

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.8% Vacancy Rate	▼	▼
57K YTD Net Absorption, SF	▲	▲
\$22.12 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
572.7K Birmingham-Hoover Employment	▲	▼
2.7% Birmingham-Hoover Unemployment Rate	▼	▲
4.6% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics
 2025 Q4 data are based on latest available data.

Source: AL Center for Real Estate, AL Department of Labor, Bham Now, CoStar, Real Capital Analytics

ECONOMIC OVERVIEW

Alabama's economy closed 2025 on stable footing, supported by positive job growth and continued labor market strength. The state's preliminary, seasonally adjusted unemployment rate held steady at 2.7% in December, well below the 3.3% rate recorded one year earlier and the current U.S. rate of 4.6%.

Confidence among commercial real estate professionals improved, with the Alabama Commercial Real Estate Index (AL CREI), a quarterly sentiment survey of industry participants, registering 56.2 in Q4 2025, signaling moderate expansionary expectations. While the Alabama Market Outlook component softened slightly, notable improvement in interest rate expectations helped lift overall sentiment, reinforcing a measured but optimistic view heading into 2026. Locally, investment activity in Birmingham's downtown core continues to bolster confidence, supported in part by UAB's \$872 million pipeline of campus projects and urban revitalization surrounding the new Coca-Cola Amphitheater in the Uptown Entertainment District. Together, this activity supports long-term demand across the city's commercial real estate market.

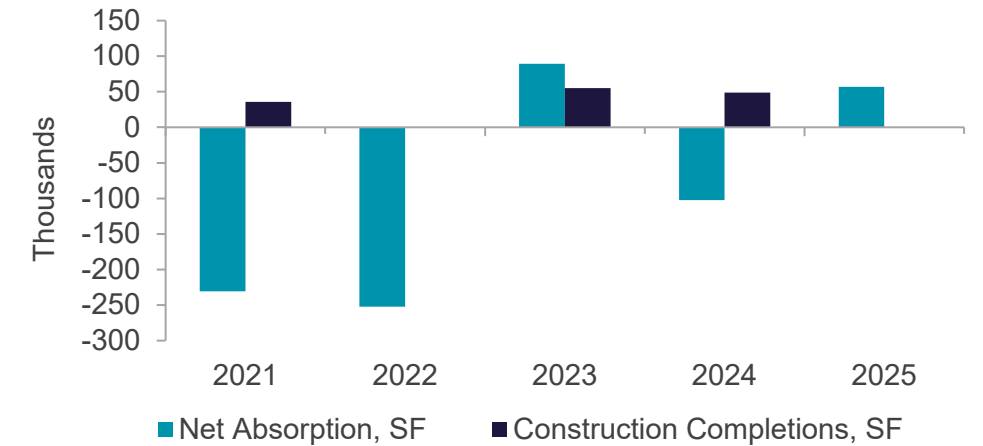
SUPPLY AND DEMAND

Birmingham's multi-tenant office market ended 2025 with mixed quarterly results but improving year-end fundamentals. Overall absorption for Q4 2025 totaled negative 35,336 square feet (sf), following positive absorption in Q3; however, the market finished the year with 56,786 sf of net absorption overall. Vacancy remained stable, with overall vacancy holding at 19.8% and direct vacancy improving slightly to 16.6% in Q4 25, down from 16.8% last quarter. Leasing activity continued at a steady pace, totaling 640,255 sf for the year, an approximate 14% increase from the total space leased in 2024. The Midtown submarket led leasing activity in 2025, followed by the 280/Southern submarket and the Central Business District (CBD). Class A transactions accounted for more than half of the total volume leased. Mirroring national trends, new construction remains limited, which positions existing Class A properties to benefit from tenant demand, potentially supporting vacancy improvement in 2026.

