MOBILE, ALABAMA
MULTIFAMILY MARKET & INVESTMENT REVIEW

Conventional properties with 20+ units | Mobile County core market

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INVESTMENT THESIS

Mobile is a durable cash-flow market rather than a population-growth story. Its strongest opportunities are operational: well-located Class B and workforce properties where pricing, collections, reputation and physical condition can be improved without assuming aggressive market rent growth.

EXECUTIVE SUMMARY

Mobile offers a defensible basis for income-oriented multifamily investment: affordable rents, a diversified employment base anchored by healthcare, maritime, aerospace, manufacturing and logistics, and relatively limited headline-grabbing apartment construction. The counterweight is equally clear. Mobile County's population was estimated at 411,658 in 2025, 0.8% below its 2020 base, so underwriting should not depend on migration-led demand.

Market factor	Current signal	Investment reading
Population	411,658; −0.8% vs. 2020 base	Stable household base, limited demographic tailwind
Apartment rent	Approx. $1,018–$1,194 across listing datasets	Affordable, but wide product dispersion
Annual rent movement	About +1.8% in one Yardi/RentCafe series	Modest growth; protect effective rent
Demand engines	Healthcare, port/logistics, aerospace, shipbuilding	Diverse, location-specific renter pools
New supply	Selective rather than market-wide	Lower oversupply risk; localized competition remains
Capital markets	Higher debt cost and thin local sales evidence	Require basis discipline and debt-service cushion

HBS VIEW

The best risk-adjusted target is generally a 60–250 unit Class B or workforce asset in West Mobile, the Airport/Hillcrest corridor, or Saraland with a credible path to 93%–95% physical occupancy and 90%+ economic occupancy. Downtown and student-oriented assets require more specialized underwriting.

KEY CONCLUSIONS

- Underwrite 1% – 2% market rent growth, not a return to the 2021–2022 surge.
- Use effective rent and collections — not asking rent — as the principal revenue evidence.
- Treat insurance, wind deductibles, roofs, drainage, HVAC age and water intrusion as valuation variables.
- Do not merge Baldwin County statistics into Mobile; Baldwin is a competing growth market with different pricing and resident economics.
- Recognize the University of South Alabama area as a defined but small student ecosystem, now facing stronger university-owned housing competition.

1: MARKET DEFINITION AND METHOD

This review defines the core market as conventional multifamily properties containing at least 20 units in Mobile County. It organizes competition by resident demand, commute patterns and product—not simply municipal boundaries. Published listing datasets disagree because they include different mixes of apartments, houses, condos, student beds and active listings. Accordingly, HBS uses ranges and labels derived figures as screening estimates.

Submarket	Approximate geography	Primary demand
Downtown / Midtown	CBD, Dauphin corridor, historic Midtown	Professionals, healthcare, service workers, lifestyle renters
Spring Hill / USA	Old Shell, University, Hillcrest north	University, healthcare, established households
Airport / West Mobile	Airport, Grelot, Hillcrest, Schillinger	Broad workforce and family demand
I-65 / Central	Michael, Government, Cottage Hill east	Value-oriented commuters and service workforce
South / Theodore	Tillmans Corner, Theodore, I-10 industrial belt	Industrial, logistics and maritime workforce
North / Saraland	Saraland, Chickasaw, Satsuma access	Families, industrial commuters, school-driven demand

WHAT THE PUBLISHED RENT NUMBERS MEAN

As of August 2026, Apartments.com reported one-bedroom rent near $1,018 and two-bedroom rent near $1,208. RentCafe/Yardi reported an overall apartment average around $1,183, with one-bedrooms near $1,022 and two-bedrooms near $1,205, while a broader C2ER-based series placed average monthly rent near $1,194. These figures are directionally consistent for institutional apartments, but they should not be used as a property comp without normalizing vintage, renovation, fees, utilities and concessions.

UNDERWRITING RULE

A property's true rent comp set should contain 5–8 communities with similar vintage, unit size, amenity level, school/commute proposition and resident profile. Published city averages are a reasonableness check only.

