

YoY Chg 12-Mo. Forecast

**18.0%**

Vacancy Rate



**-231K**

YTD Net Absorption, SF



**\$20.87**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

**545.5K**

Birmingham-Hoover Employment



**2.8%**

Birmingham-Hoover Unemployment Rate



**4.2%**

U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, AL Center for Business and Economic Research, [www.madeinalabama.com](http://www.madeinalabama.com); Birmingham Business Alliance; Q4 2021 data is the average of October and November employment figures.

## ECONOMIC OVERVIEW

The fourth quarter of 2021 brought positive news for Alabama's economy. According to the Alabama Department of Labor, Alabama's unemployment rate ended the year at 3.1%, down from 4.7% recorded this same time last year. The Birmingham region continues to be an attractive destination for growing businesses, as evidenced by The Landing's announcement to relocate its headquarters from San Francisco to Birmingham, creating 800 new full-time jobs, as well as Fetch Rewards's plan to open a new office and customer support hub in downtown Birmingham, creating 200 new full-time jobs.

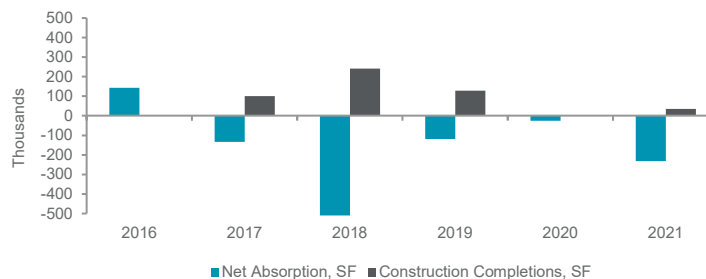
## DEMAND AND SUPPLY

At the close of 2021, Birmingham's multi-tenant office market experienced overall negative absorption of 230,746 square feet (sf). As a result, overall vacancy, which includes sublease space, ended the year at 18.0%, up from 16.9% recorded at year-end 2020. While it appears the Birmingham market had a disappointing year from a statistical perspective, the overall market remains stable. Commercial leasing activity totaled 706,056 sf in 2021, a 26.2% increase compared to the same time last year. Additionally, investor sales activity remained steady as several prominent multi-tenant Class A office buildings were purchased by institutional investors, indicating confidence in the market as a whole. Any significant new construction is expected to continue to be generated by build-to-suit projects or with significant pre-leasing in place.

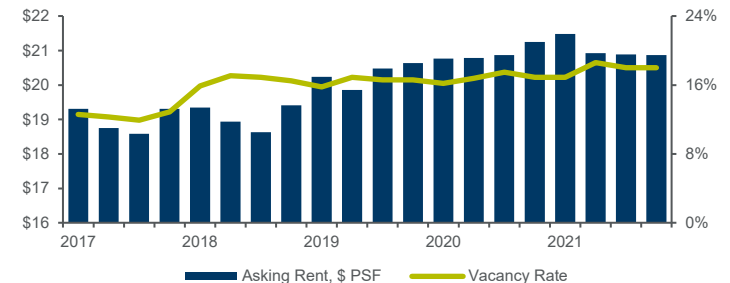
## PRICING

The overall weighted average gross asking rate for Birmingham's office market ended the year at \$20.87 per square foot (psf), which was slightly below 2020's rate of \$21.25 psf. At the same time, the overall weighted average Class A rate rose \$0.42 psf to \$22.73 psf. The Midtown submarket experienced the largest overall rent increase year-over-year ending the year at \$23.58 psf, which is the highest overall rental rate across all submarkets. Birmingham's Central Business District (CBD) followed closely behind ending the year with an overall rate of \$23.23 psf. It is expected that rental rates will continue to increase throughout 2022 as landlords deal with the volatility and increased expense of tenant improvement costs.

## 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	45,180	819,282	14.2%	5,440	64,875	141,366	0	\$23.23	\$23.71
Midtown	4,217,718	70,510	315,299	9.2%	-30,481	-78,822	122,100	0	\$23.58	\$25.88
280/Southern	5,669,320	42,307	1,060,842	19.5%	65,422	85,131	226,929	0	\$22.02	\$22.24
Hoover/Riverchase	2,000,584	29,928	322,604	17.6%	4,005	25,860	140,791	0	\$17.89	\$21.10
Vulcan/Oxmoor	1,964,563	330,069	552,487	44.9%	-52,548	-327,790	74,870	0	\$17.11	\$21.50
<b>BIRMINGHAM TOTALS</b>	<b>19,943,881</b>	<b>517,994</b>	<b>3,070,514</b>	<b>18.0%</b>	<b>-8,162</b>	<b>-230,746</b>	<b>706,056</b>	<b>0</b>	<b>\$20.87</b>	<b>\$22.73</b>

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

## KEY LEASE TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Acton Ridge	280/Southern	Avanti Polar Lipids	42,284	New
Lakeshore Park Plaza	Midtown	Southern Veterinary Partners	37,015	New
Two Perimeter Park	280/Southern	Molecular Designs	23,301	New
Patriot Midtown Park	Vulcan/Oxmoor	Coca-Cola Bottling Company United, Inc.	18,694	New
Office Park	Midtown	Rheumatology Associates	18,300	New
Denham Building	CBD	Luckie & Company	15,644	New
880 Montclair Road	Midtown	TQL	10,114	New

## KEY SALE TRANSACTIONS 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
One Federal Place	CBD	Gemini Rosemont / Glenfield Capital	310,000	\$67M / \$216
Renasant Place	CBD	Allegiance Realty Corporation / Eightfold RE Capital	278,000	\$16.75M / \$60
Brookwood Office Center	Midtown	PAC / Pope & Land JV Fairway Investments	169,489	\$55M / \$325
Blue Lake Center	280/Southern	PointOne Holdings / The Simpson Org	162,763	\$19.4M / \$119

**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)

**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.