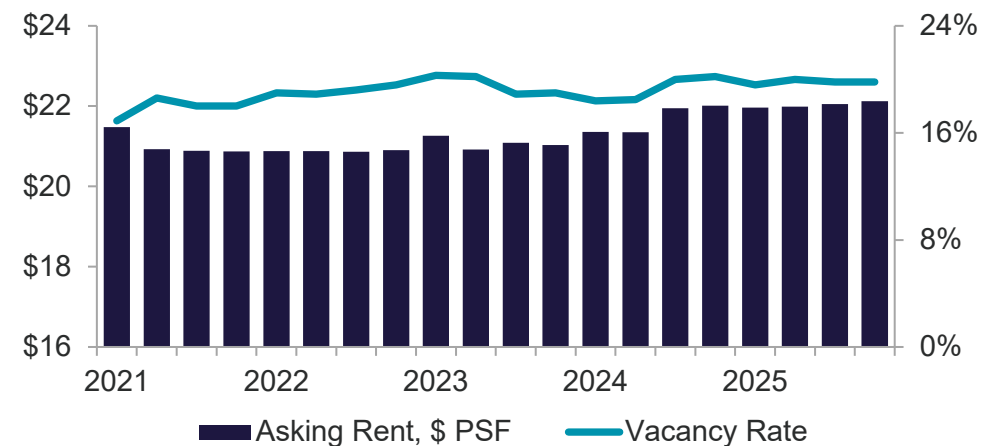
PRICING TRENDS

Average asking rents for Birmingham's office market remained stable across most submarkets, with the overall weighted average ending Q4 25 at \$22.12 per square foot (psf), and Class A space averaging \$23.91 psf. The Midtown submarket commanded the highest rental rates at \$27.84 psf, reflecting strong demand and limited availability, while the CBD closed the quarter at \$23.45 psf.

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	800,850	36,519	14.7%	-20,882	24,184	113,941	0	\$23.45	\$23.82
Midtown	4,305,499	402,009	35,164	9.3%	42,668	11,750	206,691	29,930	\$27.84	\$31.45
280/Southern	5,494,591	1,349,212	139,313	24.6%	-2,712	-16,700	76,637	0	\$21.69	\$22.67
Hoover/Riverchase	1,935,330	314,605	2,158	16.3%	17,816	23,196	56,484	20,000	\$19.81	\$22.42
Vulcan/Oxmoor	1,596,182	238,495	396,862	14.9%	-72,226	14,356	86,502	0	\$17.27	\$19.84
BIRMINGHAM TOTALS	18,761,351	3,105,171	610,016	16.6%	-35,336	56,786	640,255	49,930	\$22.12	\$23.91

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
800 Shades Creek Parkway	Midtown	Synovus Financial	86,337	Renewal*
2801 US 280 (Protective Center Bldg 3)	Midtown	AmWins	42,389	New
100 Vestavia Parkway	Hoover/Riverchase	Carr Allison	29,322	Renewal*
200 Wildwood Parkway	Vulcan/Oxmoor	Children's Behavioral Health	27,797	New
801 Tom Martin Drive	Vulcan/Oxmoor	Synovis Micro Companies Alliance	23,910	New
880 Montclair Building	Midtown	SPM	21,449	New
17 North 20 th Street	CBD	CommerceOne Bank	20,571	New
One Perimeter Park South	280/Southern	Bradford Health	19,642	New
Inverness Center 40	280/Southern	Neel-Schaffer	19,519	New
2801 US 280 (Protective Center Bldg 3)	Midtown	Wells Fargo Advisors	19,000	New
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
1900 International Park Drive	280/Southern	Jedson Engineering, Inc.	8,576	New
117 Gemini Circle	Vulcan/Oxmoor	Affinity Hospice	7,420	New
Massey Building	CBD	Knight Eady	7,000	New

