

YoY Chg 12-Mo. Forecast

**18.4%**

Vacancy Rate



**234K**

YTD Net Absorption, SF



**\$21.36**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

**570K**

Birmingham-Hoover Employment



**2.7%**

Birmingham-Hoover Unemployment Rate



**3.8%**

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

2024 Q1 data are based on latest available data. U.S. Unemployment rate represents March 2024.

## ECONOMIC OVERVIEW

Following a year of economic uncertainty, Alabama's economic climate remains stable and currently maintains an unemployment rate of 3.0%. In a report recently released by the Alabama Department of Commerce, economic development activity from 2023 generated over \$6.4 billion in capital investment and over 8,000 job commitments across the state. Alabama's ongoing economic development efforts have created an inviting and affordable environment for businesses, positioning Birmingham's multi-tenant office market for healthy growth throughout 2024.

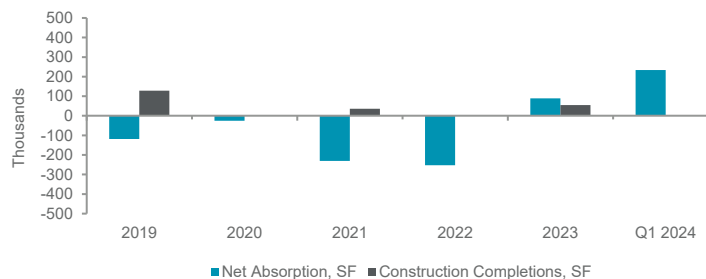
## DEMAND AND SUPPLY

In Q1 2024, Birmingham's multi-tenant office market experienced positive overall absorption of 233,716 square feet (sf), an improvement over the negative 9,682 sf recorded in Q4 2023. This positive absorption can be attributed in part to two vacant office properties – Colonial Plaza (171,800 sf) and 801 Tom Martin Drive (91,000 sf) -- being purchased for owner-occupier use. Birmingham is also experiencing a higher rate of employees returning to the office compared to other U.S. markets. As a result, overall vacancy, which includes sublease space, ended Q1 2024 at 18.4%, down slightly from 19.0% at year-end 2023. Commercial leasing activity totaled 153,523 sf for Q1 2024, with the majority of leases signed in Birmingham's 280/Southern and Midtown submarkets. Mirroring national trends, there is little office construction activity in the Birmingham market. Any significant new construction is expected to continue to be generated by build-to-suit projects until interest rates improve.

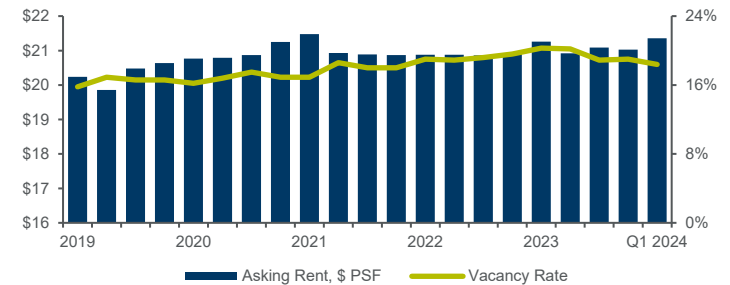
## PRICING

Overall weighted average asking rents for Birmingham's office market increased slightly to \$21.36 per square foot (psf), up from \$21.03 psf in Q4 2023. The highest rental rates in the market continue to be observed in Birmingham's Midtown and Central Business District (CBD) submarkets with average overall rates of \$24.21 psf and \$23.35 psf, respectively. With no new speculative construction on the horizon, competition for high-quality office space should increase, which will improve vacancy levels across the market and 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	5,366,749	28,726	769,704	14.3%	131,108	131,108	18,483	48,750	\$23.35	\$23.80
Midtown	4,305,499	5,629	308,122	7.2%	24,353	24,353	32,558	0	\$24.21	\$26.24
280/Southern	5,493,241	151,014	1,158,219	21.1%	-11,770	-11,770	54,830	0	\$21.67	\$22.41
Hoover/Riverchase	1,935,330	7,322	390,905	20.2%	-2,664	-2,664	29,864	0	\$19.36	\$21.93
Vulcan/Oxmoor	1,596,182	322,776	305,972	19.2%	92,689	92,689	17,788	0	\$17.13	\$21.50
<b>BIRMINGHAM TOTALS</b>	<b>18,697,001</b>	<b>515,467</b>	<b>2,932,922</b>	<b>15.7%</b>	<b>233,716</b>	<b>233,716</b>	<b>153,523</b>	<b>48,750</b>	<b>\$21.36</b>	<b>\$23.08</b>

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

## KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Meadow Brook 500	280 / Southern	Cadence Bank	42,733	New
Urban Center 1000	280 / Southern	Jemison Metals	11,412	New
John Hand Building	CBD	Steadpoint Insurance Group	9,937	New
Offices at Riverchase 3000	Hoover / Riverchase	Undisclosed	9,500	New
John Hand Building	CBD	Bronze Valley	8,543	New
Truist Place	Midtown	Undisclosed	6,468	New
Nextec	CBD	Community Foundation of Greater BHAM	6,000	New

## KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Colonial Plaza - 2101 6 <sup>th</sup> Ave N	CBD	North Plaza AL LLC / City of Birmingham Board of Education	170,850	\$7.4M / \$43
The Kemper Building - 2201 4 <sup>th</sup> Avenue N	CBD	Kemper / Alexander Shunnarah & Associates (ASHQ LLC)	110,295	\$13.2M / \$120
801 Tom Martin Drive	Vulcan / Oxmoor	Shamrock Investments / Macoy Law	91,061	\$2.65M / \$29

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