-Sale</i> | <i>.. Attached ..</i> | <i>.. Detached ..</i> | <u>Total</u> |
| | <u>For-Rent</u> | <u>For-Sale</u> | <u>All Ranges</u> | <u>All Ranges</u> | |
| Total Households: | 2,032 | 345 | 403 | 1,325 | 4,105 |
| <i>{Mix Distribution}:</i> | 49.5% | 8.4% | 9.8% | 32.3% | 100.0% |

**City Center Average Annual Market Potential
(Excluding Single-Family Detached)**

| | <i>Multi- Family</i> | | <i>Single- ... Family ...</i> | |
|----------------------------|--------------------------------------|-----------------|-----------------------------------|--------------|
| | <i>For-Rent</i> | <i>For-Sale</i> | <i>.. Attached ..</i> | <u>Total</u> |
| | <u>For-Rent</u> | <u>For-Sale</u> | <u>All Ranges</u> | |
| Total Households: | 2,032 | 345 | 403 | 2,780 |
| <i>{Mix Distribution}:</i> | 73.1% | 12.4% | 14.5% | 100.0% |

NOTE: Reference Appendix One, Tables 1 Through 11.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 2

Annual Market Potential By Lifestage And Housing Type
 Annual Average Number Of Draw Area Households With The Potential
 To Move To The City Center Study Area Each Year Over The Next Five Years
 Households With Annual Incomes Above \$35,000

City Center Study Area

City of Birmingham, Jefferson County, Alabama

| Number of Households: | <u>Total</u> | <i>Multi-Family</i> | | <i>Single-Family</i> |
|---|--------------|------------------------|------------------------|-----------------------------------|
| | | <u><i>For-Rent</i></u> | <u><i>For-Sale</i></u> | <u><i>Attached All Ranges</i></u> |
| | 2,780 | 2,032 | 345 | 403 |
| Empty Nesters & Retirees | 16% | 14% | 21% | 24% |
| Traditional & Non-Traditional Families | 8% | 7% | 10% | 13% |
| Younger Singles & Couples | 76% | 79% | 69% | 64% |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Date Opened)</u> <u>Address</u> | <u>Number of Units</u> | <u>Unit Type</u> | <u>Reported Base Rent</u> | <u>Reported Unit Size</u> | <u>Rent per Sq. Ft.</u> | <u>Additional Information</u> | |
|--|------------------------|------------------|-----------------------------|-----------------------------|-------------------------|---|--|
| | | | <i>..... Downtown</i> | | | | |
| Park Place (2005) 600 24th Street North 74 Walk Score | 421 | | | <i>.... Apartments</i> | | 97% occupancy | |
| | | 1br/1ba | \$840 to \$1,300 | 741 to 766 | \$1.13 to \$1.70 | Swimming pool, clubhouse, | |
| | | 2br/1ba | \$820 to \$1,045 | 917 to 980 | \$0.89 to \$1.07 | fitness center, playground, | |
| | | 2br/1.5ba | \$810 to \$1,010 | 940 | \$0.86 to \$1.07 | courtyard, laundry facilities, | |
| | | 3br/2ba | \$955 to \$1,495 | 1,146 to 1,272 | \$0.83 to \$1.18 | and controlled access. | |
| | | | | <i>.... Townhouses</i> | | | |
| | | 2br/1.5ba | \$835 to \$1,115 | 1,063 to 1,456 | \$0.77 to \$0.79 | | |
| Advenir at Station 121 (2010) 2000 2nd Avenue South 82 Walk Score | 255 | | | <i>.... Apartments</i> | | 93% occupancy | |
| | | Studio/1ba | \$989 to \$1,265 | 567 to 587 | \$1.74 to \$2.16 | Swimming pool, business center, | |
| | | 1br/1ba | \$1,185 to \$1,574 | 630 to 815 | \$1.88 to \$1.93 | dog run, media room, | |
| | | 2br/2ba | \$1,144 to \$2,085 | 877 to 1,394 | \$1.30 to \$1.50 | terrace and grills, and fitness center. | |
| Jemison Flats (1909; 2003) 1827 1st Avenue North 87 Walk Score | 59 | | | <i>.... Lofts</i> | | 100% occupancy | |
| | | Studio/1ba | \$1,000 | 540 | \$1.85 | Courtyard with grilling area, | |
| | | 1br/1ba | \$1,050 | 635 to 970 | \$1.08 to \$1.65 | fitness center, and car wash area. | |
| | | | | <i>.... Apartments</i> | | | |
| | | 2br/2ba | \$1,625 to \$1,750 | 1,165 to 1,475 | \$1.19 to \$1.39 | | |
| Goodall-Brown Lofts (1905) 2202 1st Avenue North 95 Walk Score | 36 | | | <i>.... Apartments</i> | | 94% occupancy | |
| | | 1br/1ba | \$1,249 to \$1,449 | 1,105 to 1,480 | \$0.98 to \$1.13 | Clubhouse, and controlled access. | |
| | | 2br/1ba | \$1,440 | 1,502 | \$0.96 | | |
| Fix Play Lofts (1910) 2300 1st Avenue North 81 Walk Score | 24 | | | <i>.... Apartments</i> | | 96% occupancy | |
| | | 1br/1ba | n/a | 1,331 | n/a | Piano bar, | |
| | | 2br/1ba | \$1,600 | 2,246 | \$0.71 | and controlled access. | |

