

YoY Chg 12-Mo. Forecast

16.8%
Vacancy Rate



-1K
YTD Net Absorption, SF



\$20.79
Asking Rent, PSF

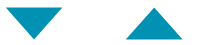


(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

YoY Chg 12-Mo. Forecast

503K
Birmingham-Hoover Employment



10.8%
Birmingham-Hoover Unemployment Rate



13.0%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor

ECONOMIC OVERVIEW

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

On a local level, Alabama's economy reported signs of improvement during second quarter as a number of Alabamians started returning to work following the pandemic-related shutdown. In May 2020, Alabama's unemployment rate fell to 9.9%, down from 13.9% in April, and well below the current U.S. unemployment rate of 13.0%. The situation remains very fluid and it is still early to clarify the long-term impact on Birmingham's commercial real estate market at this point.

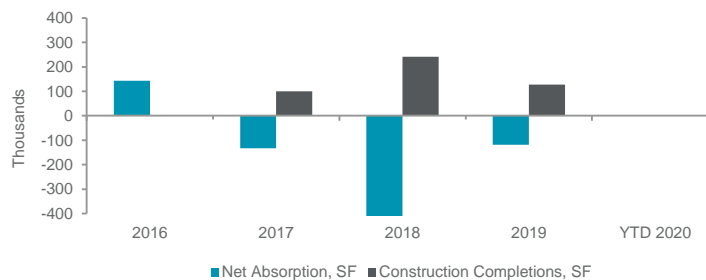
DEMAND AND SUPPLY

Birmingham's multi-tenant office market recorded negative overall absorption of 119,772 square feet (sf) in second quarter of 2020, primarily due to several users relocating within the market. As a result, overall vacancy, which includes sublease space, increased slightly to 16.8% in second quarter, up from 16.2% in first quarter. Despite the current economic climate, leasing activity continued at a modest pace recording 116,310 sf in second quarter, bringing the year-to-date total to 309,526 sf. Construction remains very limited in Birmingham's office market. There are several smaller multi-tenant office developments under construction that appear to be in response to pent-up demand in the office market. However, any significant new construction is expected to continue to be generated by build-to-suit projects or with significant preleasing in place.

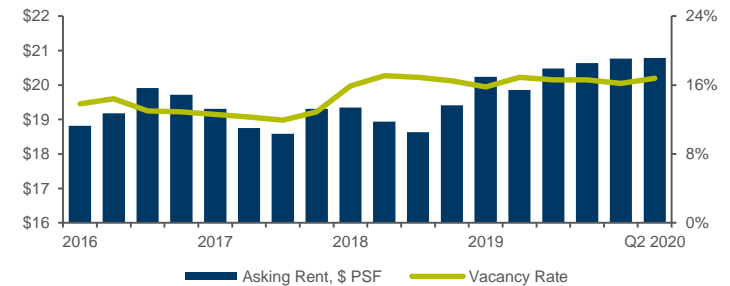
PRICING

The overall weighted average gross asking rent for the Birmingham market increased slightly to \$20.79 per square foot (psf) at the end of Q2 2020, up from \$20.77 psf in first quarter. Birmingham's Central Business District (CBD) maintained the highest rental rate across all submarkets, with an average overall rate of \$23.12 psf, followed closely by the 280/Southern and Midtown submarkets, with average rates of \$21.84 psf and \$21.19 psf respectively. Asking rents are expected to remain steady in the second half of the year as landlords and occupiers evaluate the impacts from the pandemic.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	6,091,696	10,855	718,486	12.0%	34,410	32,267	62,131	0	\$23.12	\$23.51
Midtown	4,181,896	43,708	253,039	7.1%	7,418	62,655	108,070	34,000	\$21.19	\$23.28
280/Southern	5,669,320	30,626	1,143,528	20.7%	-74,007	-29,164	88,162	0	\$21.84	\$22.09
Hoover/Riverchase	2,000,584	7,479	388,886	19.8%	6,259	25,780	48,040	0	\$18.45	\$21.17
Vulcan/Oxmoor	1,964,563	43,000	698,395	37.7%	-93,852	-92,616	3,123	0	\$17.93	\$21.50
BIRMINGHAM TOTALS	19,908,059	135,668	3,202,334	16.8%	-119,772	-1,078	309,526	34,000	\$20.79	\$22.33

*Rental rates reflect gross asking \$psf/year.

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Grandview II	280/Southern	Tidwell Group	26,703	New
Brookwood Metroplex I	Midtown	American Mining Insurance	21,298	New
Colonial Plaza	CBD	Med-South	10,423	New
Two North 20 th Street	CBD	Strayer University	5,837	New
Ridge Park Place	Midtown	Andrews Sports Medicine	4,718	New

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2017 Canyon Road	Hoover/Riverchase	Sloss HTP Inc / Hot Toddy LLC JV Ridgeview Forest LLC	50,964	\$3.6M/\$71
Greenway Business Center	Hoover/Oxmoor	Capital Growth Medvest JV Seniorcare / Birge & Held	21,425	\$5.7M/\$264
107 Frankfurt Circle	Vulcan/Oxmoor	Tower Holdings LLC / GOV Birmingham LLC	12,470	\$5.2M/\$418

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