

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.0% Vacancy Rate (Overall)	▼	▼
137K YTD Net Absorption, SF	▲	▲
\$21.89 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
571.8K* Birmingham-Hoover Employment	▲	▲
2.7% Birmingham-Hoover Unemployment Rate (March 2026)	▼	▲
4.3% U.S. Unemployment Rate (March 2026) <i>Source: BLS, Moody's Analytics</i> <i>*2025 Q4 data.</i>	▲	▲

ECONOMIC OVERVIEW

Alabama's economy remained stable through Q1 2026, supported by steady employment growth and rising wages. The state's preliminary February unemployment rate held at 2.7%, unchanged from January. Average weekly wages increased to a record high of \$1,175.01, reflecting a year-over-year gain of \$62.71 and ranking among the fastest wage growth rates nationally. Locally, continued business expansion is reinforcing momentum in the Birmingham region. Coca-Cola UNITED and Medical Properties Trust are nearing completion on their newly constructed headquarters projects, representing significant investment in their long-term growth. Fluid Solutions is planning a new headquarters facility in Irondale, while Brasfield & Gorrie is expanding its existing footprint, further signaling commitment from established local firms. Together, these developments highlight Birmingham's appeal as a business destination and support long-term demand for office space across the region.

SUPPLY AND DEMAND

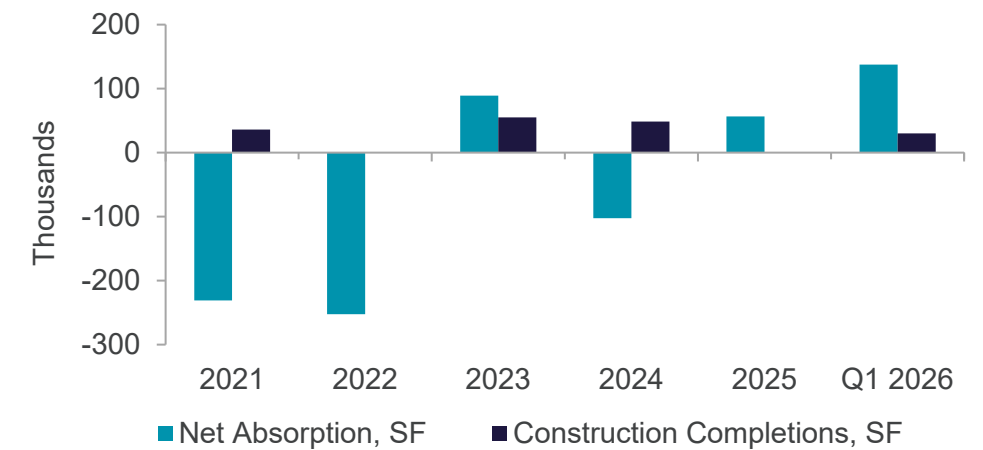
Birmingham's multi-tenant office market posted a positive start to 2026, recording 137,405 square feet (sf) of positive absorption in Q1 2026, an improvement from the negative 35,336 sf recorded in Q4 2025. Vacancy trends also improved, with overall vacancy, including sublease space, declining to 19.0% in Q1 from 19.8% in Q4, while direct vacancy fell to 15.8% from 16.6%. Leasing activity totaled 222,196 sf in Q1, with the majority of transactions occurring in the Midtown and 280/Southern submarkets. Class A transactions represented approximately 74% of the total leasing activity, reinforcing continued tenant preference for high-quality, well-located space.

Consistent with national trends, construction activity remains limited across the Birmingham office market. New office development is expected to be primarily build-to-suit until financing conditions improve. This constrained pipeline positions existing Class A assets to capture future demand and supports the potential for continued vacancy improvement through 2026.

