

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.2% Vacancy Rate	▲	▼
-102K YTD Net Absorption, SF	▼	▲
\$22.01 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
575.9K Birmingham-Hoover Employment	▲	▲
2.8% Birmingham-Hoover Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

2024Q4 data are based on latest available data.

Source: AL Department of Labor, Birmingham Business Alliance, BLS, CoStar, Moody's Analytics, Real Capital Analytics

ECONOMIC OVERVIEW

Alabama's economy remained stable throughout 2024. The state's preliminary, seasonally adjusted unemployment rate for December was 3.3%, slightly higher than November's rate of 3.1% but still below the current U.S. unemployment rate of 4.2%. Employment gains in private education, health services, hospitality, and government contributed to a record-high total wage and salary employment in 2024. Birmingham's biotech sector is emerging as a notable growth driver for the region's commercial real estate market. Southern Research recently awarded over \$2.7 million in funding to eight biotech companies throughout Alabama. In addition, the Birmingham Biotechnology Hub, a public-private partnership, secured \$43.6 million in funding from the U.S. Department of Commerce Economic Development Administration, further strengthening the state's biotechnology ecosystem.

SUPPLY AND DEMAND

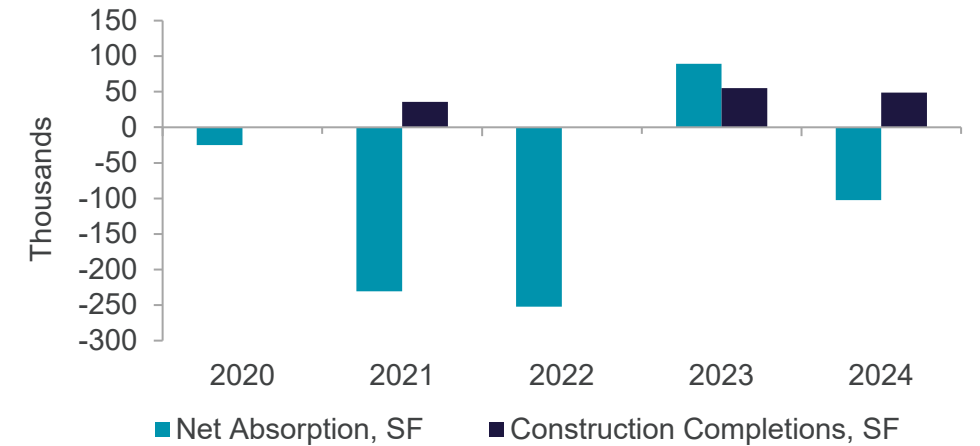
Birmingham's multi-tenant office market recorded overall negative absorption of 67,739 square feet (sf) during Q4 2024, an improvement from the negative 268,061 sf recorded in Q3. Overall vacancy, which includes sublease space, ended the year at 20.2%, up slightly from 20% in Q3 2024. Leasing activity totaled 180,849 sf in Q4 2024, bringing the year-to-date total to 562,174 sf, a 21.7% decline from the previous year. Despite the overall slowdown, notable local employers such as Coca-Cola UNITED, Brasfield & Gorrie, Medical Properties Trust, and UAB are continuing to expand their current footprints in the Birmingham area, a reflection of a healthy office market.

Construction was completed on The Hardwick, an adaptive, reuse project, bringing approximately 40,000 sf of new office space to Birmingham's Central Business District (CBD). Aside from Morgan Stanley's build-to-suit project currently underway in the Midtown submarket, no new construction is currently planned. This limited pipeline positions Class A properties to benefit from tenant demand, potentially reducing office vacancy in 2025.

