Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results.

-- Andrew Carnegie
2013 was another year of gradual improvement for the national economy, despite lingering uncertainty surrounding the congressional budgeting process and other public policy decisions. Following the national trend, the overall stability of Alabama's economy continued to strengthen throughout 2013, earning several accolades worth noting. In a report published by Area Development magazine, Alabama was ranked fourth in the nation overall for doing business. The state also ranked as a top five state in 15 specific economic development categories, including cost of doing business, incentive programs and overall infrastructure and global access. In more good news, Alabama ended the year with an unemployment rate of 6.1%, the lowest point our state has seen since October 2008 when the rate was 5.9%.

Birmingham’s commercial real estate market also experienced steady growth throughout 2013 and remains at the core of our state's positive momentum. While growth has been modest across most markets, Birmingham is still following the national trend with continued improvement in overall vacancy rates. With continued steady job growth and increased confidence in the overall market, businesses are moving forward with hiring plans and projects that have long been on hold. Additionally, Regions Field, Railroad Park and UAB continue to serve as economic drivers for the area, spurring leasing and sales activity in Birmingham’s Central Business District and surrounding areas. A number of residential developments have also been announced or recently broken ground, adding further vibrancy to the overall market.

As the economy continues to change, so do the needs of our clients. At Cushman & Wakefield | EGS Commercial Real Estate, we take a strategic approach to the changing economic climate to ensure that we continue to provide best-in-class commercial real estate services. We remain committed to recruiting, developing and retaining the best talent in our market. Our professionals consistently complete some of the most noteworthy transactions in our market across all of our service lines. In 2013 alone, our team members handled in excess of $169 million in transactions, and we added over 650,000 square feet of industrial and retail property to our management and leasing portfolio.

As an Alliance Member of Cushman & Wakefield since 2002, we are proud to be among 33 Alliance firms serving 72 markets across North America. Our long-standing relationship with Cushman & Wakefield, the world’s largest privately-held commercial real estate services firm with 253 offices worldwide, means we are able to literally work across our nation and the globe for our clients.

As 2014 progresses, we will continue to play a key role in the communities we serve by providing the highest possible level of leadership, innovation, integrity and teamwork. In this spirit of service, we offer you our 2014 Annual Market Report*, presenting our in-depth analysis of the trends and transactions that shape our region’s office, industrial and retail landscape.

Overview
Commercial leasing activity across Birmingham’s office market remained steady throughout 2013. Year-end absorption for 2013 was positive 178,929 square feet (sf), a continued positive trend from 2012. Available sublease space decreased, showing continued improvement in the overall stability of the market. Rental rates held steady across most submarkets with an average weighted rental rate of $18.74 per square foot (psf) for the overall Birmingham market and $20.77 psf for Class A space.

Submarkets
Birmingham’s Central Business District (CBD) and the Midtown submarket both experienced an increase in year-over-year direct occupancy levels from the close of 2012. CBD direct occupancy increased from 88.8% to 90.1% at the end of the year and continues to maintain the second highest occupancy rate in the Birmingham market. Total year-end absorption for the CBD was negative 11,118 sf, primarily due to a government entity moving back to its newly renovated space at Hugo Black Federal Courthouse, vacating its temporary space downtown. However, leasing activity continued at a steady pace as several large companies, including Viva Health, Northwestern Mutual, Regus, and Alabama Media Group leased new office space in the CBD.
The Midtown submarket experienced the greatest improvement in year-over-year direct occupancy with a rate of 94.5%, a 3.0% increase from 2012. Class A space in Midtown continues to be in high demand, as evidenced by an occupancy rate of 96.2%. Year-end absorption was positive 119,641 sf, due in part to Baptist Health System’s lease of 46,408 sf at Ridge Park Place and several other new lease transactions in the area.

Direct occupancy for the 280/Southern submarket increased to 89.1% at the close of 2013, a slight increase from 88.3% at the end of 2012. Total absorption for the year remained positive with 45,250 sf absorbed. Overall absorption for the year, which includes sublease space, was positive 447,304 sf, as compared to positive 180,607 sf at the close of 2012, primarily due to a large block of sublease space being removed from the market.