2: DEMAND: ECONOMY, HOUSEHOLDS AND AFFORDABILITY

Mobile's demand case rests on employment diversity rather than rapid population growth. BLS data show an unusually large transportation and material-moving workforce: 18,390 jobs, or 10.7% of local employment, compared with 8.8% nationally. The region's employment clusters include USA Health and other healthcare providers, Airbus and aviation suppliers, Austal and maritime activity, the Port of Mobile, chemicals, steel, construction and logistics.

Demand engine	Likely apartment impact	Most exposed submarkets
USA Health / hospitals	Stable medical and support employment; graduate/professional renters	Midtown, Spring Hill, USA
University of South Alabama	Academic, medical and student demand	USA / Old Shell / Hillcrest
Airbus / Brookley / new airport	Aviation and construction employment; longer-run access benefit	Downtown, Midtown, South Mobile
Austal / Port / logistics	Skilled trades and transport workforce	Downtown, Prichard/Chickasaw, Saraland, Theodore
West Mobile retail/services	Broad renter base; family-oriented demand	Airport, Grelot, Hillcrest, Schillinger

AFFORDABILITY SUPPORTS OCCUPANCY — BUT CAPS RENT GROWTH

Mobile's rent advantage remains meaningful: Apartments.com's roughly $1,018 one-bedroom average was about 39% below its stated national average. This helps preserve renter demand when mortgage rates are high. Yet local wages and household incomes also constrain the ceiling. Operators should expect residents to respond sharply to mandatory fees, utility pass-throughs and large renewal increases.

CATALYST TO WATCH

Mobile International Airport's new Brookley terminal is expected to open in spring 2027, improving access to Downtown and the Aeroplex. It is a positive corridor catalyst, but it should not be capitalized into near-term rents before airline service and passenger patterns are established.

3: SUBMARKET INVESTMENT ASSESSMENT

Structure	Demand / pricing	Risk	HBS rating
Airport / West Mobile	Broadest conventional renter pool; deepest comp set	Traffic, dispersed competition, aging stock	Favorable
Spring Hill / USA	Location premium; university/medical demand	Student overlap; university housing expansion	Selective
North / Saraland	Family and industrial demand; school appeal	Smaller inventory; exit liquidity	Favorable
Downtown /	Unique product and lifestyle demand	Higher operating intensity; block-by-block variance	Selective
South / Theodore	Workforce demand and lower basis	Storm exposure, location perception, thinner comps	Opportunistic
I-65 / Central	Affordable and centrally located	Older stock, collections and reputation risk	Management-driven

WEST MOBILE / AIRPORT–GRELOT–HILLCREST

This is Mobile's most investable conventional apartment geography because it combines a large stock of garde communities, retail access, schools and broad commuting utility. It also contains meaningful vintage dispersion, creating renovation and management opportunities. The principal danger is paying renovated pricing for an asset whose resident base cannot absorb the full premium.

SARALAND AND THE NORTHERN INDUSTRIAL CORRIDOR

Saraland benefits from family demand, industrial access and a differentiated school proposition. It can support strong retention, but the market is smaller and comparable sales may be thin. An acquisition should be underwritten for long hold duration and operational cash flow, not rapid institutional exit.

DOWNTOWN / MIDTOWN

Downtown and Midtown should be analyzed property by property. Historic adaptive reuse, newer waterfront-oriented product and older conventional assets do not form one comp set. Downtown can command a lifestyle premium, but security perception, parking, building systems and restaurant/service employment exposure can materially affect collections and turnover.

4: UNIVERSITY OF SOUTH ALABAMA STUDENT ECOSYSTEM

CONCLUSION

Yes — the University of South Alabama has a defined off-campus student housing ecosystem. It is large enough to influence the Old Shell Road / University Boulevard / Hillcrest area, but too small and too mixed with conventional demand to be treated like Gainesville, Tuscaloosa or Auburn.

The university reported 14,335 students in fall 2024, up by more than 500 from the prior fall. Purpose-built or student-positioned communities include One Ten across from campus, Ivy Row at South, The Social at South Alabama and nearby conventional properties that actively market to students. The ecosystem is visible in by-the-bedroom layouts, furnished units, private bathrooms and proximity-focused marketing.

