



Tuscaloosa, Alabama

Market Report

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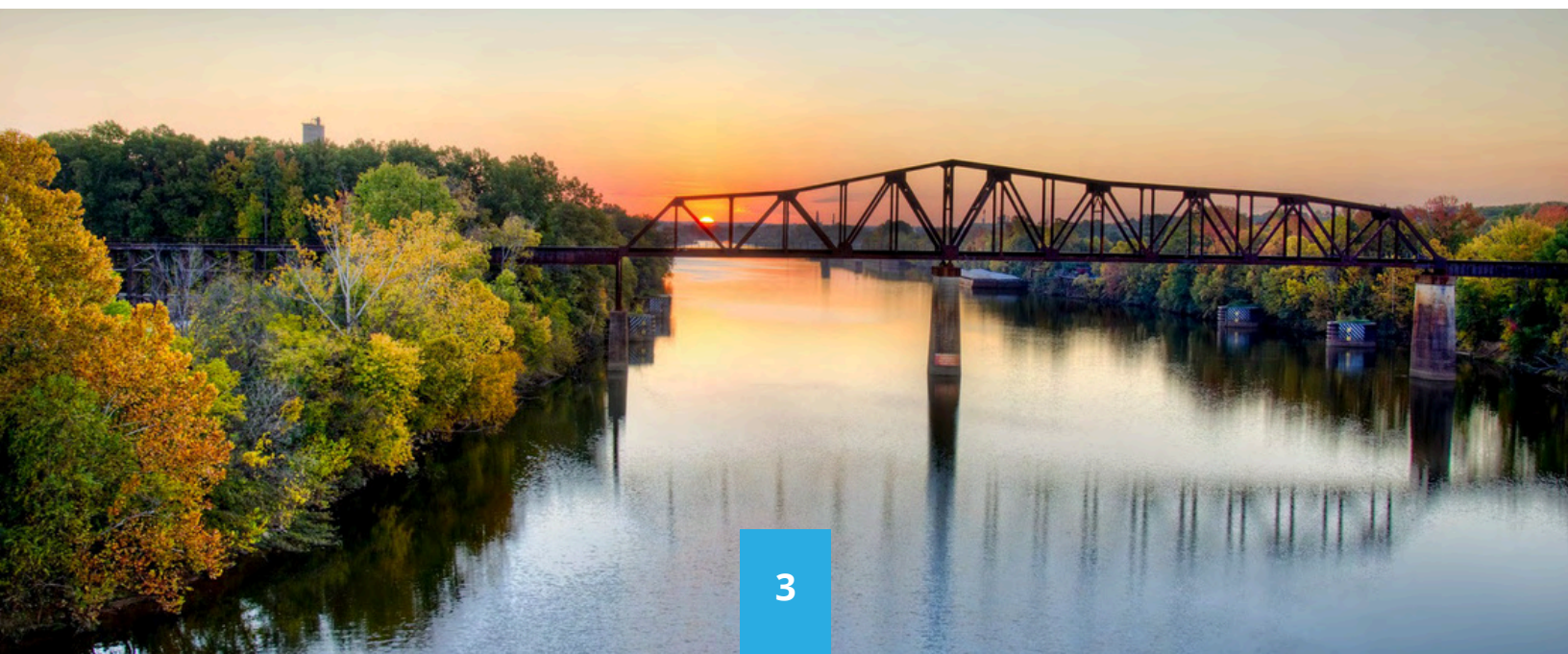
OVERVIEW

Market selection is crucial for real estate investors seeking long-term stability and growth. Markets with strong employment, economic expansion, and affordable real estate stand out—Tuscaloosa, Alabama, is one such city.

Known as "The Druid City," Tuscaloosa is the economic and cultural hub of West Alabama. The Tuscaloosa MSA, which includes Hale and Pickens counties, has grown steadily, reaching 278,290 residents in 2023. With 116,000 people living in the city, Tuscaloosa is now Alabama's fifth-largest city. Its economy continues to expand, with forecasts predicting sustained growth in the coming years.

Real estate in Tuscaloosa remains affordable and in demand. The median sale price for a home is \$245,000, marking a 3.6% increase over the past year. Homes often receive multiple offers and sell near asking price, while the University of Alabama fuels strong rental demand, making the market attractive for investors.