Summary Of Selected Rental Properties
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Date Opened)</u> <u>Address</u> | <u>Number of Units</u> | <u>Unit Type</u> | <u>Reported Base Rent</u> | <u>Reported Unit Size</u> | <u>Rent per Sq. Ft.</u> | <u>Additional Information</u> |
|--|------------------------|------------------|---------------------------|---------------------------|-------------------------|---|
| <i>..... Fountain Heights</i> | | | | | | |
| Phoenix Lofts (1940) 1710 2nd Avenue North 70 Walk Score | 74 | 2br/2ba | n/a | Lofts 1,800 | n/a | 100% occupancy Secure access entry, fitness center, and artwork. |
| <i>..... Apartments</i> | | | | | | |
| The Pizitz (1923; 2016) 120 19th Street North 85 Walk Score | 143 | 1br/1ba | \$1,055 to \$2,260 | 500 to 966 | \$2.11 to \$2.34 | n/a Rooftop pool, sundeck, clubhouse, lounge, fitness center, and LEED certified. |
| | | 2br/2ba | \$1,729 to \$2,145 | 898 to 1,093 | \$1.93 to \$1.96 | |
| <i>..... Apartments</i> | | | | | | |
| Thomas Jefferson Towers (1929) 1623 2nd Avenue North 70 Walk Score | 100 | 1br/1ba | \$1,335 to \$1,610 | 500 to 500 | \$2.67 to \$3.22 | 94% occupancy Fitness center, bike work shop, pet wash station, |
| | | 2br/1ba | \$1,400 | 805 | \$1.74 | pet wash station, |
| | | 2br/2ba | \$2,660 to \$2,700 | 1,570 | \$1.69 to \$1.72 | terrace, ballroom, and controlled access. |
| <i>..... Southside</i> | | | | | | |
| <i>..... Apartments</i> | | | | | | |
| LIV on Fifth (1920) 2201 5th Avenue South 81 Walk Score | 66 | Studio/1ba | \$1,100 to \$1,400 | 500 to 500 | \$2.20 to \$2.80 | 100% occupancy Fitness center, and club room, rooftop lounge. |
| <i>..... Apartments</i> | | | | | | |
| Metropolitan Birmingham (2018) 2900 7th Avenue South 80 Walk Score | 262 | 1br/1ba | \$1,150 to \$1,825 | 504 to 938 | \$1.95 to \$2.28 | In lease-up Rooftop lounge, sundeck, media center, movie theater. |
| | | 2br/2ba | \$1,850 to \$2,610 | 1,120 to 1,488 | \$1.65 to \$1.75 | |
| | | 3br/2ba | \$2,810 to \$2,915 | 1,566 to 1,781 | \$1.64 to \$1.79 | |
| <i>..... Apartments</i> | | | | | | |
| The Waites (2017) 707 Richard Arrington Junior Boulevard South 85 Walk Score | 45 | 1br/1ba | \$1,350 to \$1,500 | 712 to 840 | \$1.79 to \$1.90 | 100% occupancy Study/conference room, fitness center, controlled access, and keyless entry system. |
| | | 2br/2ba | \$1,750 to \$1,900 | 1,015 to 1,120 | \$1.70 to \$1.72 | |

