

MARKETBEAT

BIRMINGHAM OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

4Q10

AT A GLANCE

- Year end absorption for the Birmingham office market was negative 117,561 square feet (sf), a significant improvement from negative absorption of 490,044 sf at year-end 2009. The overall occupancy rate for the fourth quarter was 89.9%, a slight decrease from 90.5% one year ago.
- The amount of sublease space available in the Birmingham market totals 810,756 sf. Overall occupancy for the Birmingham market, factoring in the available sublease space, is 85.3%. The 280/Southern submarket has been most impacted as approximately 77% of the total sublease space currently available is located in this submarket.
- Rental rates held steady in most submarkets with an average weighted rental rate of \$19.20 per square foot (psf) for the Birmingham office market and \$21.33 psf for class A space.
- The Central Business District (CBD) fared better than most of Birmingham's suburban submarkets in 2010. The CBD had positive absorption of 88,530 sf, with 88,821 sf of class A space absorbed during the year. Occupancy in the CBD increased to a very respectable 92.9%, up from 90.7% year-end 2009.

ECONOMIC INDICATORS

National	2009	2010	2011F
GDP Growth	-2.6%	2.8%	2.8%
CPI Growth	-0.3%	1.6%	1.5%
Regional			
Unemployment	9.3%	9.2%	7.8%
Employment Growth	-5.9%	-2.6%	0.5%

Source: Moody's | Economy.com

BEAT ON THE STREET

"We expected transaction velocity to increase more rapidly in 2010 than what actually occurred. Activity in 2010 was relatively flat and the market was not as active as we hoped. The latter part of 2010 provided the start of an upswing in activity for the Birmingham market and we anticipate a gradual increase in activity in 2011."

-Bill Pradat, SIOR
 President



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MARKET HIGHLIGHTS

SIGNIFICANT 2010 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Financial Center	U.S. Government	47,000	A
Southlake Center	Southern Communication Services	26,900	B
Montclair I	City of Mountain Brook	21,000	B
Offices at the Summit	Brownell Travel	11,661	A
First Commercial Bank	AmWins	10,500	A
Brookwood Metroplex II	Electronic Healthcare Systems	10,097	A
Shades Cahaba Office Building	Capital Strategies	10,000	A

SIGNIFICANT 2010 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Inverness Center	Common Wealth REIT	904,109	\$92,800,000
Fmr Vesta Insurance	Infinity Property & Casualty Corporation	111,600	\$16,100,000
McCrory Building	NuTech Medical	28,000	\$3,700,000
Miller Building	UAB Health System	12,500	\$3,700,000
2712 Mamie L. Foster Place South	Levell Investment Management	Land	\$417,600

SIGNIFICANT 2010 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

N/A

MARKET STATISTICS

SUBMARKET	INVENTORY	DIRECT VACANCY	YTD DIRECT ABSORPTION	DIRECT WTD. AVG CLASS A GROSS RENTAL RATE Psf/yr
CBD	5,165,764	7.1%	88,530	\$20.96
Midtown	3,955,209	6.6%	(48,945)	\$21.48
280/Southern	5,444,559	10.5%	(79,973)	\$21.90
Hoover/Riverchase	1,961,284	17.5%	4,949	\$19.19
Vulcan/Oxmoor	823,591	24.6%	(82,122)	N/A
TOTAL	17,350,407	10.1%	(117,561)	\$21.33

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

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