

YoY Chg 12-Mo. Forecast

19.0%

Vacancy Rate



-129K

YTD Net Absorption, SF



\$20.88

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

544.1K

Birmingham-Hoover Employment



2.9%

Birmingham-Hoover Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, The U.S. unemployment rate reflects March's unemployment rate. MSA employment data reflects the average of January and February employment figures.

ECONOMIC OVERVIEW

Alabama's economy continued to strengthen during the first quarter of 2022. Alabama's March unemployment rate fell to 2.9%, down from February's rate of 3.0%, and below March 2021's rate of 3.7%. According to the Alabama Department of Labor, the March rate ties the all-time record low unemployment rate recorded in September 2019. On a local level, the opening of Protective Stadium in Birmingham has brought a flurry of activity to the downtown area increasing excitement and momentum for the office market as whole. Additionally, Birmingham will soon be in the global spotlight as it hosts The World Games in Summer 2022, placing Birmingham and Alabama on an international stage. With an estimated economic impact of \$256 million, this event will leave a significant positive impact on the greater Birmingham region.

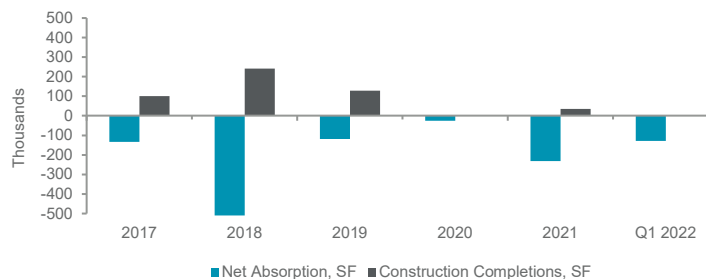
DEMAND AND SUPPLY

Despite positive news regarding Alabama's economy, Birmingham's multi-tenant office market experienced overall negative absorption of 128,742 square feet (sf) in first quarter of 2022. As a result, overall vacancy, which includes sublease space, ended the quarter at 19.0%, up from 18.0% at year end. The increase in vacancy and overall availability can be attributed in part to a large corporate headquarter relocation (92,788 sf) from the Birmingham area to another Alabama market. Commercial leasing activity continued at a steady pace with 139,069 sf of transactions recorded during first quarter; Class A transactions comprised the majority of the space leased at 101,429 sf, a continued trend from fourth quarter of 2021. As offices continue to reopen for employees and the overall economic climate continues to strengthen, leasing activity is expected to remain steady throughout 2022 as businesses continue to lease new space and expand their existing space. New construction is expected to continue to be generated by build-to-suit projects or with significant pre-leasing in place.

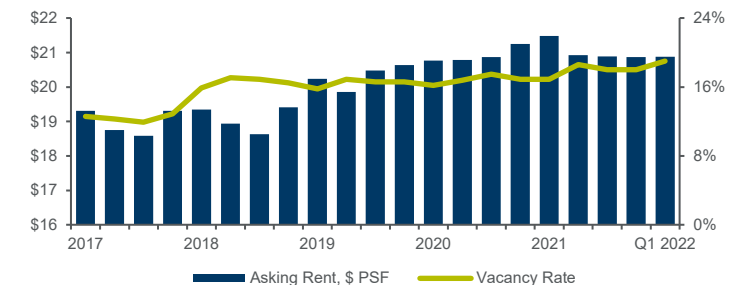
PRICING

The overall weighted average gross asking rate for Birmingham's office market ended first quarter at \$20.88 per square foot (psf), up from \$20.87 psf in fourth quarter of 2021. The overall weighted average Class A rate rose \$0.17 psf to \$22.90 psf. The Hoover/Riverchase submarket experienced the largest overall rent increase quarter-over-quarter ending first quarter at \$18.93, up from \$17.79 psf at the end of 2021. Birmingham's Midtown submarket maintained the highest direct weighted average rate during first quarter at \$23.69 psf, while the Central Business District (CBD) followed closely behind with a direct rental rate of \$23.45 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)	DIRECT 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	5,375,243	59,315	711,726	13.2%	-5,579	-5,579	8,877	0	\$23.60	\$25.60
Midtown	4,217,718	42,031	354,119	8.4%	-10,341	-10,341	28,669	0	\$23.37	\$25.51
280/Southern	5,669,320	81,752	1,025,952	18.1%	-4,555	-4,555	74,134	0	\$21.93	\$22.18
Hoover/Riverchase	1,961,284	28,770	416,594	21.2%	-92,832	-92,832	10,425	0	\$18.93	\$21.68
Vulcan/Oxmoor	1,844,563	330,069	567,922	30.8%	-15,435	-15,435	16,964	0	\$17.10	\$21.50
BIRMINGHAM TOTALS	19,068,128	541,937	3,076,313	16.1%	-128,742	-128,742	139,069	0	\$20.88	\$22.90

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Meadow Brook 500	280/Southern	Lake Homes Realty	51,561	New
600 Beacon Parkway West	Vulcan/Oxmoor	State of Alabama Medicaid	16,964	New
2 North 20 th Street	CBD	Growth Capital Partners	11,620	New
569 Brookwood Village	Midtown	Pinnacle Bank	8,738	Sublease
200 Union Hill Drive	Midtown	Center for Executive Leadership**	7,500	Renewal/Expansion
4958 Valleydale Road	280/Southern	Omega Realty Group	6,589	New
600 Century Park South	U.S. Highway 31	Valleta Group	6,521	Renewal*

*Renewals not included in leasing statistics

**Represented by Cushman & Wakefield / EGS

KEY SALE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
200 Cahaba Park Circle	280/Southern	Arcis Investments / T Allen Henry	77,614	\$6.0M / \$77
200 Missionary Ridge Road	280/Southern	200 Missionary Ridge LLC / Lifeline Village Properties, Inc.	64,000	\$3.1M / \$48
2550 Acton Road	Hoover/Riverchase	Software Guys LLC / Barber Companies	58,918	\$8.1 / \$137

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