Summary Of Selected Rental Properties
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Date Opened)</u> <u>Address</u> | <u>Number</u> <u>of Units</u> | <u>Unit</u> <u>Type</u> | <u>Reported</u> <u>Base Rent</u> | <u>Reported</u> <u>Unit Size</u> | <u>Rent per</u> <u>Sq. Ft.</u> | <u>Additional Information</u> |
|--|----------------------------------|----------------------------|-------------------------------------|-------------------------------------|-----------------------------------|---|
| <i>..... Southside {continued}</i> | | | | | | |
| Iron City Lofts (2015) 2725 4th Avenue South 57 Walk Score | 67 | | | <i>.... Apartments</i> | | 99% occupancy Pool, clubhouse, business center, fitness center, pet washing station, controlled access, and breakfast bar. |
| | | 1br/1ba | n/a | 450 to 637 | n/a | |
| | | 2br/2ba | \$1,600 to \$1,900 | 906 to 1,050 | \$1.77 to \$1.81 | |
| <i>..... Five Points South</i> | | | | | | |
| Southside Station (1994) 401 19th Street South 78 Walk Score | 30 | | | <i>.... Apartments</i> | | 97% occupancy Gated access. |
| | | 1br/1ba | \$1,048 | 766 | \$1.37 | |
| | | 2br/2ba | n/a | 990 to 1185 | n/a | |
| <i>..... The LaSalle</i> | | | | | | |
| The LaSalle (1924) 2020 11th Avenue South 86 Walk Score | 32 | | | <i>.... Apartments</i> | | 100% occupancy Controlled access, laundry facilities, on-site retail, and parking security. |
| | | Studio/1ba | \$555 to \$625 | 330 | \$1.68 to \$1.89 | |
| | | 1br/1ba | \$750 to \$900 | 525 to 700 | \$1.29 to \$1.43 | |
| <i>..... The Dulion</i> | | | | | | |
| The Dulion (1926) 2030 11th Avenue South 87 Walk Score | 45 | | | <i>.... Apartments</i> | | 100% occupancy Controlled access, laundry facilities, on-site retail, and parking security. |
| | | Studio/1ba | \$650 to \$700 | 352 to 407 | \$1.72 to \$1.85 | |
| | | 1br/1ba | \$800 to \$850 | 531 to 822 | \$1.03 to \$1.51 | |
| | | 2br/2ba | n/a | 1,063 | n/a | |
| <i>..... Terrace Court</i> | | | | | | |
| Terrace Court (1908; 2009) 1124 20th Street South 92 Walk Score | 40 | | | <i>.... Apartments</i> | | 100% occupancy Laundry facilities, and fitness center. |
| | | 1br/1ba | \$835 | n/a | n/a | |
| | | 2br/1ba | \$1,045 | n/a | n/a | |
| | | 2br/2ba | \$1,245 | n/a | n/a | |
| <i>..... Carriage Court</i> | | | | | | |
| Carriage Court (1991) 1812 4th Avenue South 77 Walk Score | 39 | | | <i>.... Apartments</i> | | 100% occupancy Controlled access. |
| | | 1br/1ba | \$1,018 to \$1,033 | 687 to 756 | \$1.37 to \$1.48 | |
| | | 2br/2ba | n/a | 1,016 to 1,029 | n/a | |

