

YoY Chg 12-Mo. Forecast

**16.9%**

Vacancy Rate



**-13K**

YTD Net Absorption, SF



**\$21.48**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

**530K**

Birmingham-Hoover Employment



**3.2%**

Birmingham-Hoover Unemployment Rate



**6.0%**

U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, AL Center for Business and Economic Research; Q1 2021 data is based on the latest available data.

## ECONOMIC OVERVIEW

Alabama's economy showed signs of improvement during first quarter of 2021. According to the Alabama Department of Labor, Alabama's unemployment rate fell to 3.8% in March 2021, down slightly from February's rate of 4.0%, and below the national average of 6.0%. Locally, business confidence in the Birmingham-Hoover metro has rebounded as signs of normalcy have emerged. According to the Alabama Business Confidence Index (ABCI), business confidence in our area registered at 65.5, rising 8.0 points above last quarter's data, indicating strong expectations for economic growth throughout 2021.

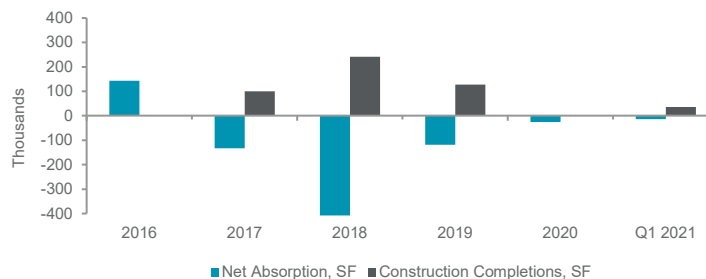
## DEMAND AND SUPPLY

During first quarter of 2021, Birmingham's multi-tenant office market remained flat recording negative overall absorption of 13,172 square feet (sf), a relatively positive outcome amid lingering pandemic-related uncertainties. As a result, overall vacancy remained unchanged at 16.9%. Birmingham's Midtown submarket maintained the lowest overall vacancy rate at 8.0% in first quarter, followed by the Central Business District (CBD) at 14.3% overall vacancy. Leasing activity continued at a pace close to pre-pandemic levels, recording 143,010 sf of transactions signed in first quarter, with Class A transactions accounting for 78,439 sf of the total. While new construction remains limited throughout Birmingham's office market, a number of older buildings in the CBD are being renovated for office use and redeveloped for alternative uses such as retail, residential and entertainment venues. An area to watch is the Parkside District of downtown Birmingham, which has quickly emerged as a dynamic growth area with several innovative and transformative projects currently underway. Any significant new construction is expected to continue to be generated by build-to-suit projects or with significant preleasing in place.

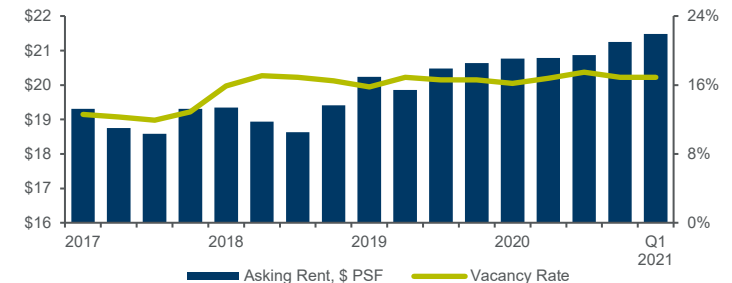
## PRICING

The overall weighted average gross asking rent for the Birmingham market increased slightly to \$21.48 per square foot (psf) at the end of first quarter 2021, up from \$21.25 psf in fourth quarter 2020. Birmingham's CBD maintained the highest rental rate across all submarkets, with an average overall rate of \$23.31 psf, followed closely by the Midtown and 280/Southern submarkets, with average rates of \$22.61 psf and \$21.97 psf respectively. Asking rents are expected to remain steady throughout the remainder of the year as landlords and occupiers continue to 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	28,119	843,474	14.3%	57,744	57,744	42,997	0	\$23.31	\$23.92
Midtown	4,217,718	16,903	320,007	8.0%	-29,923	-29,923	40,075	0	\$22.61	\$25.00
280/Southern	5,669,320	39,454	1,156,196	21.1%	-7,370	-7,370	24,371	0	\$21.97	\$22.22
Hoover/Riverchase	2,000,584	18,928	408,422	21.4%	-48,958	-48,958	14,979	0	\$18.34	\$21.65
Vulcan/Oxmoor	1,964,563	0	539,431	27.5%	15,335	15,335	20,588	0	\$19.21	\$21.50
<b>BIRMINGHAM TOTALS</b>	<b>19,943,881</b>	<b>103,404</b>	<b>3,267,530</b>	<b>16.9%</b>	<b>-13,172</b>	<b>-13,172</b>	<b>143,010</b>	<b>0</b>	<b>\$21.48</b>	<b>\$22.67</b>

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

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2222 Arlington Avenue South	Midtown	Atlas Senior Living	16,500	New
201 London Parkway	Vulcan/Oxmoor	Guardian Pharmacy	12,291	New
SteelRidge Center	Midtown	North Alabama Fabricating Company (NAFCO)	11,799	New
Shipt Tower	CBD	Morris, Bart and Associates	9,682	Renewal
Inverness Center 31	280/Southern	Mezrano Law Firm	7,280	New
Denham Building	CBD	The Piedmont Group	6,500	New
880 Montclair Road	Midtown	Star Stone	5,833	New

## KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
SteelRidge Center	Midtown	NAFCO	35,000	Parrish Realty, LLC

**AUDRA WILLINGHAM**

Vice President of Marketing

+1 205 314 5556 / [awillingham@egsinc.com](mailto:awillingham@egsinc.com)

**BLAIR KELLY**

Marketing Coordinator

+1 205 314 5517 / [bkelly@egsinc.com](mailto:bkelly@egsinc.com)

[egsinc.com](http://egsinc.com) | [cushmanwakefield.com](http://cushmanwakefield.com)

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