Evidence of a defined ecosystem	Investment implication
Approximately 14,000+ total enrollment	Meaningful demand base, but not a dominant college-town economy
Purpose-built furnished/by-the-bedroom competitors	Student rents require per-bed normalization
Walkable/bikeable premium near campus	Distance matters inside a narrow radius
Large conventional inventory nearby	Student properties compete with ordinary 1–3 bedroom apartments
USA acquired a 560-bed apartment-style hall for fall 2025	University-controlled supply raises private-market competition
Medical and graduate demand	Supports 12-month leasing beyond undergraduate cycles

STUDENT-HOUSING UNDERWRITING ZONES

- Primary zone: across from or immediately adjacent to campus; strongest student identity and proximity premium.
- Secondary zone: Old Shell / University / Hillcrest within a short drive; mixed student and conventional demand.
- Outside the secondary zone: underwrite as conventional multifamily unless leasing data prove a student concentration.

HBS VIEW

The university's housing expansion is a near-term competitive risk, especially for undifferentiated private beds. The safer strategy is a dual-demand product that can lease to students, medical employees and conventional roommates without depending on a single August move-in cycle.

5: SUPPLY, OPERATIONS AND PROPERTY-LEVEL ECONOMICS

Mobile does not appear to face the same broad Class A delivery wave that pressured many Sun Belt metros. Current development is selective. One identified project, Anchor Place in West Mobile, is a 70-unit mixed-income community expected to begin construction in 2027 and lease in 2028. Limited visible supply supports stabilized assets, but it also means older properties must compete through condition, service and reputation rather than relying on new-market momentum.

SCREENING RENT ARCHITECTURE

Product	Indicative asking-rent position	Primary underwriting issue
Older workforce / value	Below city apartment averages	Collections, maintenance backlog, utilities
Stabilized Class B garden	Around market averages	Renewals, service quality, selective renovation
Renovated Class B / newer suburban	Above market averages	Premium depth and concession leakage
Downtown / specialty	Wide dispersion	Parking, security, building systems, niche demand
Purpose-built student	Per bed, often furnished	Prelease pace, turn cost, guarantors, university supply

OPERATING-COST PRESSURE

- **Insurance:** obtain current loss runs, wind/hail terms, named-storm deductibles and a replacement quote before final pricing.
- **Roofs and envelope:** verify age, permits, drainage, flashing, moisture history and reserve sufficiency.
- **HVAC:** model replacement by unit and year; Mobile's climate converts deferred HVAC into resident dissatisfaction quickly.
- **Water/sewer:** reconcile master-meter consumption, leaks and resident reimbursement — not simply budgeted utility income.
- **Payroll and turns:** distinguish chronic vacancy from units held offline for maintenance or staffing constraints.

VALUE RULE

Every $100,000 of sustainable annual NOI supports roughly $1.43 million to $1.67 million of value at a 7.0% to 6.0% cap rate. Conversely, underestimated insurance or payroll erodes value at the same multiple.

6: CAPITAL MARKETS AND ACQUISITION UNDERWRITING

Mobile transaction evidence is comparatively thin and property-specific. A nationalized online cap-rate table is not a substitute for verified local sales. For preliminary screening, HBS would generally expect Mobile yields to price wider than primary Southeast metros, with additional premiums for smaller assets, older construction, weak locations, deferred maintenance or volatile collections.

Asset profile	Illustrative screening cap rate*	Required posture
Newer / strong location / stabilized	5.75%–6.50%	Verify insurance and replacement reserves
Class B / stabilized garden	6.25%–7.00%	Conservative rent growth; focus on retention
Value-add / operationally weak	6.75%–8.00%+ on in-place NOI	Price to current cash flow and funded scope
Small 20–49 unit / thin records	7.00%–9.00%+	Demand tax returns, bank deposits and unit-level proof

**HBS preliminary screening ranges, not a claim of measured market averages. Confirm with recent closed sales, broker opinions and lender/appraiser evidence.*

BASE-CASE ACQUISITION ASSUMPTIONS

Variable	HBS base case	Downside test
Market rent growth	1.0%–2.0%	0% for 24 months
Physical occupancy	93%–95% stabilized	88%–90%
Economic occupancy	90%–93% stabilized	85%–88%
Bad debt / concessions	Use trailing actual plus correction plan	No immediate cure
Exit cap rate	At least 25–50 bps above entry for shorter holds	+75–100 bps
Insurance	Fresh quote plus contingency	15%–25% renewal shock
Debt	Size to DSCR and debt yield, not maximum proceeds	Refinance rate +100 bps

