

# MARKETBEAT

## BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



3Q08

### AT A GLANCE

- In the third quarter of 2008, the Birmingham market saw an overall negative absorption of 16,493 square feet (sf) and an overall occupancy of 92.8%, a slight decrease from 93.0% in the second quarter.
- Steady growth continued during the third quarter for Birmingham's suburban markets. The Midtown submarket continues to demonstrate a tightening in inventory with an overall occupancy rate of 96.1%, with 97.7% occupancy in class A space.
- The Hoover/Riverchase submarket saw a noticeable increase in occupancy rates during the third quarter, with an overall occupancy of 92.5%, an increase from 89.0% at the end of the second quarter. Class B space constituted 73,783 sf of space absorbed, accounting for the majority of the increase in occupancy.
- In the last two quarters, more sublease space has become available, an indication of the slowing economy. However, because of the tight market, tenants have been able to sublease space for full rental rates, which are often below current market asking rates.

### ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.8%	2.0%	1.9%
CPI Growth	3.2%	2.9%	4.4%
Regional			
Unemployment	3.6%	3.5%	4.9%
Employment Growth	3.4%	3.3%	2.5%

Source: Moody's | Economy.com

### BEAT ON THE STREET

"The Birmingham office market continues to show high occupancy levels in key submarkets, although a weakening economy has slowed plans for the development of several new class A office buildings in Midtown and the suburbs."

- R. William Pradat, Jr., Executive Vice President

### MARKET HIGHLIGHTS

#### SIGNIFICANT 3Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
1500 Urban Center	Proxsys	15,152	A
Business Park South	United Auto Credit Corporation	8,000	BP
Grandview I	Barge, Waggoner, Sumner & Cannon	7,879	A
2700 Meadow Brook South	AFL Networks	7,620	A

#### SIGNIFICANT 3Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
2160 Highland Avenue	Summit Products	20,000	\$1,850,000
112 24th St. North	WSK Realty, LLC	7,520	\$278,000

#### SIGNIFICANT 3Q08 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	8.9%	24,030	\$20.19
Midtown	3,905,209	3.9%	(22,697)	\$19.64
280/Southern	5,414,049	6.8%	(152,882)	\$22.24
Hoover/Riverchase	1,961,284	7.5%	45,949	\$19.65
Vulcan/Oxmoor	823,591	13.4%	(28,275)	N/A
<b>Total</b>	<b>17,269,897</b>	<b>7.2%</b>	<b>(133,875)</b>	<b>\$20.96</b>

\*Rental rates reflect \$psf/yr

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

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EGS Commercial Real Estate, Inc.  
505 N. 20<sup>th</sup> Street, Suite 700  
Birmingham, AL 35203  
(205) 939-4440