MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

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1Q10

AT A GLANCE

- In the first quarter of 2010, the Birmingham office market experienced direct negative absorption of 70,487 square feet (sf) and an occupancy rate of 90.1%, a slight decrease from 90.5% at the end of 2009.
- The Central Business District (CBD) fared better than most of the suburban markets in the first quarter and was the only submarket to show positive absorption. The CBD had positive absorption of 11,542 sf, with 19,190 sf of class A space absorbed. The overall occupancy rate increased slightly to 90.9%, up from 90.7% at the end of 2009.
- The occupancy rate for the Hoover/Riverchase submarket dropped to 78.9% in the first quarter, down from 82.2% at the end of 2009. Direct absorption for this submarket was negative 65,046 sf with an average weighted rental rate of $17.04.
- After continuously rising throughout 2009, the amount of sublease space available in the first quarter of 2010 dropped by 53,188 sf to 379,128 sf. The 280/Southern submarket contains the highest amount of sublease space in the market with 268,132 sf available.

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.4%	2.8%	3.7%
CPI Growth	-0.3%	1.9%	2.1%
Regional			
Unemployment	10.5%	10.7%	10.1%
Employment Growth	-3.3%	-5.0%	-2.6%

Source: Moody's | Economy.com

BEAT ON THE STREET

"We look for activity to slowly increase in the latter part of 2010. However, any increase in leasing activity will depend on job growth. Until there is an increase in employment, the recovery process in the commercial real estate industry will be relatively slow."

- Bill Pradat, President

MARKET HIGHLIGHTS

SIGNIFICANT 1Q10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Urban Center 1500	Proxsys, LLC	16,000	A
300 Office Park Drive	First American Title Co.	4,798	A
Crescent Centre	Smith & Nephew, Inc.	2,524	A
Nowlin Building	Landcastle Title	2,500	
Chase Corporate Center	US Investigation Services, LLC	2,432	A

SIGNIFICANT 1Q10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

SIGNIFICANT 1Q10 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

MARKET STATISTICS

MARKET	INVENTORY	DIRECT VACANCY RATE	YTD DIRECT ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
CBD	5,165,764	9.1%	11,542	$20.72
Midtown	3,955,209	5.9%	(18,933)	$22.32
280/Southern	5,444,559	9.0%	(417)	$22.16
Hoover/Riverchase	1,961,284	21.1%	(65,046)	$18.89
Vulcan/Oxmoor	823,591	14.3%	2,367	N/A
Total	**17,350,407**	**9.9%**	**(70,487)**	**$21.28**

*Rental rates reflect $psf/yr

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