The Hoover/Riverchase submarket continued to see improvement throughout 2013 with total positive absorption of 21,872 sf at year-end, a continued positive trend from 2012. Direct occupancy increased slightly to 86.5% up from 85.4% at the end of 2012.

In the Vulcan/Oxmoor submarket, which is comprised mostly of Class B and Business Park space, direct occupancy saw a slight increase to 71.4%, up from 70.0% at the close of 2012. Year-end absorption for 2013 totaled positive 3,284 sf, a significant reversal from the negative 99,716 sf of absorption that occurred in 2012.

**Outlook**

As Alabama’s economy continues to improve, Birmingham’s office market will continue to experience positive growth in 2014, albeit at a modest pace. Business confidence is up, and as a result, a number of companies are moving forward with hiring plans and committing to long-term real estate decisions. Additionally, the ongoing success of Railroad Park and Regions Field in downtown Birmingham continues to drive activity in the CBD and surrounding areas, creating increased momentum in the overall office market. As vacant space continues to decline across the metro area, Birmingham’s office market is positioned to see rental rates begin to increase, which may spur the development of new office buildings, most likely in the Midtown submarket.
Overview
Birmingham’s industrial market continues to see an improvement in overall stability. While the industrial market ended the year with slight negative absorption of 1,264 sf, leasing activity for the year totaled 917,854 sf, a 22.7% increase as compared with year-end 2012. The direct occupancy rate, which excludes sublease space, for all multi-tenant product types in all submarkets at year-end was 83.1%, which was flat over the previous year.

Submarkets
Despite several bulk distribution and office/warehouse spaces returning to the market, Birmingham’s Central submarket ended the year with positive absorption of 16,800 sf, a significant reversal from the 243,430 sf of negative absorption in 2012. Leasing activity included SaddleCreek Logistics’ expansion into an additional 23,000 sf at BN Park and several other new lease transactions in the area. The direct occupancy rate increased slightly to 80.9%, up from 80.5% at the close of 2012.

The submarket that experienced the greatest improvement in occupancy during 2013 was the Eastern submarket. The direct occupancy rate at the

INDUSTRIAL MARKET

INDUSTRIAL MARKET
STATISTICS

Total Market Inventory 14,290,848
Direct Available SF 2,411,553
Overall Occupancy Rate 82.3%
Available Sublease SF 111,425
Year-End Absorption (1,264)
Average Weighted RR $4.34
close of 2013 was 84.2%, an increase from 82.7% at the end of 2012. Year-end absorption totaled positive 18,852 sf, a continued positive trend from 2012. In more good news, SKF USA, Inc. signed a lease for 31,000 sf for a building in Moody Commerce Park, one of very few build-to-suit projects announced in recent years in this market.

Several tenants vacated space in the Oxmoor Valley submarket resulting in negative absorption of 23,194 sf during the fourth quarter of 2013. However, year-end absorption for 2013 totaled positive 81,818 sf, the best among the five submarkets. This is a significant year-over-year change from the negative 136,712 sf of absorption that occurred in 2012. Direct occupancy for year-end 2013 was 81.3%.

The Southern submarket ended the year with total negative absorption of 115,734 sf due to several bulk distribution spaces returning to the market. However, this submarket experienced the highest amount of leasing activity for the year, primarily driven by HD Supply’s lease of 349,520 sf of space at Shelby Commerce Park. The direct occupancy rate dropped slightly to 87.9%, down from 90.8% at the end of 2012. Even with the decline, this direct occupancy rate is the highest occupancy rate of all the submarkets in the Birmingham market.

Lastly, the Southwestern submarket ended the year with slight negative absorption of 3,000 sf as compared to positive 11,863 sf at year-end 2012. Several new lease transactions, including two by companies new to the Birmingham market, occurred during the first half of the year; however, leasing activity subsided significantly at the end of 2013.