With a growing population, a resilient economy, and an affordable housing market, Tuscaloosa is a prime target for real estate investors seeking stable, long-term opportunities.



ALABAMA

Alabama's economy showed resilience in 2024, with real GDP growing by an estimated 3.0% despite a slight contraction earlier in the year. The state's labor market remained strong, as the civilian labor force grew from 2.34 million in July to 2.36 million in December, while employment increased to 2.28 million. However, the unemployment rate ticked up slightly from 3.0% to 3.3% by year-end.

In 2024, Alabama's housing market faced significant challenges, with home sales declining by approximately 18% compared to the previous year. This downturn was not unique to Alabama; the national housing market experienced similar trends, characterized by a slowdown in sales and persistent affordability issues. Elevated mortgage rates, which remained high throughout the year, were a primary factor influencing these trends. Despite these challenges, the total value of U.S. homes increased by \$2.5 trillion in 2024, reaching a cumulative worth of \$49.7 trillion, indicating a complex landscape where property values continued to rise even as transaction volumes declined.

With a competitive tax environment and a stable economic outlook, Alabama remains a prime location for long-term investment and growth, despite near-term housing market fluctuations.

TUSCALOOSA

Home Value Appreciation

As of February 2025, Tuscaloosa's housing market has experienced notable growth. The median home sold price reached \$259,954, reflecting a 2.1% increase from the previous year. This steady appreciation underscores the market's resilience and its appeal to real estate investors.

Cost of Living and Rental Market

Tuscaloosa maintains a cost of living index of 86.9, which is 13.1% below the national average. This affordability extends to the rental market, where average rents remain competitive compared to other metropolitan areas. The presence of the University of Alabama contributes to a consistent demand for rental properties, ensuring stable occupancy rates and rental income potential for investors.

Population and Income Growth

The Tuscaloosa metropolitan area has experienced steady population growth, reaching approximately 281,963 residents as of December 2024. This growth is accompanied by economic strengthening, with the median household income rising to \$48,536 in recent years. These trends enhance the area's appeal to both residents and investors, reflecting a vibrant and expanding community.

With rising home values, affordable living, and a growing economy, Tuscaloosa offers investors a market that balances stability with opportunity.

EMPLOYMENT

Stable and Competitive Unemployment Rate

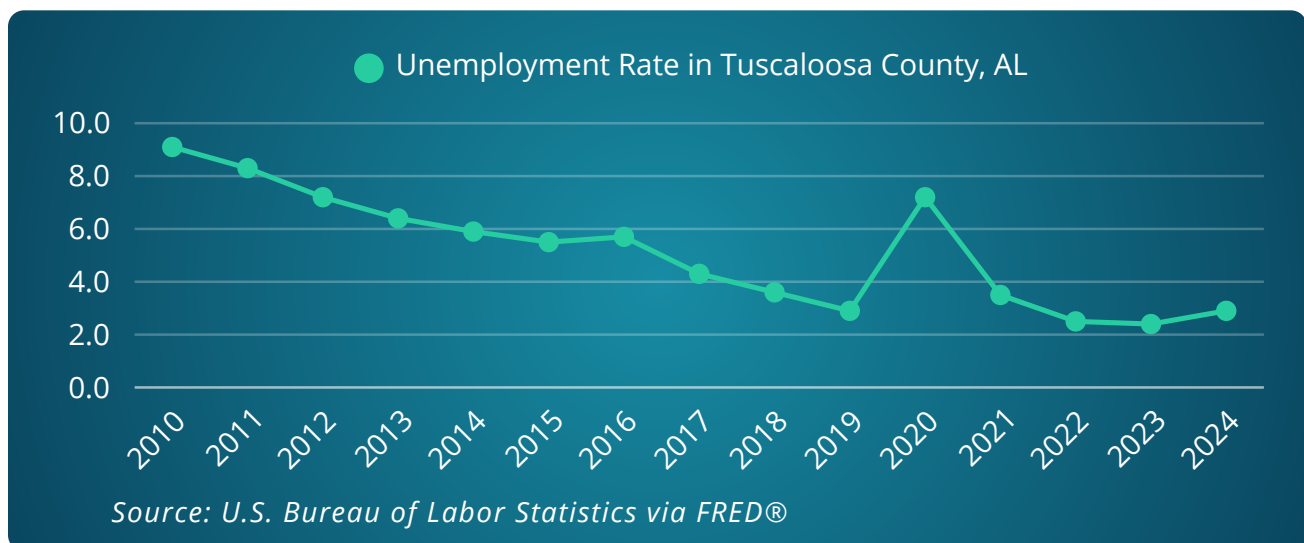
As of December 2024, Tuscaloosa's unemployment rate stands at 3.0%, reflecting a stable job market. This rate is lower than the national average of 3.8%, reinforcing the city's strong employment environment and ability to sustain economic growth.

