

MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



3Q09

AT A GLANCE

- In the third quarter of 2009, the Birmingham office market saw a direct negative absorption of 114,543 square feet (sf) and an occupancy rate of 91.0%, a slight decrease from 91.6% at the end of the second quarter.
- The Central Business District (CBD) showed positive activity in class A space reporting a 91.4% occupancy rate and positive absorption of 9,963 sf. The CBD's overall occupancy rate of 90.7% remained unchanged from the second quarter of 2009.
- The Midtown submarket continues to demonstrate strength with an overall occupancy rate of 95.2%, with 96.4% in class A space.
- The Vulcan/Oxmoor submarket saw a noticeable increase in occupancy rates during the third quarter, with an overall occupancy of 85.8%, an increase from 83.7% at the end of the second quarter. Business Park space constituted 12,737 sf of space absorbed, accounting for the majority of the increase in occupancy.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	0.4%	-2.6%	1.8%
CPI Growth	3.8%	-0.5%	1.7%
Regional			
Unemployment	3.5%	10.2%	8.4%
Employment Growth	-1.0%	-5.0%	-3.9%

Source: Moody's | Economy.com

BEAT ON THE STREET

"The market continues to gradually soften, with vacancy rates inching up and rental rates coming down. However, activity has increased throughout the third quarter, so we're seeing some positive movement."

- Christy Roddy, Office Leasing & Brokerage

MARKET HIGHLIGHTS

SIGNIFICANT 3Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Overlook Park	Regency Healthcare Group, Inc.	12,217	B
3800 Colonnade Pkwy	AECOM	7,099	A
Acton Ridge	Regency Home Office, LLC	4,461	A
Grandview II	Humana	3,742	A

SIGNIFICANT 3Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

SIGNIFICANT 3Q09 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Shades Cahaba Office Building	Servis1st Bank	50,000	3Q 2009

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Office at the Summit	Sellers Richardson Holman & West	50,000	4Q 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%	(43,234)	\$21.07
Midtown	3,955,209	5.2%	(39,700)	\$21.84
280/Southern	5,394,559	8.1%	(131,165)	\$22.04
Hoover/Riverchase	1,961,284	17.2%	(192,959)	\$18.99
Vulcan/Oxmoor	823,591	14.2%	(18,145)	N/A
Total	17,300,407	9.1%	(425,203)	\$21.20

*Rental rates reflect \$psf/yr

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

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