

	YoY Chg	12-Mo. Forecast
18.9% Vacancy Rate	▼	▼
99K YTD Net Absorption, SF	▲	▲
\$21.09 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
562.6K Birmingham-Hoover Employment	▲	▲
2.0% Birmingham-Hoover Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics, AL Department of Labor, www.madeinalabama.com; Birmingham Business Alliance; CoStar, Real Capital Analytics

2023Q3 data are based on latest available data.

U.S. unemployment rate for Q3 2023 is the average of July (3.5%) and August (3.8%)

ECONOMIC OVERVIEW

Alabama's economy remains stable and currently maintains a record-low unemployment rate of 2.1%. According to the Alabama Department of Labor, this rate remains lower than the current national rate of 3.7% and is well-below Alabama's August 2022 rate of 2.6%. Our state's improving job growth can be largely attributed to its business-friendly environment and ongoing, focused economic development efforts. In Birmingham, existing companies such as Stella Source, McLeod Software and ProxsysRX are continuing to expand their footprints, as their businesses reap the benefits from a stable economy.

DEMAND AND SUPPLY

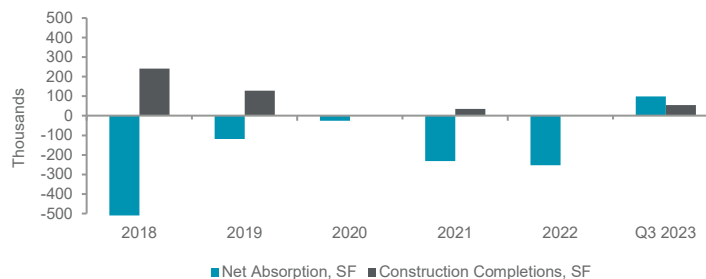
Birmingham's multi-tenant office market recorded 244,991 square feet (sf) of positive overall absorption in Q3 2023, a continued positive trend from the 15,422 sf in Q2 2023. A large portion of this positive absorption occurred as a result of 210 Wildwood Parkway being acquired by a local nonprofit organization, removing 197,641 sf of vacant Class A space from the Vulcan/Oxmoor submarket. Additionally, the amount of sublease space available in Q3 2023 dropped by 44,698 sf to 587,982 sf. As a result, overall vacancy ended Q3 2023 at 18.9%, down from 20.2% in Q2 2023. Leasing activity remained steady with 176,586 sf leased in Q3 2023. This activity brings the year-to-date leasing activity to 542,101 sf, which is slightly above 2022's activity at this same time.

Construction continued on The Hardwick, an adaptive reuse development that is expected to deliver approximately 40,000 sf of office space to Birmingham's Central Business District (CBD) in 2024. Regarding the development pipeline, it is expected that any new office construction will remain limited for the foreseeable future.

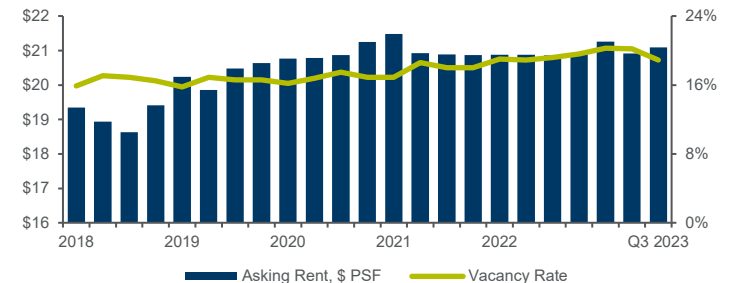
PRICING

The overall weighted average gross asking rate for Birmingham's office market increased to \$21.09 per square foot (psf), up from \$20.92 psf in Q2 2023. Birmingham's Midtown submarket ended Q3 2023 with an average overall rate of \$24.36 psf, the highest rental rate across all submarkets. Birmingham's CBD and 280/Southern submarkets followed closely behind ending Q3 2023 with an overall rate of \$23.36 psf and \$21.77 psf, respectively. With no new speculative construction on the horizon, competition for quality office space should increase, which will put modest upward pressure on overall asking rates.

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	5,592,588	82,180	808,121	14.4%	-23,421	-36,577	168,843	48,750	\$23.36	\$24.44
Midtown	4,302,232	5,629	345,041	8.0%	-15,285	-10,890	96,636	0	\$24.36	\$26.35
280/Southern	5,690,435	168,229	1,202,787	21.1%	38,639	-50,252	189,136	0	\$21.77	\$22.41
Hoover/Riverchase	1,961,284	9,168	347,313	17.7%	46,001	6,503	81,875	0	\$18.93	\$21.65
Vulcan/Oxmoor	1,844,563	322,776	380,336	20.6%	199,057	190,015	5,611	0	\$15.86	\$21.50
BIRMINGHAM TOTALS	19,391,102	587,982	3,083,598	15.9%	244,991	98,799	542,101	48,750	\$21.09	\$23.31

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

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
The Grand	280/Southern	Metals Solutions, LLC	11,859	New
High-Point Walker Building	Hoover/Riverchase	Bernhard	11,470	New
Concord Center**	CBD	Goldasich & Associates	6,262	Renewal*
1900 International Park Drive	280/Southern	CSL Financial, LLC	6,552	New
Renasant Place	CBD	Birmingham Bar Association	5,336	New
Blue Lake Center**	280/Southern	Birmingham Internal Medicine	4,816	Renewal*

*Renewals not included in leasing statistics **Represented by Cushman & Wakefield / EGS

KEY SALE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
15 S 20 th Street (Daniel Building)	CBD	PNC Bank / University of AL at Birmingham (UAB)	316,404	\$16M / \$51
210 Wildwood Parkway	Vulcan/Oxmoor	Patriot Equities / Scott Dawson Evangelistic Association	197,641	Undisclosed
300 Corporate Parkway (Meadow Brook 300)	280/Southern	SDM Partners / Tom Mcleod Software Corp	101,527	\$5M / \$49

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