Home to Major Employers

As of December 2024, Tuscaloosa's unemployment rate is 3.0%, lower than the national average of 3.8%, reflecting a stable and growing job market. The city's diverse economy is anchored by The University of Alabama, Mercedes-Benz U.S. International, DCH Health System, Nucor Steel, and Peco Foods, providing steady employment across education, manufacturing, healthcare, and industry.

Recognition as a Promising Job Market

With steady employment figures and continued investment in key sectors, Tuscaloosa remains a thriving job market that attracts both businesses and professionals, ensuring long-term economic growth and opportunity.

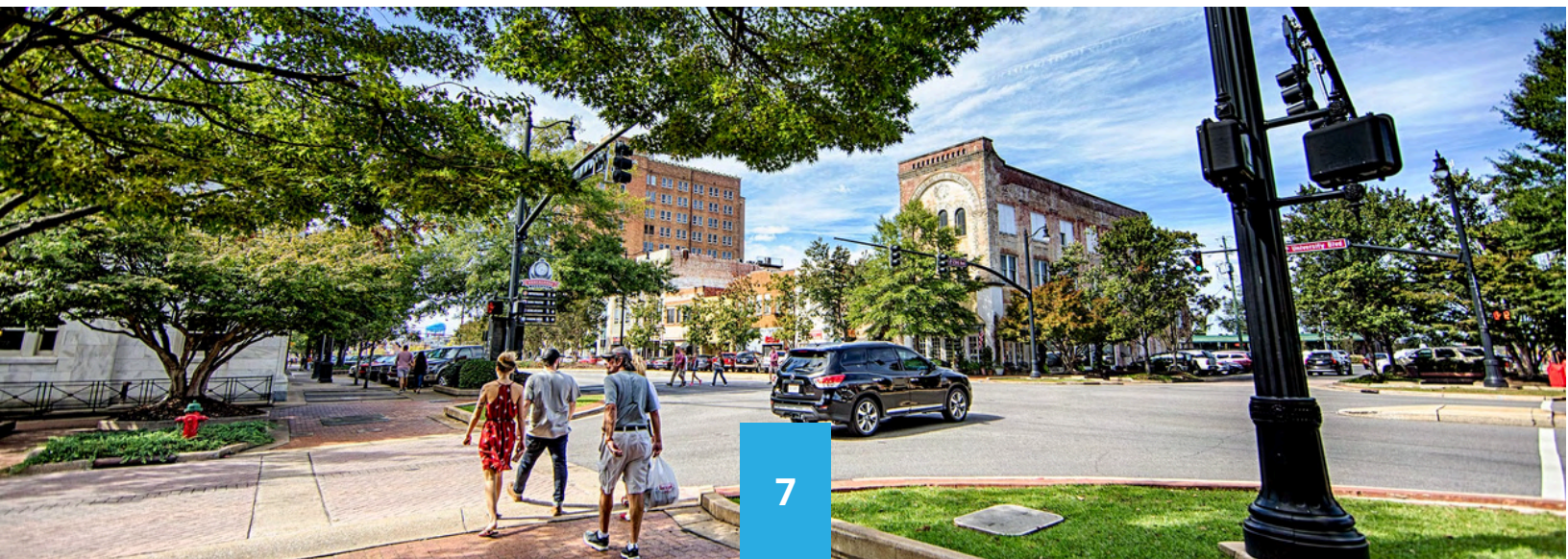


NEXT-GEN ECONOMY

Tuscaloosa is evolving into a hub for next-generation talent and economic growth, fueled by its strong education system and expanding job market. As home to the University of Alabama, one of the largest public universities in the country, the city benefits from a steady pipeline of highly educated graduates entering the workforce. With an enrollment of over 38,000 students, the university plays a pivotal role in shaping the local economy, producing skilled professionals in fields like business, engineering, and healthcare.