Summary Of Selected Rental Properties
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Date Opened)</u> <u>Address</u> | <u>Number of Units</u> | <u>Unit Type</u> | <u>Reported Base Rent</u> | <u>Reported Unit Size</u> | <u>Rent per Sq. Ft.</u> | <u>Additional Information</u> |
|--|------------------------|------------------|---------------------------|---------------------------|-------------------------|---|
| <i>Five Points South (continued)</i> | | | | | | |
| The Venue at the Ball Park (2016) | 236 | | | Apartments | | n/a |
| 200 16th Street South | | Studio/1ba | \$1,064 to \$1,104 | 484 to 556 | \$1.99 to \$2.20 | Pool, terrace, grilling stations, |
| 81 Walk Score | | 1br/1ba | \$1,164 to \$1,314 | 694 to 849 | \$1.55 to \$1.68 | skylounge, club rooms, |
| | | 2br/2ba | \$1,758 | 838 to 967 | \$1.82 to \$2.10 | fitness center, business center, |
| | | 3br/3ba | \$2,427 | 1,313 to 1,316 | \$1.84 to \$1.85 | conference rooms, and controlled access. |
| | | | | Lofts | | |
| | | 1br/1.5ba | \$1,479 | 694 to 849 | \$1.74 to \$2.13 | |
| | | 4br/4ba | \$3,196 | 1,482 | \$2.16 | |
| Flats on 4th (2017) | 86 | | | Apartments | | 100% occupancy |
| 1508 4th Avenue South | | Studio/1ba | \$1,070 | 397 | \$2.70 | Open air terrace with seating, |
| 85 Walk Score | | 1br/1ba | \$1,385 to \$1,540 | 736 to 770 | \$1.88 to \$2.00 | pet spa, |
| | | 2br/2ba | \$1,925 to \$2,100 | 1,022 to 1,262 | \$1.66 to \$1.88 | car care center, and clubroom. |
| University House | 496 | | | Apartments | | n/a |
| 1300 3rd Avenue South | | 1br/1ba | \$1,150 | 589 | \$1.95 | Swimming pool, fitness center, clubroom, compute centers, study rooms, and and controlled access. |
| 67 Walk Score | | 2br/2ba | \$1,580 | 878 | \$1.80 | |
| | | 4br/4ba | \$2,360 | 1,384 | \$1.71 | |
| 20 Midtown | 111 | | | Apartments | | 99% occupancy |
| 304 20th Street South | | Studio/1ba | \$1,225 to \$1,250 | 586 to 665 | \$1.88 to \$2.09 | Rooftop terrae, sundeck, fitness center, |
| 77 Walk Score | | 1br/1ba | \$1,425 to \$1,525 | 768 to 879 | \$1.73 to \$1.86 | yoga studio, media room, pet park, and washing station. |
| | | 2br/2ba | \$2,125 | 1,151 | \$1.85 | |
| Parkside Apartments (2015; 2019) | 228 | | | Apartments | | 96% occupancy |
| 1701 1st Avenue South | | Studio/1ba | n/a | 658 to 672 | n/a | Pool, sundeck, courtyard, athletic club, business center, and media room. |
| 83 Walk Score | | 1br/1ba | \$1,461 to \$2,124 | 591 to 945 | \$2.25 to \$2.47 | |
| | | 2br/2ba | \$2,085 to \$2,645 | 1,006 to 1,187 | \$2.07 to \$2.23 | |

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Date Opened)</u> <u>Address</u> | <u>Number</u> <u>of Units</u> | <u>Unit</u> <u>Type</u> | <u>Reported</u> <u>Base Rent</u> | <u>Reported</u> <u>Unit Size</u> | <u>Rent per</u> <u>Sq. Ft.</u> | <u>Additional Information</u> |
|---|----------------------------------|----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|---|
| | | <i>..... Highland Park</i> | | | | |
| The Sheraton (1949) | 125 | | | <i>.... Apartments</i> | | 100% occupancy |
| 2909 Highland Avenue South | | Studio/1ba | \$625 to | 350 to | \$1.66 to | <i>Controlled access, and laundry facilities.</i> |
| 85 Walk Score | | | \$745 | 450 | \$1.79 | |
| | | 1br/1ba | \$750 to | 400 to | \$1.22 to | |
| | | | \$950 | 780 | \$1.88 | |