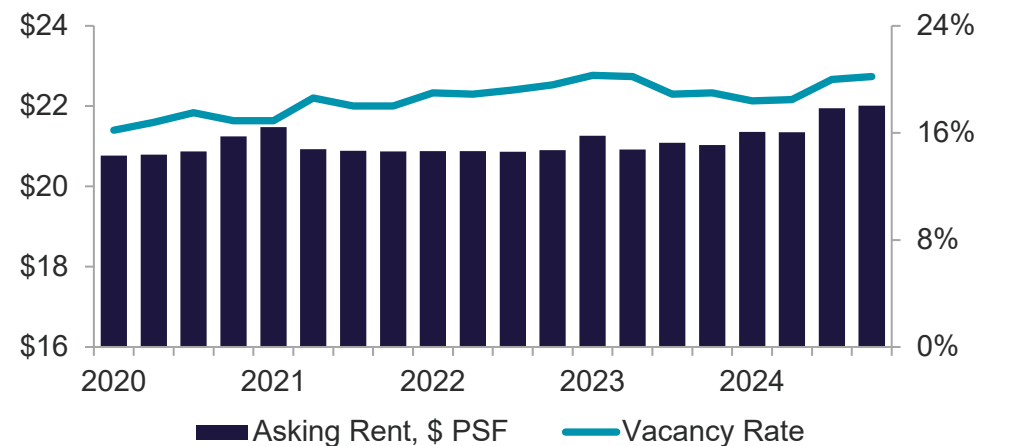
PRICING

Overall average weighted asking rents for Birmingham's multi-tenant office market ended Q4 2024 at \$22.01 per square foot (psf), a modest increase from \$21.95 psf in Q3. The Midtown submarket continued to lead with an overall asking rate of \$27.92 psf, followed by the CBD at \$23.18 psf. Market conditions suggest continued modest rent growth throughout 2025.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET 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	852,954	7,883	15.9%	-44,203	49,877	86,484	0	\$23.18	\$23.72
Midtown	4,305,499	419,154	29,769	9.7%	-13,067	-101,614	92,778	24,000	\$27.92	\$31.12
280/Southern	5,493,241	1,299,686	160,357	23.7%	-24,509	-162,580	161,738	0	\$21.75	\$22.45
Hoover/Riverchase	1,935,330	353,219	2,158	18.3%	39,082	40,186	105,897	0	\$19.79	\$21.97
Vulcan/Oxmoor	1,596,182	322,441	327,272	20.2%	-25,042	71,724	115,277	0	\$17.40	\$21.50
BIRMINGHAM TOTALS	18,697,001	3,247,454	527,439	17.4%	-67,739	-102,407	562,174	24,000	\$22.01	\$23.85

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
801 Tom Martin Drive	Vulcan / Oxmoor	Kratos SRE, Inc.	43,001	New
740 Shades Creek Pkwy	Midtown	Morgan Stanley	29,930	New
The Grand	280 / Southern	Birmingham Obstetrics & Gynecology, P.C.	25,874	New
International Park	280 / Southern	State of AL Department of Education	25,170	New
801 Tom Martin Drive	Vulcan / Oxmoor	U.S. Small Business Administration	23,743	New
Magnolia Office Park	Midtown	UAB	21,327	New
Century Park South	Hoover / Riverchase	Advantage Counseling	18,198	New
Synovus Center	Midtown	C Spire	16,334	New
Inverness Center	280 / Southern	B.A.S.S., LLC	15,872	New
1901 Sixth Avenue	CBD	GSA	15,453	New
The Concourse Building	Hoover / Riverchase	Avanti Polar	15,500	New
Intermark Building	CBD	Blackbox Logistics	14,409	New
SouthBridge Office Park	Midtown	Higginbotham Insurance Agency, Inc.	12,608	New
2189 Parkway Lake Drive	Hoover / Riverchase	Star Asset Security	12,393	New
Urban Center at Liberty Park	280 / Southern	Jemison-Demsey, LLC	11,412	New
Grandview Physicians Plaza	280 / Southern	Urology Centers of Alabama	11,085	New
Offices at 3000 Riverchase	Hoover / Riverchase	SAP America, Inc.	10,756	New
The Councourse Buildings	Hoover / Riverchase	Pike Engineering	10,500	New