7: RISK MATRIX

Risk	Probability	Impact	Mitigation
Flat population / slow household growth	High	Medium	Buy cash flow; avoid growth-dependent rent assumptions
Insurance repricing / storm exposure	High	High	Quote early; inspect envelope; model deductibles
Collections and economic vacancy	Medium–High	High	Audit resident ledger, deposits and bank receipts
Deferred maintenance	High in older stock	High	Unit-by-unit scope; funded reserves; vendor bids
University-owned housing competition	Medium near USA	Medium-High	Dual-demand positioning; track prelease weekly
Thin exit liquidity	Medium	Medium-High	Longer hold; wider exit cap; assumable debt value
Deferred maintenance	Low–Medium	Medium	Map projects within true comp radius
University-owned housing competition	Medium	Medium	Resident/employer analysis by address and commute

RED FLAGS THAT SHOULD CHANGE PRICE

- Occupancy above 93% but economic occupancy below 88%.
- Renovation premiums supported only by asking rents, with no signed-lease evidence.
- Large delinquency balances carried as receivables rather than written off.
- Insurance quoted using a portfolio allocation rather than property-specific terms.
- Repeated online complaints involving mold, water intrusion, security or unresolved HVAC.
- Student property prelease reported by unit rather than by bed, or leases without guarantor quality data.

8: HBS 90-DAY OWNER AGENDA

Period	Priority actions	Required evidence
Days 1–15	Rebuild rent roll; inspect every vacant/down unit; shop comps; review reputation and lead handling	Unit status, delinquency, deposits, exposure, maintenance backlog
Days 16–30	Reset pricing and concessions; launch turn plan; correct lead-response standards; quote insurance	Effective rent grid, vendor bids, lead audit, insurance options
Days 31–60	Complete highest-return turns; tighten collections; launch renewal campaign; test marketing channels	Traffic, tours, applications, approvals, leases, collections
Days 61–90	Scale proven pricing; measure premium capture; finalize capital plan; prepare lender/investor review	Economic occupancy, NOI bridge, capex ROI, 12-month forecast

WEEKLY OPERATING DASHBOARD

Leasing	Revenue	Operations	Resident health
Traffic by source	Gross potential rent	Vacant ready / not ready	Renewals offered / signed
Tours and show rate	Effective new-lease rent	Average turn days	Delinquency by age
Applications / approvals	Concessions and fees	Open work orders	Move-outs and reasons
Net leases and exposure	Collections / economic occupancy	Capex spend vs. plan	Reviews and complaint closure

BOTTOM LINE

A lender relationship is strongest when the borrower can show what happened, what is being done, who is responsible, and when the numbers will improve.

Sources and Methodology

- U.S. Census Bureau, QuickFacts: Mobile County, Alabama — 2025 population estimate and change from 2020.
- U.S. Bureau of Labor Statistics, Mobile, AL Economy at a Glance; Occupational Employment and Wages in Mobile, *May 2025 (published July 2026).*
- RentCafe / Yardi Matrix, Average Rent in Mobile, AL — average rent, bedroom mix and annual change.
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- Business Alabama, University of South Alabama increases student housing, *December 23, 2024.*
- City of Mobile, Anchor Place workforce housing announcement, *April 7, 2026.*
- Mobile Airport Authority, Mobile International Airport terminal updates, *2025–2026.*
- Mobile Chamber, Industry Clusters and workforce materials.
- CBRE, U.S. Real Estate Market Outlook 2026 — national multifamily operating context.
- Berkadia, Mid-Year 2026 Multifamily Reports — national occupancy, rent and renewal context.
- Public property websites and listing portals used only for directional competitor identification and advertised-rent checks.

Important Limitations

This report is a market-screening and operating document, not an appraisal, engineering report, legal opinion, securities recommendation or guarantee of performance. Market occupancy, concessions, sales price per unit and cap rates for Mobile's 20+ unit universe are not fully observable from free public sources. Where proprietary verified data were unavailable, the report avoids asserting false precision.

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