**For-Sale Multi-Family and Single-Family Attached
New Construction and Resale Listings**
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Year Built)</u> <u>Address/Walk Score</u> | <u>Building</u> <u>Type</u> | <u>Unit</u> <u>Type</u> | <u>Asking Price</u> | <u>Unit Size</u> | <u>Asking Price</u> <u>Per Sq. Ft.</u> |
|---|--------------------------------|----------------------------|---------------------|------------------|---|
| Downtown | | | | | |
| The Franklin (1900; 2018) 2329 1st Avenue North 87 Walk Score | CO | | | | |
| | Unit 102 | 1br/1ba | \$154,900 | 451 | \$343 |
| | Unit 202 | 2br/2ba | \$337,900 | 1,316 | \$257 |
| | Unit 203 | 2br/2ba | \$387,900 | 1,674 | \$232 |
| | Unit 201 | 3br/2ba | \$399,900 | 1,699 | \$235 |
| | Unit 304 | 3br/2ba | \$439,900 | 1,634 | \$269 |
| Watts Tower (1925; 2007) 2008 3rd Avenue North 95 Walk Score | CO | | | | |
| | Unit 3D | 1br/1ba | \$165,000 | 964 | \$171 |
| | Unit 8D | 1br/1ba | \$167,000 | 953 | \$175 |
| | Unit 7A | 2br/1ba | \$174,900 | 1,074 | \$163 |
| | Unit 5A | 2br/1ba | \$194,900 | 1,074 | \$181 |
| Gallery Lofts (1924) 2412 2nd Avenue North 43 Walk Score | CO | | | | |
| | Unit 11 | 1br/1ba | \$179,000 | 990 | \$181 |
| | Unit 25 | 1br/2ba | \$309,900 | 1,425 | \$217 |
| | Unit 23 | 1br/2ba | \$329,900 | 1,680 | \$196 |
| Burger Philips (1937) 1910 3rd Avenue North 87 Walk Score | CO | | | | |
| | Unit 126 | 1br/1ba | \$192,000 | 792 | \$242 |
| Morris House (1910) 2327 Morris Avenue Nor 86 Walk Score | CO | | | | |
| | Unit 2C | 1br/1ba | \$210,000 | 935 | \$225 |
| City Federal (1913) 2030 2nd Avenue North 89 Walk Score | CO | | | | |
| | Unit 2002 | 3br/2ba | \$349,900 | 1,740 | \$201 |
| Morris Place (1925) 2112 Morris Avenue 85 Walk Score | CO | | | | |
| | Unit 103 | 3br/2ba | \$458,000 | 2,118 | \$216 |
| Liberty House (2018) 2301 1st Avenue North 87 Walk Score | CO | | | | |
| | Unit 105 | 3br/2ba | \$549,000 | 1,893 | \$290 |

**For-Sale Multi-Family and Single-Family Attached
New Construction and Resale Listings**
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Year Built)</u> <u>Address/Walk Score</u> | <u>Building</u> <u>Type</u> | <u>Unit</u> <u>Type</u> | <u>Asking Price</u> | <u>Unit Size</u> | <u>Asking Price</u> <u>Per Sq. Ft.</u> |
|---|--------------------------------|----------------------------|---------------------|------------------|---|
| <i>..... Fountain Heights</i> | | | | | |
| New Ideal (1920; 2019) | | CO | | | |
| 1801 2nd Avenue North | Unit 201A | 1br/1ba | \$144,900 | 425 | \$341 |
| 76 Walk Score | Unit 306B | 1br/1ba | \$249,900 | 770 | \$325 |
| | Unit 101B | 2br/1ba | \$349,900 | 1,175 | \$298 |
| | Unit 304B | 2br/2ba | \$439,900 | 1,570 | \$280 |
| <i>..... Southside</i> | | | | | |
| Lakeview Green (2019) | | CO | | | |
| 2901 4th Avenue South | Unit 4H | 1br/1ba | \$209,999 | 562 | \$374 |
| 68 Walk Score | Unit 4B | 2br/2ba | \$334,999 | 1,098 | \$305 |
| | Unit 4J | 2br/2ba | \$334,999 | 1,098 | \$305 |
| | Unit 4D | 3br/3ba | \$509,999 | 1,685 | \$303 |
| <i>..... Five Points South</i> | | | | | |
| Kingsridge Highland (1974) | | CO | | | |
| 1801 2nd Avenue North | Unit 409 | 1br/1ba | \$115,000 | 625 | \$184 |
| 76 Walk Score | | | | | |
| Carmel Condominium (1980) | | CO | | | |
| 1913 16th Avenue South | Unit C | 2br/2ba | \$139,900 | 1,248 | \$112 |
| 77 Walk Score | | | | | |
| Bristol Southside (2007) | | CO | | | |
| 401 20th Street South | Unit 215 | 1br/1ba | \$165,000 | 628 | \$263 |
| 76 Walk Score | Unit 209 | 2br/2ba | \$249,900 | 978 | \$256 |
| | Unit 420 | 3br/2ba | \$268,500 | 1,270 | \$211 |
| | Unit 418 | 3br/2ba | \$299,900 | 1,270 | \$236 |
| South Highlands (2018) | | TH | | | |
| 2120 15th Avenue South | | 2br/2.5ba | \$339,900 | 1,764 | \$193 |
| 80 Walk Score | | | | | |
| South Highlands (2018) | | CO | | | |
| 2250 Highland Avenue S | Unit 42 | 3br/2ba | \$425,000 | 1,711 | \$248 |
| 82 Walk Score | | | | | |
| Birmingham Parkside (2019) | | CO | | | |
| 201 18th Street South | Unit 2A | 2br/2ba | \$453,882 | 1,794 | \$253 |
| 81 Walk Score | | | | | |