*Renewals not included in leasing statistics

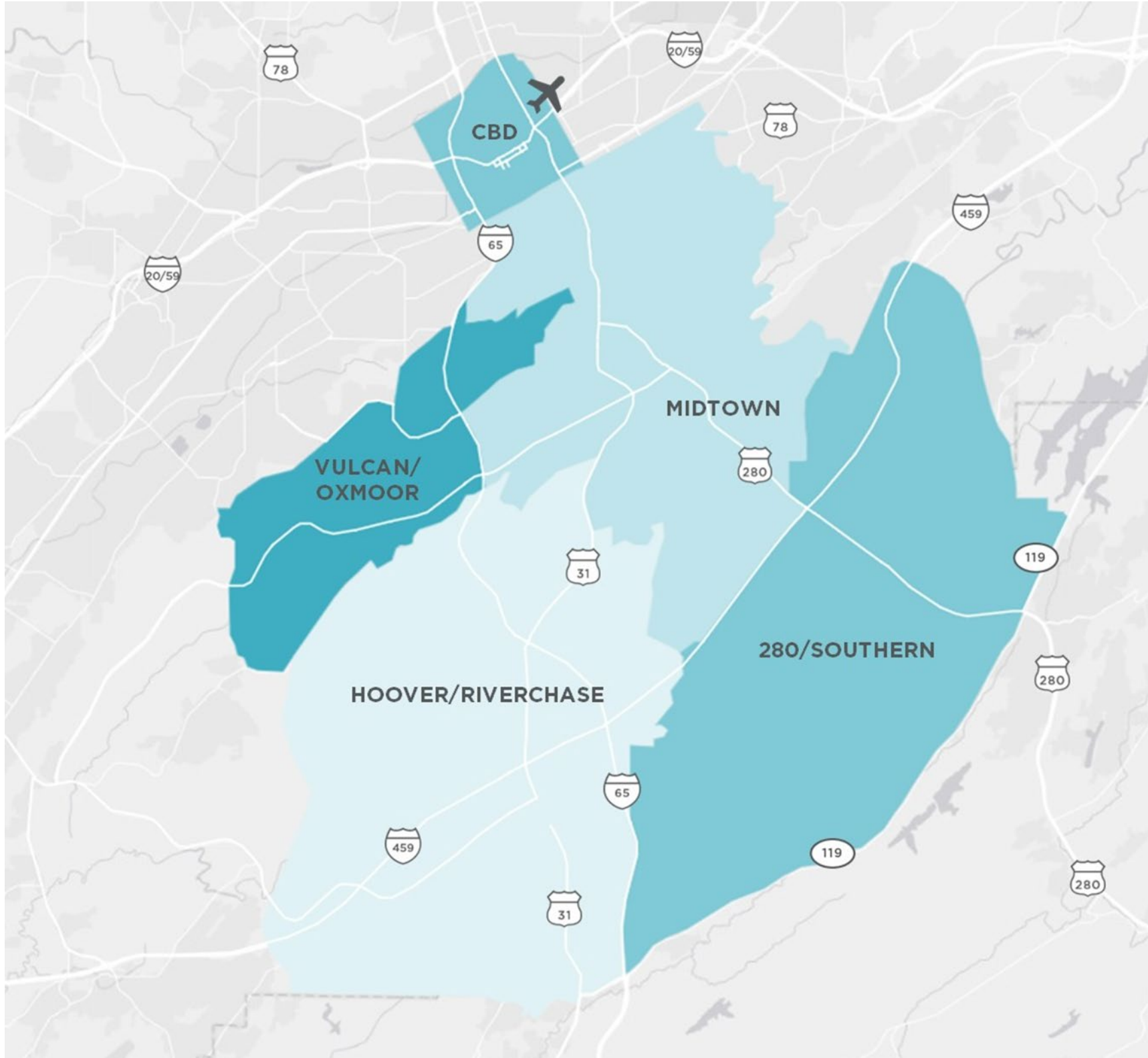
KEY SALE TRANSACTIONS 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3535 Colonnade Parkway	280 / Southern	Peakstone Realty Trust / Net Lease Capital Advisors	669,438	\$140M / \$209
201 Milan Parkway	Vulcan / Oxmoor	Regions Financial Corp / Lakeshore Data Center, LLC	296,438 / 55.26 acres	\$17.2M / \$58
417 20th Street North	CBD	West Second Street Associates / OSCI Properties LLC	201,971	\$10.55M / \$52
1830 Powell Avenue South (Powell Steam Plant)	CBD	Alabama Power Company / KultureCity	80,105	\$11M / \$137

PROJECTS UNDER CONSTRUCTION 2025

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	QUOTED RENT	OWNER/DEVELOPER
10500 Liberty Parkway*	280/Southern	Medical Properties Trust (BTS)	118,882	N/A	Medical Properties Trust
Former Brookwood Mall (Phase One)*	Midtown	Andrews Sports Medicine	61,000	Undisclosed	Hammes
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

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