Outlook
Overall, the results of Birmingham’s industrial market in 2013 show continued signs of economic recovery. A number of major lease transactions, several large property acquisitions, and the SKF USA, Inc. build-to-suit project in Moody all demonstrate increased confidence in the Birmingham market. As Alabama’s economy continues to strengthen, the market is expected to gradually improve in 2014. Consistent growth in Alabama’s healthcare, automotive, housing and aerospace industries are expected to drive this improvement. Additionally, the lack of new multi-tenant construction should help to further stabilize the market as the economy improves.
Overview
Birmingham’s retail market showed steady signs of improvement throughout 2013. Absorption for the year was positive 452,858 square feet (sf), a continued improvement from the 292,159 sf of positive absorption that occurred in 2012. Total occupancy for Birmingham’s retail market increased slightly to 89.9%, up from 88.6% at the close of 2012.

Submarkets
At the close of 2013, all submarkets, with the exception of the Western submarket, ended the year with positive absorption. The largest amount of absorption occurred in the Hoover/Riverchase submarket with positive 130,967 sf absorbed, a continued positive trend from 2012. Notable transactions contributing to the growth of this submarket include Forever 21’s lease of 66,500 sf and Old Navy’s lease of 15,000 sf at Riverchase Galleria, and Essex Bargain Hunt’s lease of 51,945 sf at The Village at Lorna. Additionally, Von Maur opened a 185,000-sf store at Riverchase Galleria, the company’s first location in Alabama and one of its largest locations in the country.

The submarket that saw the highest improvement in occupancy was the Eastwood/Irondale submarket with 95.9% at year-end, an increase from 91.8% at the end of 2012. This growth is a result of an aggressive leasing program that was implemented at Crestwood Festival Center and the successful redevelopment of Grants Mill.
Station, two shopping centers in the area that were recently purchased by an investor specializing in distressed properties.

Due to its close proximity to I-65 and I-459, two of Birmingham’s most traveled transportation corridors, the Highway 31 South submarket continues to be a bright spot in Birmingham’s retail market. This submarket maintains the highest occupancy level in the Birmingham market with 96.9%. Community and power centers in the Highway 31 South submarket had the highest occupancy levels at 99.6%, an increase from 98.3% in 2012.

The Central submarket ended the year with positive absorption of 40,452 sf and an occupancy rate of 90.8%, up from 89.7% in 2012. Recent transactions include Sears Outlet Store’s lease of 50,635 sf at Wildwood Centre and Planet Fitness’s lease of 20,000 sf at Homewood Commons. In more good news, Target held its grand opening for the highly anticipated 137,000-sf urban-style store at Colonial Brookwood Village.

The Highway 280 submarket continued to experience growth and ended the year with positive absorption of 86,893 sf. Occupancy increased to 91.5%, up from 89.1% at the close of 2012. The Summit, Birmingham’s popular mixed-use lifestyle center, continues to absorb space and remains attractive to high-profile tenants. Several new-to-Alabama retailers, including Kate Spade, West Elm, Madewell, and C. Wonder, among others, joined the Summit’s line-up of iconic brands in 2013.

The only submarket in Birmingham’s retail market to experience a decline in occupancy was the Western submarket. Occupancy for the Western submarket in 2013 was 77.5%, a decline from 83.4% at the close of 2012.

The Highway 280 and Hoover/Riverchase submarkets, which include three of Birmingham’s Regional & Super Regional Centers, maintain the markets highest rental rates at $18.70 per square foot (psf) and $19.61 psf, respectively.

**Outlook**

Overall, Birmingham’s retail market is gaining momentum. As Alabama’s economy continues to strengthen and the unemployment rate continues to decline, consumer spending will increase resulting in more demand for the retail market. While there will be limited new development across the Birmingham market in 2014, we expect that overall leasing activity will continue at a modest pace, resulting in an increase in occupancy and rental rates across the Birmingham market.
Our Growth

EGS Commercial Real Estate was founded in 1987 and began with a leasing and management assignment of 100,000 square feet of industrial space. Since that time, the company has steadily expanded its production volume and management portfolio, and is now considered one of the leading commercial real estate companies in the state of Alabama. The firm employs 37 people, has handled a transaction volume exceeding $500 million over the past three years, and serves as the management and leasing agent for approximately 6.6 million square feet of commercial property.

In 2002, EGS became one of six founding members of the Cushman & Wakefield Alliance, a fully-integrated extension of Cushman & Wakefield's global platform created to expand service capabilities for its clients in U.S. markets where Cushman & Wakefield-owned offices were not maintained. Currently, the total number of Alliance members has grown to 33 firms in 72 markets providing a deep brokerage bench and broad geographic reach for its participants.