SOURCE: Zimmerman/Volk Associates, Inc.

**For-Sale Multi-Family and Single-Family Attached
New Construction and Resale Listings**
City of Birmingham, Jefferson County, Alabama
November, 2018

| <u>Property (Year Built)</u> <u>Address/Walk Score</u> | <u>Building</u> <u>Type</u> | <u>Unit</u> <u>Type</u> | <u>Asking Price</u> | <u>Unit Size</u> | <u>Asking Price</u> <u>Per Sq. Ft.</u> |
|--|--------------------------------|----------------------------|---------------------|------------------|---|
| | Highland Park | | | | |
| Rosa Lee Court (1930) 2809 13th Avenue South 57 Walk Score | Unit H1 | CO 1br/1ba | \$139,900 | 854 | \$164 |
| Highland Park (1985) 1225 33rd Street South 53 Walk Score | Unit B | TH 2br/2.5ba | \$239,000 | 1,178 | \$203 |

Table 5

Target Groups For New Multi-Family For-Rent
Households With Annual Incomes Above \$35,000
City Center Study Area
City of Birmingham, Jefferson County, Alabama

| Empty Nesters & Retirees* | <i>Number of Households</i> | <i>Percent</i> |
|--|---------------------------------|----------------|
| The One Percenters | 6 | 0.3% |
| Old Money | 2 | 0.1% |
| The Social Register | 2 | 0.1% |
| Affluent Empty Nesters | 6 | 0.3% |
| Urban Establishment | 25 | 1.2% |
| Suburban Establishment | 8 | 0.4% |
| Second City Establishment | 5 | 0.2% |
| Multi-Ethnic Empty Nesters | 7 | 0.3% |
| Mainstream Empty Nesters | 55 | 2.7% |
| Cosmopolitan Couples | 35 | 1.7% |
| Middle-American Retirees | 66 | 3.2% |
| Blue-Collar Retirees | 53 | 2.6% |
| Middle-Class Move-Downs | 10 | 0.5% |
| Subtotal: | 280 | 13.8% |
| | | |
| Traditional & Non-Traditional Families† | | |
| Corporate Establishment | 2 | 0.1% |
| e-Type Families | 2 | 0.1% |
| Nouveau Money | 5 | 0.2% |
| Button-Down Families | 6 | 0.3% |
| Fiber-Optic Families | 3 | 0.1% |
| Unibox Transferees | 13 | 0.6% |
| Late-Nest Suburbanites | 18 | 0.9% |
| Full-Nest Suburbanites | 10 | 0.5% |
| Kids 'r' Us | 23 | 1.1% |
| Multi-Ethnic Families | 14 | 0.7% |
| Multi-Cultural Families | 2 | 0.1% |
| Uptown Families | 46 | 2.3% |
| Subtotal: | 144 | 7.1% |
| | | |
| Younger Singles & Couples* | | |
| New Power Couples | 7 | 0.3% |
| New Bohemians | 114 | 5.6% |
| Cosmopolitan Elite | 10 | 0.5% |
| Fast-Track Professionals | 402 | 19.8% |
| The VIPs | 171 | 8.4% |
| Suburban Achievers | 70 | 3.4% |
| Downtown Couples | 38 | 1.9% |
| Suburban Strivers | 538 | 26.5% |
| Small-City Singles | 258 | 12.7% |
| Subtotal: | 1,608 | 79.1% |
| Total Households: | 2,032 | 100.0% |

