

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.8% Vacancy Rate	▼	▼
77K YTD Net Absorption, SF	▲	▲
\$22.05 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
572.5K Birmingham-Hoover Employment	▲	▬
2.8% Birmingham-Hoover Unemployment Rate	▼	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics
2025 Q3 data are based on latest available data.

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

ECONOMIC OVERVIEW

Alabama’s economy remained stable at the close of Q3 2025. The state’s preliminary August unemployment rate was 2.9%, down from 3.0% in July and 3.1% one year ago. Locally, Birmingham continues to attract new investment and expansion activity that signals confidence in the market. Notable Q3 announcements include international labor and employment law firm Fisher Phillips’ entry into Birmingham with a new downtown office and SmartWiz’s rapid expansion adding 66 high-paying jobs. Additionally, UAB opened its 175,000-square-foot (sf) Genomic Medicine and Data Sciences Building, the seventh new or renovated facility to open on campus in the past five months. Together, these investments highlight the city’s growing strength in professional services, technology, and research, projecting a positive image of the Birmingham region to prospective employers.

SUPPLY AND DEMAND

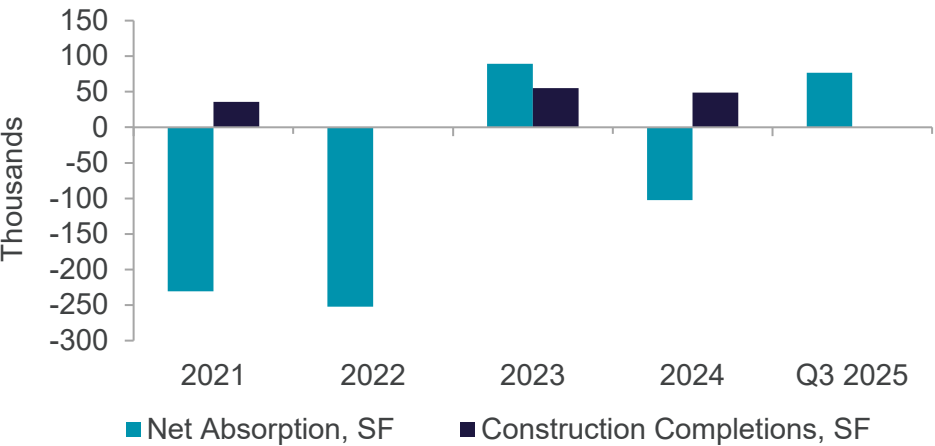
Birmingham’s multi-tenant office market posted a modest rebound in Q3 2025, recording 37,249 sf of positive net absorption, an improvement from the negative 78,122 sf recorded in Q2. Overall vacancy, including sublease space, improved slightly to 19.8%, down from 20.0% in Q2, while direct vacancy declined to 16.8%. Leasing activity continued at a modest pace, totaling 158,335 sf for the quarter, with the 280/Southern submarket leading the way. Class A transactions accounted for 99,277 sf, indicating sustained demand for well-located, high-quality space.

While office sales have been subdued in recent years, two notable transactions occurred in Q3 2025. The Colonnade Office Towers North and South, totaling nearly 744,000 sf in the 280/Southern submarket, sold for \$144 million to outside investors, reflecting renewed confidence in institutional-grade assets. Additionally, Regions Financial Corporation sold its former corporate campus, a 296,438-sf Class A office building situated on 55+ acres in the Vulcan/Oxmoor submarket, to a data center developer. The conversion removes a significant block of vacant office space from inventory and signals a positive shift for the office market’s long-term health.

