

MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



1Q09

AT A GLANCE

- In the first quarter of 2009, the Birmingham market saw an overall negative absorption of 243,515 square feet (sf) and an overall occupancy of 92.0%, a decrease from 93.4% at the end of 2008.
- The Midtown submarket is Birmingham's only submarket to show a positive absorption in the first quarter of 2009. This submarket absorbed 15,023 sf of space and has an overall occupancy rate of 96.6%. This continues to be a tight submarket because of its prime location between the CBD and the suburbs as well as the proximity to higher income neighborhoods.
- The 280/Southern submarket saw a decline in occupancy in the first quarter with a rate of 92.5%, down from 94.4% at the end of 2008. The continued weakening of this office submarket is primarily due to companies contracting and managing costs in a challenging economy.
- Sublease space continues to increase, putting more downward pressure on rental rates. The amount of sublease space is increasing in all submarkets throughout the metropolitan area.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	1.1%	-2.9%	1.8%
CPI Growth	3.8%	-1.0%	1.9%
Regional			
Unemployment	3.5%	6.5%	8.4%
Employment Growth	-1.0%	-2.9%	-3.9%

Source: Moody's | Economy.com

BEAT ON THE STREET

"The commercial real estate market typically lags behind the rest of the economy, and we are continuing to experience the decline in the market. As the first positive economic indicators are beginning to be seen, the real estate market will begin to rebound as well."

- Christy Roddy, Office Leasing

MARKET HIGHLIGHTS

SIGNIFICANT 1Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Quality Circle	BlueCross BlueShield	43,961	A
Vestavia Office Park	Alabama Vascular & Vein	14,000	A
Overlook Park	Regency Healthcare Group	12,217	A
Independence Plaza	Dr. John Owen	3,000	A
One Federal Place	Tyler, Eaton, Morgan, Nichols & Pritchett, Inc.	3,000	A

SIGNIFICANT 1Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

SIGNIFICANT 1Q09 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Servis1st Headquarters	Servis1st Bank	50,000	3Q 2009

MARKET	INVENTORY	DIRECT VACANCY RATE	YTD DIRECT ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
CBD	5,165,764	9.3%	(43,215)	\$21.10
Midtown	3,905,209	3.4%	15,023	\$20.53
280/Southern	5,394,559	7.5%	(99,546)	\$22.14
Hoover/Riverchase	1,961,284	11.6%	(82,496)	\$18.98
Vulcan/Oxmoor	823,591	16.1%	(33,281)	N/A
Total	17,250,407	8.0%	(243,515)	\$21.19

*Rental rates reflect \$psf/yr

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

Please consider your environmental responsibility before printing this report.

*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.

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

