

MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q10

AT A GLANCE

- In the first quarter of 2010, the Birmingham office market experienced direct absorption of 20,580 square feet (sf), an improvement from negative 70,487 sf in the first quarter. The occupancy rate for the second quarter was 90.3%.
- The 280/Southern submarket showed positive absorption during the second quarter with 11,911 sf absorbed with 7,183 sf of class A space absorbed. The 280/Southern submarket still contains the highest amount of sublease space in the market with 270,084 sf available.
- The Hoover/Riverchase submarket showed modest positive absorption of 8,980 sf during the second quarter and an increase in occupancy. The occupancy rate for the Hoover/Riverchase submarket increase slightly to 79.4%, up from 78.9% at the end of the first quarter.
- The Birmingham office market is beginning to show small signs of improvement. During the second quarter, the total amount of class A space absorbed in the Birmingham market was 17,503 sf, up from 2,224 sf in the first quarter. The occupancy rate for class A space increased as well, from 91.3% to 91.7%.

MARKET HIGHLIGHTS

SIGNIFICANT 2Q10 NEW LEASE TRANSACTIONS			
BUILDING	TENANT	SF	BUILDING CLASS
Lakeshore Park Plaza	Synovus Mortgage	31,874	A
Shades Cahaba Building	Capital Strategies Group	9,729	A
Chase Corporate Center	HP Hotels Management	5,032	A
Luckie Building	Fuston, Petway & French, LLP	4,080	A

SIGNIFICANT 2Q10 SALE TRANSACTIONS			
BUILDING	BUYER	SF	PURCHASE PRICE
fmr Vesta Insurance	Infinity Property & Casualty Corporation	111,600	\$ 16,100,000
McCrary Building	NuTech Medical	28,000	\$3,700,000

SIGNIFICANT 2Q10 CONSTRUCTION COMPLETIONS			
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION			
BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%

Regional	2009	2010F	2011F
Unemployment	9.4%	10.2%	9.6%
Employment Growth	-5.9%	-1.9%	2.6%

Source: Moody's | Economy.com

BEAT ON THE STREET

"The Birmingham office market should see a gradual improvement throughout the year as the economy continues to recover. We anticipate a steady decline in overall vacancy as leasing activity slowly resumes."

- Christy Roddy, Vice President - Office

MARKET STATISTICS

MARKET	INVENTORY	DIRECT VACANCY RATE	YTD DIRECT ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
CBD	5,165,764	8.4%	19,476	\$20.52
Midtown	3,955,209	5.9%	(18,933)	\$22.12
280/Southern	5,444,559	8.8%	11,494	\$22.05
Hoover/Riverchase	1,961,284	20.6%	(56,066)	\$18.90
Vulcan/Oxmoor	823,591	15.3%	(5,878)	N/A
Total	17,350,407	9.7%	(49,907)	\$21.18

*Rental rates reflect \$psf/yr

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

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