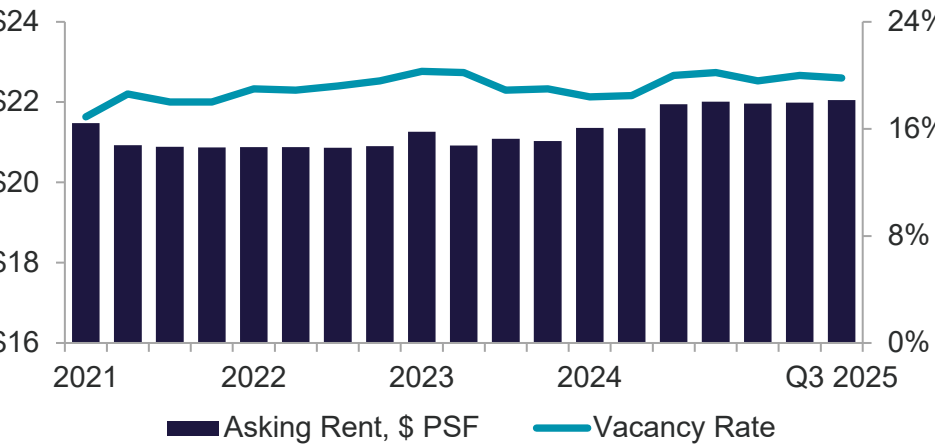
PRICING TRENDS

Average asking rents for Birmingham’s office market remained steady through Q3 2025, with the overall weighted average increasing slightly to \$22.05 per square foot (psf), up from \$21.99 psf in Q2. Class A product averaged \$23.84 psf across all submarkets. Stable pricing, coupled with limited new supply, suggests ongoing market stability through the remainder of 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	5,429,749	795,698	20,789	14.7%	8,757	45,066	100,627	0	\$23.28	\$23.72
Midtown	4,305,499	444,677	35,164	10.3%	-14,667	-30,918	151,384	29,930	\$27.38	\$31.17
280/Southern	5,494,591	1,315,880	185,407	23.9%	8,888	-29,462	136,997	0	\$21.53	\$22.48
Hoover/Riverchase	1,935,330	347,839	2,158	18.0%	327	5,380	31,071	20,000	\$19.83	\$21.77
Vulcan/Oxmoor	1,596,182	238,920	324,211	15.0%	33,944	86,582	85,067	0	\$16.98	\$21.50
BIRMINGHAM TOTALS	18,761,351	3,143,014	567,729	16.8%	37,249	76,648	505,146	49,930	\$22.05	\$23.84

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2700 Corporate Drive	280 / Southern	Diversified Energy Corporation	17,047	New
1800 International Park Drive	280 / Southern	Palomar Insurance Corporation	9,710	New
2308 1 st Avenue South	CBD	Always.Bank	9,442	New
500 Office Park Drive	Midtown	Landscape Workshop	9,050	New
2204 Lakeshore Drive	Midtown	Jeff Parmer Law Firm	6,777	New
3800 Colonnade Parkway	280 / Southern	Unknown	5,846	New
2550 Acton Road	Hoover / Riverchase	Cardio-Thoracic Surgeons	5,388	New
1143 1 st Avenue South	CBD	Singleton Schreiber	4,737	New
880 Montclair	Midtown	Graham Neal Seal & Bell	4,635	Sublease

