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NAI CHASE COMMERCIAL REAL
ESTATE ARE AMONG THOSE
FUELING A DEVELOPMENT
BOOM IN HUNTSVILLE

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Huntsville is booming

All types of real estate developments are under construction across Huntsville — trying to keep up with job growth that is outpacing the nation

By KATHERINE MacGILVRAY — Photo by JEFF WHITE

An September, Huntsville-based developer RCP Companies announced plans for its upcoming addition to the MidCity District: a \$110 million mixed-use development featuring 330 apartment units, 35,000 square feet of office space and 32,000 square feet of street-level retail space. Anthem House — the name is a nod towards MidCity's music scene and the 8,000-capacity Orion Amphitheater that opened there in May — is one of the latest in a string of announcements about new industrial, commercial and residential projects in the Huntsville area.

In August, Birmingham-based Fairway Investments and Huntsville-based Triad Properties jointly acquired 135 acres on Greenbrier Parkway to develop a massive 2 million-square-foot master-planned distribution and commerce park. In July, Birmingham's Capstone Building Corp. announced the opening of its \$67 million, 507,943-square-foot apartment complex, Anthem Apartments, in North Huntsville. Also in July, The Beach Company hosted a grand opening for The Range, a 48,320-square-foot Class-A commercial office building.

In June, Meta announced that it will expand its Huntsville data center with the addition of two new buildings and nearly 3.5 million square feet. The expansion will raise the company's investment in Huntsville to more than \$1.5 billion and is expected to add more than 300 operational jobs.

In April, Atlanta-based Gateway Ventures and Bullpen Real Estate celebrated the grand opening of Laurel at Dry Creek, a 20-acre residential community featuring a \$60 million garden apartment project that includes 15 townhomes, 10 carriage homes and 318 apartments. In March,



Randy Thomas, of NAI Chase Commercial, is amazed and delighted by Huntsville's booming marketplace.

Doster Construction Co. announced it would soon begin construction on HQ at Upland Park, a 110,000-square-foot project that will combine office, retail and restaurant amenities. HQ, scheduled to be complete in the spring of 2023, is the last in Nicol Investment Company's venture, a 60-acre mixed-use community in Cummings Research Park.

This uptick in the Huntsville area real

estate market isn't new.

"This is not an unusual time; it's continued growth to meet the demand of the growing population," says Ken Smith, senior director for research and information services at the Huntsville/Madison County Chamber of Commerce. "The honest truth is our growth trajectory was outpacing the U.S. in the mid-2000s."

Even after a dip due to the 2008 recession,



sion, Huntsville's economy recovered quickly and continued to grow steadily between 2010 and 2015. "And we've really started to outpace the U.S. since then."

Smith attributes this to significant industrial growth that centered on key projects like Polaris Industries, which opened an off-road vehicle manufacturing facility in 2015; GE Aviation, which opened a factory complex in 2018; and Mazda Toyota Manufacturing, which started production in 2021. At the same time, federal employment opportunities grew as military base realignments and closures brought new jobs to the area, and the FBI expanded its presence at Redstone Arsenal. And Huntsville's high-tech industry, one of the fastest growing in the country, provides an additional shot in the arm.

"Really, the jobs drive the population, and the population drives the investment in single-family and multifamily housing, and then the stores and restaurants that go to support that. It's a snowball effect," Smith said.

Even a global pandemic couldn't stop the momentum. "We've already recovered from our pre-COVID employment levels, and just looking at our current numbers, we're outpacing the job growth of the U.S. by two to one," says Smith. "So, we are about 3.2% above what we were before COVID, and the U.S. is at about 1.5% above where it was before COVID."

"A lot of what we're seeing with new apartments, new restaurants and hotels, new office construction and speculative industrial development is coming from outside investors who see that the market is growing. We've turned a corner. We're now being seen as a primary market for outside investment," Smith says.

Randy Thomas, executive vice president of brokerage at NAI Chase Commercial, one of the leading full-service commercial real estate companies in the state, agrees. "What we've seen [in

CLOCKWISE FROM LEFT: RCP Companies' addition to MidCity District; HQ at Upland Park; A rendering of Anthem House; Village at Hays Preserve.

the Huntsville market] in the past few years is local ownership of valuable real estate selling to national investors. It's happened again and again and again. And you're going to see more of that." As an example, Thomas points to a locally owned four-building, 45,775-square-foot mixed-use property in central downtown Huntsville that his partner at NAI Chase, Eric Amason, recently put on the market. "That property will acquire a national investor because it's in Huntsville, it's got a fair return, and it's never going to be more valuable than what it is today."

NAI Chase manages more than 4 million square feet of real estate throughout north Alabama. The company provides leasing and sales for office, industrial and retail property; commercial development; property, asset and facilities management; investment brokerage; and construction and renovation services.

When the new owners of a property NAI Chase manages on the east side of Research Park did a 51,000-square-foot speculative build, they had complete occupancy within 120 days of completing construction.

"At one time no one would have attempted that," says Thomas. "And we see that going on all over Huntsville. We see warehouses going up without tenants, and by the time they're completed or shortly thereafter, there are tenants in there."

Established in 2014, Huntsville-based Freedom Real Estate & Capital LLC began as a real estate investment organization,

focused at first on acquiring distressed properties, then renovating and modernizing them to attract and retain tenants.

“Early on we were heavily focused on south Huntsville and that’s the largest concentration of our property,” says Lee Holland, vice president of development and construction at Freedom. The majority of those early projects are now occupied by Torch Technologies, Freedom’s sister company. “The City of Huntsville and Freedom/Torch have worked very closely to try to help revitalize south Huntsville.”

In addition to its success developing the Torch campus, Freedom completed renovations on Office Park South in 2021. Brenda Conville, vice president for real estate at Freedom, recalls the condition of the property when they purchased it in 2017. “Dilapidated is the best word to describe it, and the tenants were exiting quickly.” After a multimillion-dollar renovation, the 115,000 square feet of office space are already fully leased. “These buildings were a real blight in the south

Huntsville market, and now they are very attractive and people want to be there,” says Conville.

But obtaining properties in the area has become more of a challenge. “We’re still acquiring existing properties,” says Holland, “but as the market here has sped up, it’s become more difficult to find properties that are at a price point where we can acquire them and still have room to do the renovations needed and still be able to have a competitive lease rate.” So, the company has expanded its role to include brokerage representation, property management and developing brand new facilities. Currently, the company owns about 530,000 square feet of real estate in Madison County.

“Because Huntsville has gotten so much publicity, national investors have come in and said, ‘What can I buy in Huntsville? I’ve got a lot of capital, and I need to buy something. What do you have?’ If I get one of those calls, I get two or three a week,” says Thomas. “And I’m

like, you guys are so late to the dance.”

“It’s very exciting,” says Smith. “We have a lot of new growth and development in the pipeline along all fronts.” That includes industrial warehouses, new multifamily developments, and new mixed-use developments. “On the commercial side, we have restaurants and shops coming to town that are new to the market as well as several new mixed-use developments coming to the area, including Clift Farm, Town Madison, the MidCity District, Hays Farm, the Stovehouse area, the Village of Providence and downtown. I’d say in the next two to three years we will see a number of these developments that are in the planning and development stages come online, and the landscape and the feel of the community will be very different and more urban, but also very livable.”

Katherine MacGillivray and Jeff White are Huntsville-based freelance contributors to Business Alabama.

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