

	YoY Chg	12-Mo. Forecast
<b>19.0%</b> Vacancy Rate	▼	▼
<b>89K</b> YTD Net Absorption, SF	▲	▲
<b>\$21.03</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
<b>570K</b> Birmingham-Hoover Employment	▲	▼
<b>2.0%</b> Birmingham-Hoover Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics, AL Department of Labor, [www.madeinalabama.com](http://www.madeinalabama.com), Birmingham Business Alliance, CoStar, Real Capital Analytics

2023 Q4 data are based on latest available data

## ECONOMIC OVERVIEW

Market fundamentals remain steady throughout Alabama despite ongoing economic uncertainties. At the close of 2023, Alabama's unemployment rate was 2.6%, up slightly from November's rate of 2.4% and unchanged from the 2.6% recorded this same time last year. Additionally, wage and salary employment reached a new record high with over 2,184,500 total jobs recorded in Alabama as of December 2023, with notable annual gains in the private education and health services sector (+10,700), the government sector (+6,900), and the trade, transportation, and utilities sector (+4,600). Birmingham continues to be an attractive destination for growing businesses, as evidenced by startup Primordial Ventures announcement to locate a \$3.3 million manufacturing operation in Birmingham. Additionally, Birmingham-based construction firm Brasfield & Gorrie announced plans to invest \$18.9 million to expand its national headquarters in the city's Lakeview District, demonstrating confidence in Birmingham's economic growth.

## DEMAND AND SUPPLY

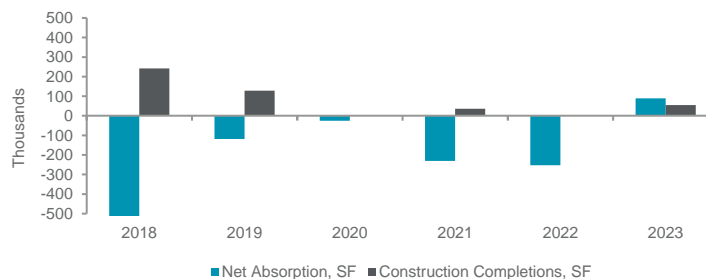
Birmingham's multi-tenant office market showed improvement at year end, recording 89,117 square feet (sf) of overall positive absorption, a continued positive trend from Q3 2023. Overall vacancy, which includes sublease space, ended the year at 19.0%, up slightly from 18.9% in Q3 2023. The direct vacancy rate for Birmingham's office market remained unchanged at 15.9%. Commercial leasing activity remained steady with 718,219 sf leased in 2023, a 12% increase from 2022's total. Class A transactions accounted for 564,681 sf of the 2023 total.

Construction is nearing completion 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. It is expected that any new office construction will remain limited for the foreseeable future.

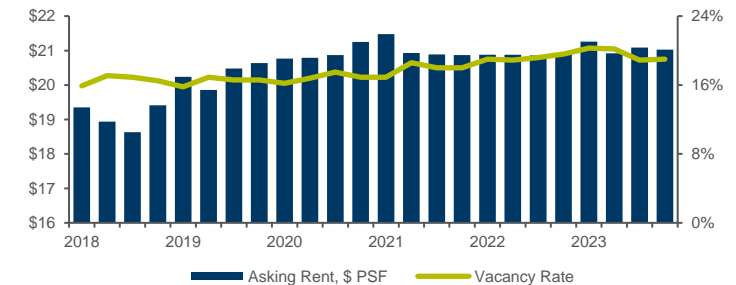
## PRICING

The overall weighted average gross asking rate for Birmingham's office market ended the year at \$21.03 per square foot (psf), which was slightly above 2022's rate of \$20.90 psf. At the same time, the overall weighted average Class A rate rose \$0.13 psf to \$23.06 psf. Birmingham's Midtown submarket ended the year at \$24.39, which is the highest overall rental rate across all submarkets, with the CBD submarket following closely behind ending the year with an overall rate of \$23.38 psf. Additional rent growth is expected to continue in 2024, however, the pace of increase is forecast to be more modest.

## 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	82,043	847,495	15.2%	-38,394	-74,971	198,662	48,750	\$23.38	\$23.72
Midtown	4,302,232	5,629	332,475	7.7%	12,566	1,676	140,954	0	\$24.39	\$26.38
280/Southern	5,690,435	173,014	1,124,449	19.8%	73,553	23,301	291,117	0	\$21.50	\$22.32
Hoover/Riverchase	1,961,284	18,078	377,485	19.2%	-39,082	-32,579	81,875	0	\$19.06	\$21.54
Vulcan/Oxmoor	1,844,563	322,776	398,661	21.6%	-18,325	171,690	5,611	0	\$15.86	\$21.50
<b>BIRMINGHAM TOTALS</b>	<b>19,391,102</b>	<b>601,540</b>	<b>3,080,565</b>	<b>15.9%</b>	<b>-9,682</b>	<b>89,117</b>	<b>718,219</b>	<b>48,750</b>	<b>\$21.03</b>	<b>\$23.06</b>

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

## KEY LEASE TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
The Crescent Building	Midtown	Dentons Sirote	69,411	Renewal*
International Park 2000	280/Southern	McGriff Seibels	50,000	New
500 Corporate Parkway	280/Southern	Cadence Bank	42,733	New
1901 Sixth Avenue	CBD	Baker Donelson	36,370	New
Raymond James Bldg	Midtown	Raymond James	34,214	Renewal*
Financial Center	CBD	FirstBank	25,124	New / Expansion
Offices at the Summit	280/Southern	Morgan & Morgan	25,973	New
1901 Sixth Avenue	CBD	Maynard Nexsen	20,000	New / Expansion
2222 Arlington	Midtown	Marsh Rickard Bryan	17,798	New
Urban Center 1500	280/Southern	ProxysRX	17,368	Renewal* / Expansion
600 Luckie Drive	Midtown	Eventive Sports Properties	13,467	New
Gray Building	CBD	Farris, Riley and Pitt	10,065	New
3800 Colonnade	280/Southern	Shannon Waltchack	10,000	New

\*Renewals not included in leasing statistic

## KEY SALE TRANSACTIONS 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
15 S 20 <sup>th</sup> 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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