Beyond the student population, Tuscaloosa is seeing a growing number of young professionals choosing to live and work in the area. The city's affordability, combined with its emerging tech, manufacturing, and healthcare industries, is attracting a new generation of workers looking for career opportunities in a lower-cost, high-quality environment. Employers such as Mercedes-Benz U.S. International, DCH Health System, and Nucor Steel are helping drive this shift by offering competitive salaries and career growth potential.

As industries modernize and new businesses emerge, Tuscaloosa is poised for long-term economic expansion. With its strong educational foundation, thriving workforce, and a pro-business climate, the city is securing its position as a key player in the next-gen economy, making it an attractive destination for both investors and professionals




ELEVATE TUSCALOOSA



Elevate Tuscaloosa is a strategic initiative launched to invest in the city's culture, connectivity, and economic development by enhancing educational resources, public safety, and public venues.

The program funds dual enrollment scholarships, covering up to 12 credit hours for Tuscaloosa City Schools students in grades 10-12 at institutions like The University of Alabama, Shelton State Community College, or Stillman College. Additionally, Elevate Tuscaloosa supports Pre-K initiatives and summer learning academies, benefiting thousands of students annually.

Investments include the development of new parks and the enhancement of existing recreational facilities to improve community well-being. The initiative aims to boost tourism and enrich cultural experiences by supporting arts venues and events, thereby strengthening the local economy. Projects also focus on enhancing transportation infrastructure, including street improvements and airport expansions, to improve mobility and support economic growth.



PROJECT	CATEGORY	BUDGET	STATUS
Smart Communities and Innovation Building	Innovation & Technology	\$42 Million	Under Construction
Northriver Commons	Mixed-Use	\$60 Million	Under Construction
Natural Earth's Products Facility	Commercial Manufacturing	\$10.8 Million	Under Construction
Fit Foodz Poultry Processing Facility	Industrial Manufacturing	\$15 Million	Under Construction
Techstars WaterTech & Sustainability Accelerator	Innovation & Startups	Not Disclosed	Launched in 2024
Encore Development	Mixed-Use	Not Disclosed	Approved, in planning phase
Tuscaloosa National Airport Runway Expansion	Infrastructure	Not Disclosed	Planned

SPARTAN'S FOCUS

Tuscaloosa is an emerging hotspot for real estate investment, but not all neighborhoods offer the same opportunities. Any seasoned investor knows that trends can shift dramatically from street to street, which is why working with a turnkey provider with a deep local presence is critical. At Spartan, we don't just invest in Tuscaloosa—we live and work here. We know which areas are poised for growth, where rental demand is strongest, and which neighborhoods offer the best balance of cash flow and appreciation potential.



Our boots-on-the-ground approach allows us to focus on B and B+ class properties that attract long-term, stable tenants with solid employment. Tuscaloosa's rental demand is strong, driven by both its growing job market and its large student population from the University of Alabama. While more than 48% of Tuscaloosa residents rent, we understand that long-term success isn't just about filling units—it's about choosing properties in neighborhoods where people want to live. This strategy maximizes appreciation potential and ensures that, when the time comes to sell, investors have the option of selling to owner-occupants, not just bargain-hunting investors.

By combining local expertise with strategic investment selection, we give our clients the advantage they need to succeed in the Tuscaloosa market.

OUR REHAB PROCESS

Actions are more valuable than words, especially when it comes to the renovation and rehabilitation of a turnkey property for an investor. At Spartan, we take great pride in our top-to-bottom rehab process. We're never going to sell a property that doesn't meet our rigorous standards. That means we're going to ensure that the property is somewhere we would be happy to live with our families.

Beyond outward appearance, for a home, good bones are important. It's what's on the inside that counts. And that means inside walls, inside plumbing, and inside big capital expense items.

