

# MARKETBEAT

## BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



3Q10

### AT A GLANCE

- In the third quarter of 2010, the Birmingham office market experienced negative direct absorption of 5,999 square feet (sf), a drop from 20,580 sf in the second quarter. The occupancy rate for the third quarter remained 90.3%.
- The CBD has remained a strong market in 2010 and is the only Birmingham submarket to have year-to-date positive direct absorption with 56,792 sf absorbed. Class A space in the CBD has held steady, with a 93.8% occupancy rate and a rental rate of \$20.54 per square foot (psf).
- The Hoover/Riverchase submarket had positive direct absorption in the third quarter with 33,485 sf absorbed. The occupancy rate for the Hoover/Riverchase submarket increased to 81.1%, up from 79.4% at the end of the second quarter.
- The overall Birmingham market absorbed 73,057 sf of class A space during the third quarter. The occupancy rate for class A space increased to 92.3%, up from 91.7%, with an average rental rate of \$21.29 psf.

### ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.6%	2.7%	3.1%
CPI Growth	-0.3%	1.6%	1.6%
Regional			
Unemployment	9.4%	10.0%	9.7%
Employment Growth	-5.9%	-2.4%	1.5%

Source: Moody's | Economy.com

### BEAT ON THE STREET

"The recession has caused many tenants to look for ways to reduce operating costs and become more efficient during the down market. As the economy slowly improves, the current market conditions are favorable for credit tenants. Knowledgeable brokers have been able to help tenants take advantage of the soft real estate market and, in some cases, renegotiate more favorable lease terms."

- Bill Pradat, President

### MARKET HIGHLIGHTS

#### SIGNIFICANT 3Q10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Financial Center	U.S. Government	47,000	A
Southlake Center	Southern Communication Services	26,900	B
Office Park	City of Mountain Brook	9,686	A
Montclair I	City of Mountain Brook	6,000	B
Offices at The Summit	Fidelity Brokerage Services, Inc.	4,121	A
Colonial Plaza	Alagasco	3,800	A
Riverchase Center	American Lung Association	3,371	B

#### SIGNIFICANT 3Q10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
2712 Mamie L. Foster Place South	Levell Investment Management	Land	\$417,600

#### SIGNIFICANT 3Q10 CONSTRUCTION COMPLETIONS

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	7.7%	56,792	\$20.54
Midtown	3,955,209	6.0%	(25,619)	\$21.90
280/Southern	5,444,559	9.1%	(3,810)	\$22.05
Hoover/Riverchase	1,961,284	18.9%	(22,581)	\$19.15
Vulcan/Oxmoor	823,591	21.9%	(60,288)	N/A
<b>Total</b>	<b>17,350,407</b>	<b>9.7%</b>	<b>(55,506)</b>	<b>\$21.29</b>

\*Rental rates reflect \$psf/yr

\*The market terms and definitions in this report are based on NAIOP standards.

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