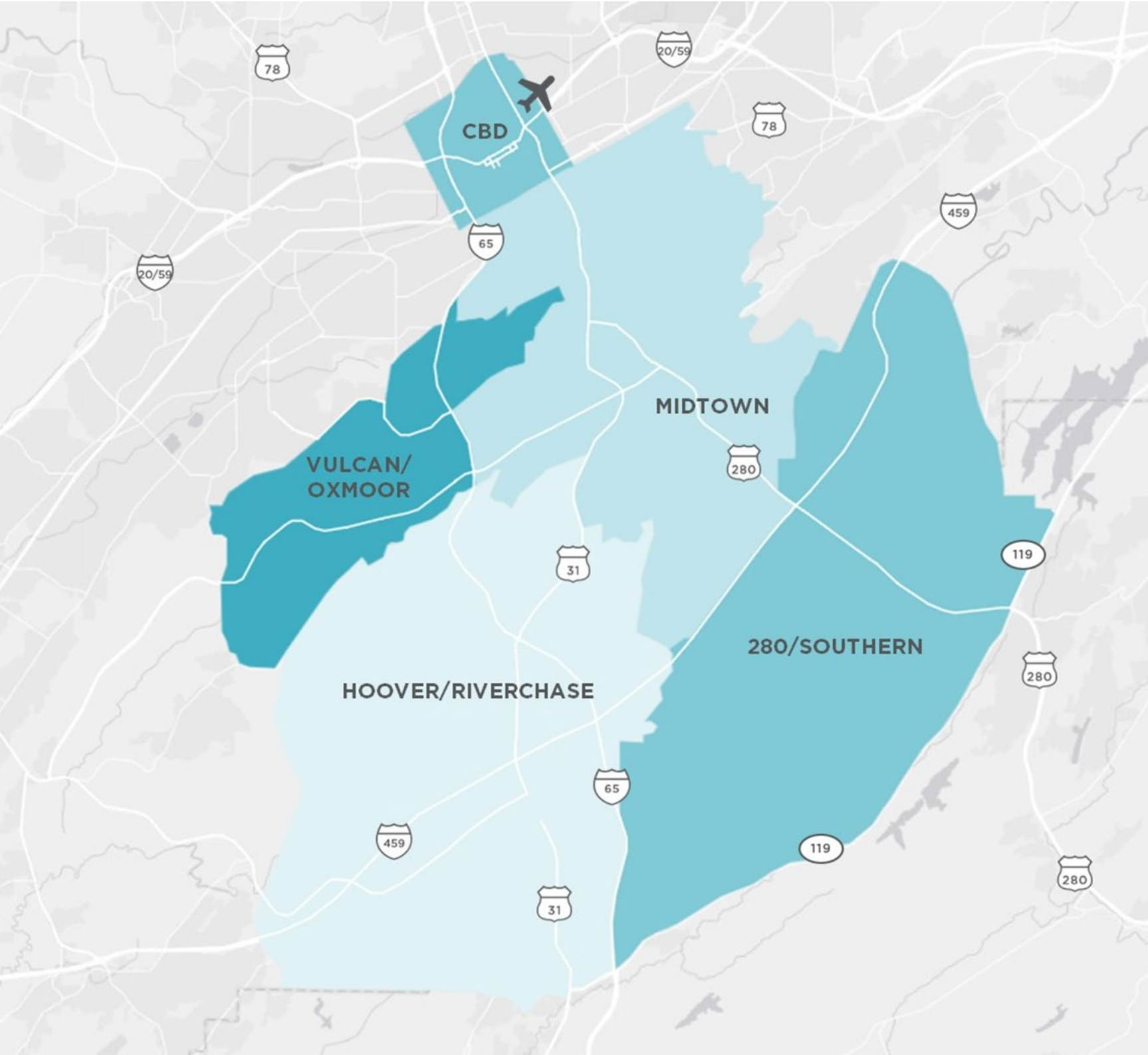
KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Colonnade Office Tower South	280 / Southern	Peakstone Realty Trust / Net Lease Capital Advisors	410,480	\$86.9M / \$212
Colonnade Office Tower North	280 / Southern	Peakstone Realty Trust / Net Lease Capital Advisors	258,958	\$53M / \$205
201 Milan Parkway	Vulcan / Oxmoor	Regions Financial Corp / Lakeshore Data Center, LLC	296,438 / 55.26 acres	\$17.2M / \$58
400 Vestavia Parkway	Hoover / Riverchase	Arcis Investments / Engel Realty Co, LLC	56,745	\$8.4M / \$147
100 Centerview Drive	Hoover / Riverchase	Engel Realty Co, LLC / Chambers Building Partners, LLC	37,214	\$4.6M / \$122

PROJECTS UNDER CONSTRUCTION 2025

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	QUOTED RENT	OWNER/DEVELOPER
740 Shades Creek Parkway	Midtown	Morgan Stanley (BTS)	29,930	N/A	The Five Stone Group
2401 International Park Place	Hoover/Riverchase	TBD	20,000	\$25.00 PSF	Byrom Building

OFFICE SUBMARKETS



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