Our team are experts at finding properties that may have seen better days, but still, have the solid bones and high-quality internal systems that provide the foundation for a low-maintenance rental investment. Then, we get to work. In addition to taking care of any existing issues with a property and updating standard cosmetic items, we execute the following rehab items in about 80% of our properties:

- New HVAC system (15-20 year life)
- New Like-Wood Vinyl Flooring (20-year life)
- Refinishing of Existing Hardwoods (8-12 year life)
- New Tin Roof (40-year life)
- New Water Heater (10-year life)
- New Granite Countertops
- New Kitchen and Bath Fixtures
- New Window Treatments
- Updated Landscaping

BEFORE & AFTER

While intensive rehab work is not necessary for many of our properties, when we run into that situation we embrace it. We never shy away from stripping a property down to the studs if that's what's necessary. Our goal is to provide properties that won't require work for years to come, keeping your tenants happy and maintenance rates and costs low. Listed below are a few of our properties, both before and after our rehab team works their magic:

Before



After



BEFORE & AFTER

Before



After



SPARTAN - BY THE NUMBERS

While our rehab process is focused on keeping expenses down long-term, there's more to a solid rental investment than just maintenance. We take pride in our craftsmanship and attention to detail, but our white-glove property management service is the jewel in the Spartan crown. Our leasing team works tirelessly to find the best possible tenants for each property - we're not in the business of just getting bodies in the door, we want qualified tenants who will stay long after the initial two-year lease is up.

Putting in the work to find the right tenants means lower tenant turnover, fewer move-outs, and lower average move-out costs as well as minimal vacancy.

KPI's	2020	2021	2022	2023	2024
Maintenance Ratio	5.6%	5.6%	6%	6.7%	6.8%
AR Collected	95%	95.31%	93.7%	89.51%	93.4%
Days to Deposit	57	36	27	33	33
Occupancy	94.5%	95%	97%	94.1%	93.4%
Renewals	56.43%	55.98%	57.31%	59.7%	57.7%

SPARTAN - BY THE NUMBERS

Over the past five years, we have made strategic investments in property upkeep, balancing rising costs with smarter maintenance planning. While AR collection briefly dipped in 2023 due to market shifts, improved collection processes and tenant outreach have stabilized performance. Strong leasing and renewal strategies continue to drive occupancy and retention. To ensure long-term stability, we've streamlined deposit processing and enhanced payment tracking, improving cash flow and operational efficiency.

Once a tenant is in place, our management team makes sure rent is on time and good tenants stay content. That means taking care of any maintenance issues within 24-hours and ensuring that both investor and tenant always get what they pay for. Our proactive management ethos means that good tenants stay longer, occupancy stays up, and investor cash flow keeps rolling in month after month.

- Average First-Year Returns on Cash Purchase: **6.5-9%**
- Average First-Year Returns on Financed Purchase: **8-12%**
- Average Annual Return After 30-Year Note Pay-Off: **30-40%**

Based on average returns from real properties in our portfolio, with values from \$85-\$200k.

The result is consistent, reliable income for our investors and increasing returns year after year as tenants pay down your mortgage and build up your equity. While cash flow is king, never underestimate the power of having your tenants pay off your mortgage. Financing your purchase can double the overall return on your investment in the very first year; once that loan is paid off, your annual cash-on-cash return skyrockets.



CONCLUSION

From historic restorations to new educational and commercial developments, Tuscaloosa's transformation is well underway. With property values steadily rising and rental demand driven by both a strong workforce and the University of Alabama's growing student population, this market offers long-term cash flow potential for investors. And with Spartan by your side, your investment is a priority long before you make a commitment.

As a full-service turnkey provider, we ensure every property meets the highest quality standards, every tenant is carefully vetted, and every investment is managed with the same diligence we apply to our own portfolios. We don't just sell properties in Tuscaloosa—we own them too. That means the rehab quality, tenant stability, and long-term management of your investment are directly tied to our own success. When you invest with Spartan, you're investing in the same neighborhoods we are. With aligned interests and a shared commitment to success, we take the guesswork out of investing—so you can focus on building long-term wealth in one of Alabama's most promising markets.



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