

# MARKETBEAT

## BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



1Q08

### AT A GLANCE

- In the first quarter of 2008, the Birmingham market saw an overall negative absorption of 49,169 square feet (sf) and an overall occupancy of 93.4%, up from 93.0% at the end of 2007. The market saw some positive absorption in the Central Business District (CBD) with a total of 22,478 absorbed in the first quarter.
- The Midtown submarket continues to show strength with an overall occupancy rate of 95.9%—the highest in the Birmingham market – along with 97.9% occupancy of class A space.
- In the 280/Southern submarket, HealthSouth Corporation finalized the sale of its corporate campus to Daniel Corporation, a locally based developer. The transaction included the 200,000-sf HealthSouth corporate headquarters building, the Cahaba Grand Conference Center, and a 66,000-sf office building all located on a 103-acre site fronting US Highway 280.
- The tightening inventory in the Birmingham market is predominantly due to the conservative nature of the market with a small number of new office developments having been built in recent years. It is likely that the market will see new construction in 2008 as developers seek to benefit from the currently tight office inventory.

### ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.9%	2.2%	1.5%
CPI Growth	3.2%	2.8%	3.0%
Regional			
Unemployment	3.6%	3.5%	3.9%
Employment Growth	1.1%	1.0%	0.6%

### BEAT ON THE STREET

“After several years of almost no new product being added to the market, at least five multi-tenant spec buildings have been announced by different local developers. It will be interesting to see which projects break ground first.”

—Christy Roddy, Office Leasing

### MARKET HIGHLIGHTS

#### SIGNIFICANT 1Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Concord Center	Harbert Corporation	60,000	A
Inverness 22	Medical Properties Trust	17,250	A
Inverness 22	Diagnostic Health Corporation	13,182	A
Financial Center	Pritchard McCall & Jones, LLC	9,332	A
Chase Corporate Center	EA Renfroe	8,000	A
Wachovia Tower	Deloitte	8,000	A
Grandview I	Barge, Wagonner, Sumner & Cannon	7,879	A
Mountain Brook Center	Ritchey & Simpson, PLLC	6,000	A

#### SIGNIFICANT 1Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Regions Harbert Plaza	JV Partnership	614,000	\$126,000,000
HealthSouth Building	Daniel Corporation	200,000	\$43,500,000
Riverpoint Building	Nexity Financial Corp	66,614	\$8,500,000

#### SIGNIFICANT 1Q08 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

### MARKET STATISTICS

Market	Inventory	Overall Vacancy	YTD Absorption	Direct Wtd. Avg Class A Gross Rental Rate psf/yr
CBD	5,165,764	8.9%	22,478	\$21.75
Midtown	3,903,117	4.1%	(30,403)	\$19.56
280/Southern	5,218,682	4.9%	(58,948)	\$21.84
Hoover/Riverchase	1,961,284	8.8%	21,255	\$19.55
Vulcan/Oxmoor	823,591	10.4%	(3,551)	N/A
<b>TOTAL</b>	<b>17,072,438</b>	<b>6.6%</b>	<b>(49,169)</b>	<b>\$21.43</b>

For further information, please contact our Research Department:  
EGS Commercial Real Estate, Inc.  
505 North 20<sup>th</sup> Street, Suite 700  
Birmingham, AL 35203  
(205) 939-4440  
www.egsinc.com

\*Market terms & definitions based on BOMA and NAIOP standards.

This report contains information available to the public and has been relied upon by Cushman & Wakefield on the basis that it is accurate and complete. Cushman & Wakefield accepts no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

©2008 Cushman & Wakefield, Inc. All rights reserved.



COMMERCIAL REAL ESTATE