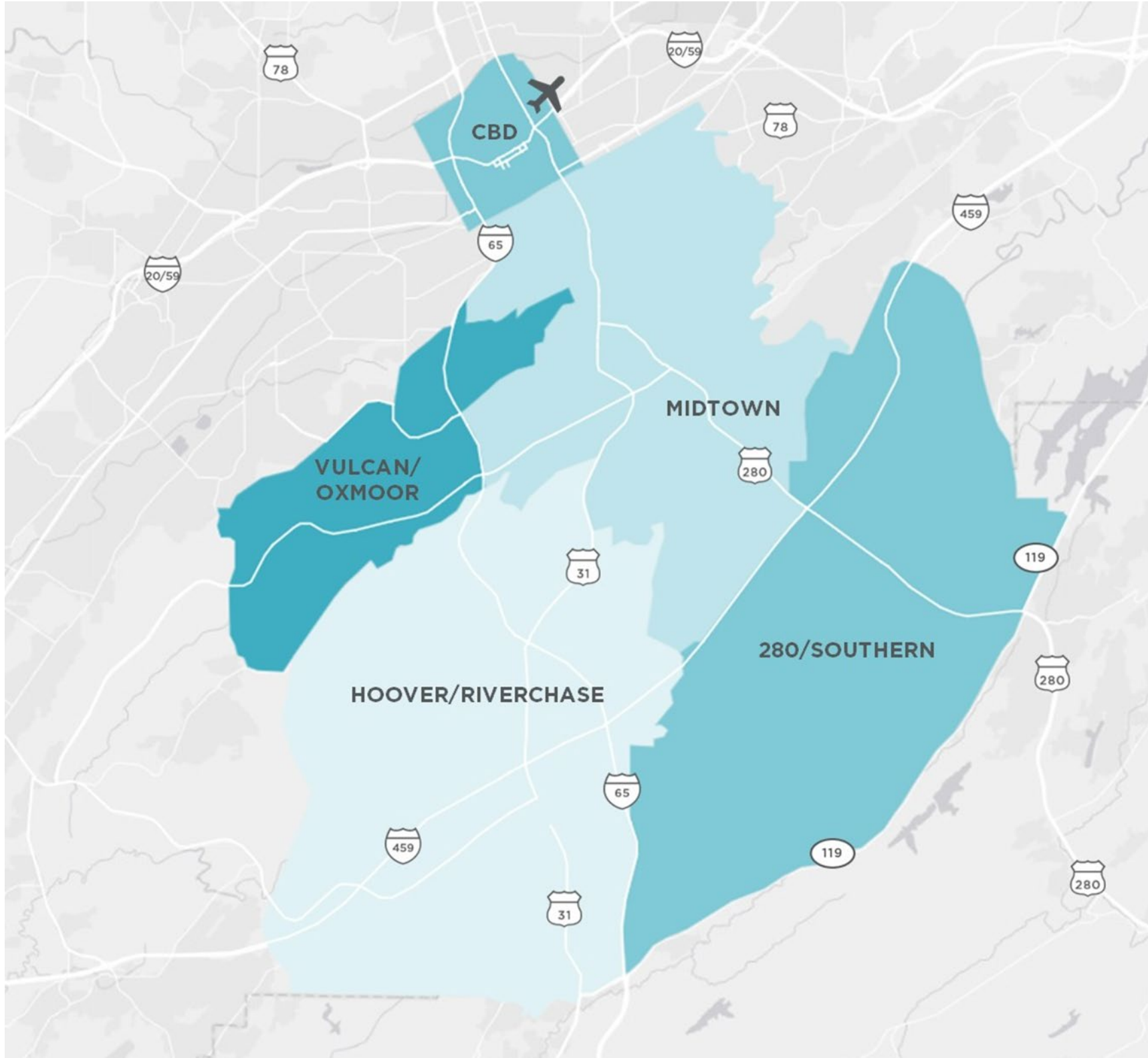
KEY SALE TRANSACTIONS 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
250 Riverchase Pkwy E (South Tower)	Hoover / Riverchase	Regions Bank / CR Endeavors	179,000	\$29.68M / \$166
Colonial Plaza - 2101 6th Ave N	CBD	North Plaza AL LLC / City of Birmingham Board of Education	170,850	\$7.4M / \$43
The Kemper Building - 2201 4th Avenue N	CBD	Kemper / Alexander Shunnarah & Associates (ASHQ LLC)	110,295	\$13.2M / \$120
801 Tom Martin Drive	Vulcan / Oxmoor	Shamrock Investments / 801 TM Holding LLC	91,061	\$2.65M / \$29

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER/DEVELOPER
The Hardwick (2308 1 st Ave S)	CBD	Centennial; BDG Architects	48,750 (Office)	Centennial

OFFICE SUBMARKETS



AUDRA WILLINGHAM
Vice President - Marketing
Tel: +1 205 314 5556
awillingham@egsinc.com

BLAIR KELLY
Manager of Brokerage Services
Tel: +1 205 314 5517
bkelly@egsinc.com

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.