

# MARKETBEAT

## BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q08

### AT A GLANCE

- In second quarter 2008, the Birmingham market saw overall negative absorption of 68,213 square feet (sf) and overall occupancy of 93.0%, a slight drop from 93.4% at the end of first quarter. The market experienced positive absorption in both the Central Business District (CBD) and Midtown submarkets with 11,651 sf and 21,040 sf absorbed in the second quarter.
- In the Vulcan/Oxmoor submarket, a representative transaction included the sale of the 286,604-sf former Saks Headquarters to Brookwood Pharmaceuticals. The building is comprised of 135,000 sf of class A office space in conjunction with 151,604 sf of office service space.
- The Midtown submarket continues to demonstrate strength with an overall occupancy rate of 96.4%, with 97.9% occupancy in class A space.
- The overall market has slowed from 2007, but continues to experience a tightening in inventory due to few new projects being developed in recent years. These market forces will necessitate a marked increase in new construction over the next 12 to 18 months.

### ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.9%	2.2%	1.6%
CPI Growth	3.2%	2.9%	3.6%
Regional			
Unemployment	3.6%	3.5%	3.9%
Employment Growth	1.1%	1.0%	0.6%

Source: Moody's | Economy.com

### BEAT ON THE STREET

“The office market continued to be strong in the second quarter, as several developers considered starting class A office buildings in the Midtown and suburban office markets.”

- R. William Pradat, Executive Vice President

### MARKET HIGHLIGHTS

#### SIGNIFICANT 2Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
One Perimeter Park	Washington Group	50,000	A
2 North 20th Building	Compass Bank	20,000	A-
Park Place	Renasant Bank	20,000	A
Urban Center 1000	Medical Properties Trust	17,861	A
Financial Center	Employers Drug Program Management, Inc.	8,575	A

#### SIGNIFICANT 2Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Former Saks Headquarters	Brookwood Pharmaceuticals	135,000	\$12,050,000
Birmingham Trust Building	Private Investor	70,000	\$3,600,000

#### SIGNIFICANT 2Q08 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

MARKET	INVENTORY	OVERALL VACANCY	YTD ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
CBD	5,165,764	8.7%	34,129	\$20.68
Midtown	3,903,117	3.6%	(9,363)	\$19.68
280/Southern	5,218,682	5.5%	(94,267)	\$21.98
Hoover/Riverchase	1,961,284	11.0%	(22,066)	\$19.69
Vulcan/Oxmoor	823,591	13.1%	(25,815)	N/A
<b>Total</b>	<b>17,072,438</b>	<b>7.0%</b>	<b>(117,382)</b>	<b>\$20.99</b>

\*Rental rates reflect \$psf/yr

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

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