* Primarily one- and two-person households

† Primarily three- and four-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 6

Target Groups For New Multi-Family For-Sale

Households With Annual Incomes Above \$50,000

Center City Study Area*City of Birmingham, Jefferson County, Alabama*

| Empty Nesters & Retirees* | <i>Number of Households</i> | <i>Share of Households</i> |
|--|---------------------------------|--------------------------------|
| The One Percenters | 1 | 0.5% |
| Old Money | 1 | 0.5% |
| The Social Register | 1 | 0.5% |
| Affluent Empty Nesters | 1 | 0.5% |
| Urban Establishment | 5 | 2.6% |
| Suburban Establishment | 3 | 1.6% |
| Second City Establishment | 2 | 1.0% |
| Multi-Ethnic Empty Nesters | 2 | 1.0% |
| Mainstream Empty Nesters | 14 | 7.3% |
| Cosmopolitan Couples | 5 | 2.6% |
| Middle-American Retirees | 22 | 11.4% |
| Subtotal: | 57 | 29.5% |
| Traditional & Non-Traditional Families† | | |
| Corporate Establishment | 1 | 0.5% |
| e-Type Families | 1 | 0.5% |
| Nouveau Money | 2 | 1.0% |
| Button-Down Families | 1 | 0.5% |
| Unibox Transferees | 4 | 2.1% |
| Late-Nest Suburbanites | 6 | 3.1% |
| Full-Nest Suburbanites | 3 | 1.6% |
| Kids 'r' Us | 4 | 2.1% |
| Multi-Ethnic Families | 2 | 1.0% |
| Multi-Cultural Families | 1 | 0.5% |
| Uptown Families | 9 | 4.7% |
| Subtotal: | 34 | 17.6% |
| Younger Singles & Couples* | | |
| New Power Couples | 3 | 1.6% |
| New Bohemians | 16 | 8.3% |
| Cosmopolitan Elite | 4 | 2.1% |
| Fast-Track Professionals | 41 | 21.2% |
| The VIPs | 38 | 19.7% |
| Subtotal: | 102 | 52.8% |
| Total Households: | 193 | 100.0% |

* Primarily one- and two-person households

† Primarily three- and four-person households.

SOURCE: Claritas, Inc.;

Zimmerman/Volk Associates, Inc.

Table 7

Target Groups For New Single-Family Attached For-Sale

Households With Annual Incomes Above \$50,000

Center City Study Area*City of Birmingham, Jefferson County, Alabama*

| Empty Nesters & Retirees* | <i>Number of Households</i> | <i>Share of Households</i> |
|--|---------------------------------|--------------------------------|
| The One Percenters | 4 | 2.1% |
| Old Money | 1 | 0.5% |
| The Social Register | 1 | 0.5% |
| Affluent Empty Nesters | 2 | 1.0% |
| Urban Establishment | 4 | 2.1% |
| Suburban Establishment | 6 | 3.1% |
| Second City Establishment | 2 | 1.0% |
| Multi-Ethnic Empty Nesters | 4 | 2.1% |
| Mainstream Empty Nesters | 23 | 11.8% |
| Cosmopolitan Couples | 3 | 1.5% |
| Middle-American Retirees | 24 | 12.3% |
| Subtotal: | 74 | 37.9% |
| | | |
| Traditional & Non-Traditional Families† | | |
| Corporate Establishment | 1 | 0.5% |
| e-Type Families | 1 | 0.5% |
| Nouveau Money | 3 | 1.5% |
| Button-Down Families | 3 | 1.5% |
| Fiber-Optic Families | 2 | 1.0% |
| Unibox Transferees | 6 | 3.1% |
| Late-Nest Suburbanites | 6 | 3.1% |
| Full-Nest Suburbanites | 4 | 2.1% |
| Kids 'r' Us | 8 | 4.1% |
| Multi-Ethnic Families | 4 | 2.1% |
| Multi-Cultural Families | 1 | 0.5% |
| Uptown Families | 13 | 6.7% |
| Subtotal: | 52 | 26.7% |
| | | |
| Younger Singles & Couples* | | |
| New Power Couples | 3 | 1.5% |
| New Bohemians | 7 | 3.6% |
| Cosmopolitan Elite | 5 | 2.6% |
| Fast-Track Professionals | 22 | 11.3% |
| The VIPs | 32 | 16.4% |
| Subtotal: | 69 | 35.4% |
| Total Households: | 195 | 100.0% |