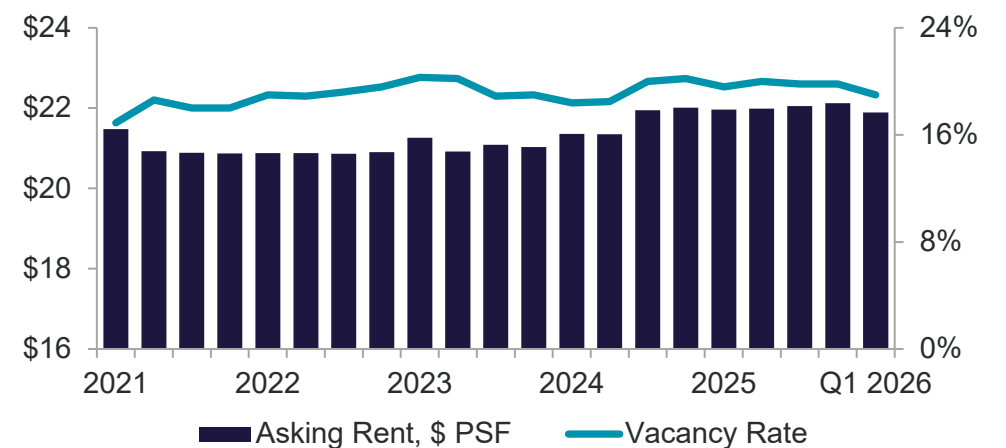
PRICING TRENDS

Average asking rents for Birmingham's office market remained largely stable in Q1 2026, reflecting balanced market conditions and steady demand for quality space. The overall average weighted asking rent across all submarkets was \$21.89 per square foot (psf), while Class A properties averaged \$23.60 psf. The Midtown submarket continued to command the highest rental rates at \$27.57 psf, followed by the Central Business District at \$23.35 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Source: AL Department of Labor, Birmingham Business Alliance, CoStar, Real Capital Analytics

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	765,252	40,036	14.1%	32,081	32,081	39,163	0	\$23.35	\$23.78
Midtown	4,335,499	344,999	31,246	8.0%	60,928	60,928	90,492	0	\$27.57	\$30.73
280/Southern	5,494,591	1,250,561	136,712	22.8%	101,252	101,252	68,499	0	\$21.66	\$22.45
Hoover/Riverchase	1,935,330	350,084	2,158	18.1%	-35,479	-35,479	24,042	20,000	\$20.22	\$22.37
Vulcan/Oxmoor	1,596,182	259,872	396,862	16.3%	-21,377	-21,377	0	0	\$17.40	\$20.05
BIRMINGHAM TOTALS	18,791,351	2,970,768	607,014	15.8%	137,405	137,405	222,196	20,000	\$21.89	\$23.60

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2801 US 280 (Protective Center Bldg 3)	Midtown	StoneX	46,503	New
2501 20 th Place South	Midtown	Arlington Holding Company	28,675	New
Financial Center	CBD	Spaces	18,298	New
2501 20 th Place South	Midtown	Undisclosed	15,343	Sublease
Magnolia Building	Midtown	UAB Medicine	11,426	New
Meadowbrook 1200	280/Southern	Undisclosed	7,114	New
The Grand	280/Southern	Thrive	6,926	New
31 Inverness Center Parkway	280/Southern	King Simmons Attorneys	5,854	New