In 2004, EGS acquired another prominent Birmingham real estate firm, Johnson-Rast & Hays, which was founded in 1956, and was a prolific local developer of class A office, retail, and medical space in the city. The merger added significant square footage to the company's management portfolio, and a number of experienced, resourceful professionals to our expert team.

Today, thanks to strong leadership and a positive company culture, EGS continues to prosper and flourish. The company's operating philosophy is based on five core values – to be Client-Focused, Ethical, Entrepreneurial, to use Teamwork and to emphasize a Positive Work Environment. EGS adheres to and considers these values in every aspect of its operations, resulting in outstanding customer service and strong business results. These guiding principles are what set EGS apart as a market leader providing best-in-class commercial real estate services.
Company Vision
To be recognized as the market leader providing ‘best in class’ commercial real estate services

Company Values
- Client-Focused
- Ethical
- Entrepreneurial
- Teamwork
- Positive Work Environment

Core Services

Company Snapshot
- 242
  # of Transactions in 2013
- $169 million
  Total Transaction Value in 2013
- 37
  # of Employees
- 14
  # of Licensed Brokers
- 6.6 million
  Total SF Managed
- 47
  # of Properties Managed
- 26
  # of Years in Business
- 12
  # of Years as a Cushman & Wakefield Alliance Member

Year Founded 1987
Cushman & Wakefield | EGS Commercial Real Estate is based in Alabama, but we offer the world to our clients as an Alliance Member of Cushman & Wakefield, the world’s largest privately-held commercial real estate services firm. Cushman & Wakefield advises and represents clients on all aspects of property occupancy and investment, and has established a preeminent position in the world’s major markets. Founded in 1917, it has approximately 250 offices in 60 countries, employing more than 16,000 professionals.

The Alliance consists of specially-selected independent firms, who provide clients with extended geographic reach through elite commercial real estate professionals and high quality, comprehensive services. Operating as a unified team, Cushman & Wakefield and the Alliance firms integrate the strength of local talent, relationships, and market intelligence with the full capacity of Cushman & Wakefield’s resources and platform.

As a member of the Cushman & Wakefield Alliance, we are able to offer our clients access to a wealth of resources and expertise spanning all areas of commercial real estate. Additionally, we partner with Cushman & Wakefield’s global network and other Alliance members to provide nationwide and international coverage for brokerage and other real estate services, so clients can do business in other markets while continuing to work with EGS, the local company they know and trust.

So while you can rely on EGS for insight and knowledge throughout the state of Alabama, we simultaneously have the resources and contacts through the Cushman & Wakefield Alliance to help you conduct real estate business in every corner of the U.S. and the world.
253 Offices in 60 Countries
C&W Key Facts
World's Largest Privately-Held Commercial Real Estate Services Firm
253 Offices in 60 Countries; 124 Offices Nationwide
16,000 Employees in 6 Continents
97 Years in Real Estate Business
$4 Billion in Assets Under Management Globally

C&W Services At-A-Glance
Cushman & Wakefield offers a complete range of services within five primary disciplines:

- **CAPITAL MARKETS**
  - Corporate Finance & Investment Banking
  - Equity, Debt & Structured Finance
  - Investment Sales & Acquisitions

- **CONSULTING**
  - Business Continuity & Risk Management
  - Business Incentives
  - Global Supply Chain Solutions
  - Office Platform Solutions
  - Retail Consulting
  - World Market Access

- **CORPORATE OCCUPIER & INVESTOR SERVICES**
  - Account Management
  - Agency/Landlord Leasing
  - Facilities Management
  - Lease Administration
  - Project Management
  - Property/Asset Management
  - Transaction Management

- **LEASING**
  - Landlord Representation
  - Tenant Representation
  - Transaction Consulting

- **VALUATION & ADVISORY**
  - Appraisal
  - Appraisal Management
  - Dispute Analysis & Litigation Support
  - Portfolio Valuation
  - Property Tax
  - Specialized Services
  - Valuation for Financial Reporting

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