* Primarily one- and two-person households

† Primarily three- and four-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 8

Optimum Market Position
City Center Study Area
City of Birmingham, Jefferson County, Alabama
December, 2018

| <i>Share of Households Number</i> | <i>Housing Type</i> | <i>Unit Configuration</i> | <i>Unit Mix</i> | <i>Base Rent/Price Range</i> | <i>Unit Size Range</i> | <i>Base Rent/Price Per Sq. Ft.</i> | <i>Annualized Average Absorption</i> |
|-----------------------------------|--|---------------------------|-----------------|------------------------------|------------------------|------------------------------------|--------------------------------------|
| 84.0% | Multi-Family For-Rent | | | | | | 323 to 372 |
| 712 | Lofts | Microloft/1ba | 50% | \$900 | 350 | \$2.57 | 125 to 142 |
| | | 1br/1ba | 35% | \$1,350 | 600 | \$2.25 | |
| | | 2br/1ba | 15% | \$1,550 | 850 | \$1.82 | |
| | | Weighted Average: | | \$1,155 | 513 | \$2.25 | |
| 1,320 | Apartments | Studio/1ba | 40% | \$1,000 | 450 | \$2.22 | 198 to 230 |
| | | 1br/1ba | 30% | \$1,400 | 650 | \$2.15 | |
| | | 1br/1ba/office | 10% | \$1,900 | 900 | \$2.11 | |
| | | 2br/2ba | 15% | \$2,200 | 1,100 | \$2.00 | |
| | | 3br/2ba | 5% | \$2,650 | 1,350 | \$1.96 | |
| | | Weighted Average: | | \$1,473 | 698 | \$2.11 | |
| 8.0% | Multi-Family For-Sale | | | | | | 20 to 24 |
| 193 | Condominiums | 1br/1ba | 30% | \$195,000 | 600 | \$325 | 20 to 24 |
| | | 2br/1.5ba | 15% | \$285,000 | 900 | \$317 | |
| | | 2br/2ba | 20% | \$295,000 | 1,000 | \$295 | |
| | | 2br/2.5ba | 20% | \$395,000 | 1,500 | \$263 | |
| | | 2br/2.5ba/study | 15% | \$450,000 | 1,850 | \$243 | |
| | | Weighted Average: | | \$306,750 | 1,093 | \$281 | |
| 8.0% | Single-Family Attached For-Sale | | | | | | 20 to 24 |
| 195 | Townhouses | 2br/2.5ba | 35% | \$325,000 | 1,200 | \$271 | 20 to 24 |
| | | 2br/2.5ba/den | 35% | \$375,000 | 1,450 | \$259 | |
| | | 3br/2.5ba | 15% | \$450,000 | 1,800 | \$250 | |
| | | 3br/3.5ba/study | 15% | \$500,000 | 2,000 | \$250 | |
| | | Weighted Average: | | \$387,500 | 1,498 | \$259 | |
| 100.0% | 2,420 Target Households | | | | | | 363 to 420 per year |

NOTE: Base rents/prices are in year 2018 dollars, do not include premiums, options or upgrades.
Property location will have a significant impact on values.

SOURCE: Zimmerman/Volk Associates, Inc.



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Residential Market Analysis Across the Urban-to-Rural Transect

ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary residential target market methodology™ employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.





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Residential Market Analysis Across the Urban-to-Rural Transect

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