

MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



4Q08

AT A GLANCE

- In the fourth quarter of 2008, the Birmingham market saw an overall positive absorption of 108,424 square feet (sf) and an overall occupancy of 93.4%, a slight increase from 92.8% in the third quarter. However, the market experienced a negative year-to-date absorption of 25,451 sf.
- Steady growth continued during the fourth quarter for Birmingham's suburban markets. The Midtown submarket continues to experience the highest occupancy rate in the market at 96.2%, with 98.0% occupancy in class A space.
- The 280/Southern submarket witnessed an overall absorption of 65,225 sf. Class A space constituted 47,893 sf of space absorbed, accounting for the majority of the increase in occupancy.
- The Birmingham market continues to see an increase in the availability of sublease space as a result of the tightening economy. The two primary drivers of leasing activity over the last several years, financial services and legal services, have become primary sources of the recent sublease space returns as companies look for ways to reduce expenses.

ECONOMIC INDICATORS

National	2007	2008	2009F
GDP Growth	2.0%	1.2%	-1.5%
CPI Growth	2.9%	4.2%	0.9%
Regional			
Unemployment	3.6%	3.5%	6.1%
Employment Growth	3.4%	3.3%	1.7%

Source: Moody's | Economy.com

BEAT ON THE STREET

"The Birmingham Office Market ended the year with stable occupancy levels, with certain submarkets particularly strong. However, as a result of the challenges currently facing our economy, sublease activity is on the rise".

– Eric T. Rogers, Office Leasing & Brokerage

MARKET HIGHLIGHTS

SIGNIFICANT 2008 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Meadow Brook 2500	DST Health Solutions Services, LLC	98,216	A
Grandview Plaza	Virginia College	26,000	A
Urban Center 1500	Proxsys	16,000	A
Concourse at Riverchase 100	Grayson & Associates, P.C.	4,250	A
Galleria Tower	Zurich American Insurance Company	3,900	A

SIGNIFICANT 2008 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
300 Riverchase Pkwy E	Private Investor	25,600	\$3,800,000

SIGNIFICANT 2008 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 RATE	YTD OVERALL ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
CBD	5,165,764	8.4%	48,376	\$20.83
Midtown	3,905,209	3.8%	(17,458)	\$19.98
280/Southern	5,414,049	5.6%	(87,657)	\$22.28
Hoover/Riverchase	1,961,284	7.4%	48,309	\$20.22
Vulcan/Oxmoor	823,591	12.0%	(17,021)	N/A
Total	17,269,897	6.6%	(25,451)	\$21.28

*Rental rates reflect \$psf/yr

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



For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at www.cushmanwakefield.com/knowledge

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

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.
©2009 Cushman & Wakefield, Inc. All rights reserved.