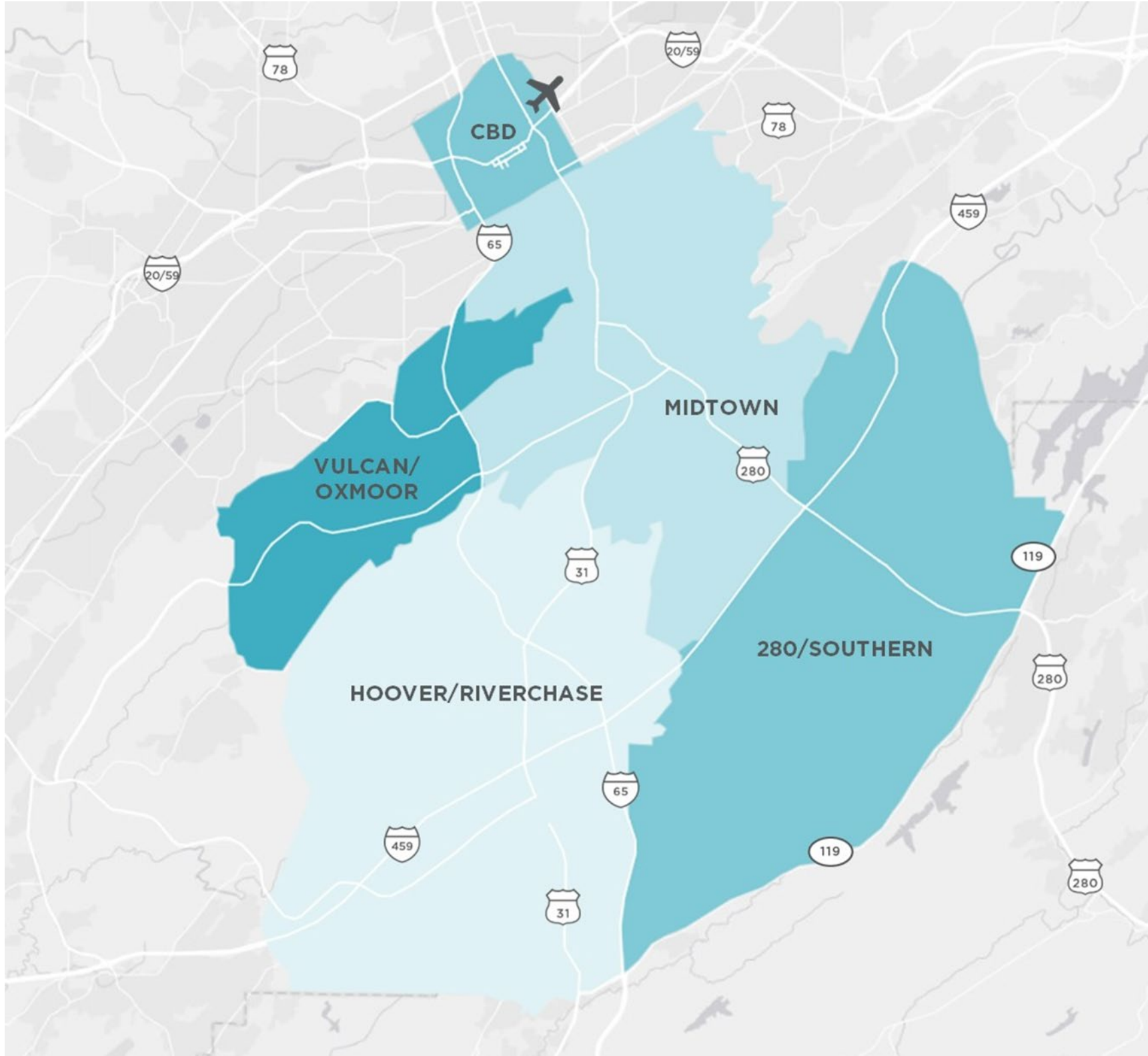
KEY SALE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3196 Highway 280 S	280 / Southern	NGI Birmingham Properties LLC / Tributary 280 LLC	420,460	\$3M / \$7.13
3680 Grandview Parkway	280 / Southern	Grandview MOB II LLC / Hatteras Grandview II LLC	143,000	\$89.1M / \$779
110 12 th Street North	CBD	C S Equities LLC / America's First Federal Credit Union	48,000	\$13.2M / \$275
2230 2 nd Avenue South (Bebco Building)	CBD	Patterson Investment Properties, LLC / Skye Industrial Properties	24,177	\$4.0M / \$168

PROJECTS UNDER CONSTRUCTION Q1 2026

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	QUOTED RENT	OWNER/DEVELOPER
10500 Liberty Parkway	280/Southern	Medical Properties Trust	118,882	N/A	Medical Properties Trust
Brookwood Village Redevelopment	Midtown	Andrews Sports Medicine	61,000	Undisclosed	Hammes
Brookwood Village Redevelopment (700 Brookwood Village)	Midtown	TBD	45,345	\$45.50 PSF (NNN)	Richard Campbell
2714 20 th Street South	Midtown	Vitalogy Wellness	20,700	Undisclosed	Crescent Real Estate Holdings LLC
2401 International Park Place	Hoover/Riverchase	TBD	20,000	\$25.00 PSF	Byrom Building

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