MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

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2Q09

AT A GLANCE

- In the second quarter of 2009, the Birmingham office market saw a direct negative absorption of 62,897 square feet (sf) and an occupancy rate of 91.6%, a slight decrease from 92.0% at the end of the first quarter.
- All five submarkets experienced negative activity during the second quarter; however the Central Business District (CBD) remained relatively stable reporting a negative absorption of only 816 sf. The CBD's occupancy rate of 90.7% remained unchanged from the first quarter of 2009.
- Despite a negative absorption of 18,906 sf for the quarter, the Midtown submarket continues to demonstrate strength with the highest occupancy rate in the market of 95.8% and an occupancy rate of 97.1% in class A space.
- Sublease space continues to increase with 231,342 sf available second quarter. The 280/Southern market shows the highest amount of sublease space available of 129,985 sf.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
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

"Despite the fact that Alabama's economy fell into recession much later than the U.S. economy, the state is facing the same challenges as the rest of the nation. Slowdowns in both consumer spending and business spending, together with tightened lending conditions and a weak housing sector will continue to negatively impact the state's economy throughout 2009."

- Alabama.Business report - 2nd Quarter 2009,
Alabama Center for Business & Economic Research

MARKET HIGHLIGHTS

SIGNIFICANT 2Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Meadowbrook 2500	DST	98,216	A
Lakeshore Park Plaza	Valletta Group	5,708	A
2017 Canyon Road	Brookwood Internal Medicine	4,917	A
Acton Ridge	Regency Healthcare	4,461	A

SIGNIFICANT 2Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

SIGNIFICANT 2Q09 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
Office at the Summit	Sellers Richardson Holman & West	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%	(44,031)	$21.10
Midtown	3,905,209	4.2%	(16,131)	$20.86
280/Southern	5,394,559	7.7%	(112,450)	$22.13
Hoover/Riverchase	1,961,284	13.0%	(110,814)	$19.07
Vulcan/Oxmoor	823,591	16.3%	(35,234)	N/A
Total	**17,250,407**	**8.4%**	**(318,660)**	**$21.18**

*Rental rates reflect $psf/yr

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