MARKETBEAT

BIRMINGHAM, AL

OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.3% Vacancy Rate (Overall)	▼	▼
93K YTD Net Absorption, SF	▲	▲
$22.00 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
570.3K Birmingham-Hoover Employment	▲	▲
2.8% Birmingham-Hoover Unemployment Rate (March 2026)	▲	▲
4.2% U.S. Unemployment Rate (June 2026)	—	▲

Source: BLS, Moody's Analytics
2026Q2 data are based on latest available data.

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

ECONOMIC OVERVIEW

Alabama's economy remains fundamentally healthy. While the state's preliminary June unemployment rate increased to 3.2% from 3.0% in May and 2.9% one year ago, it remains well below the national average and reflects a labor market that continues to support business expansion. The Greater Birmingham Region continues to earn national recognition as a destination for both employers and talent. In a recent feature by *The Wall Street Journal*, Birmingham ranked among the nation's top metros for recent college graduates based on hiring, wage growth and affordability. The city also ranked No. 6 on *Livability's* Top 100 Best Places to Live, highlighting its growing momentum and quality of life. Together, these accolades reinforce Birmingham's ability to attract employers and talent, supporting long-term demand for quality office space.

SUPPLY AND DEMAND

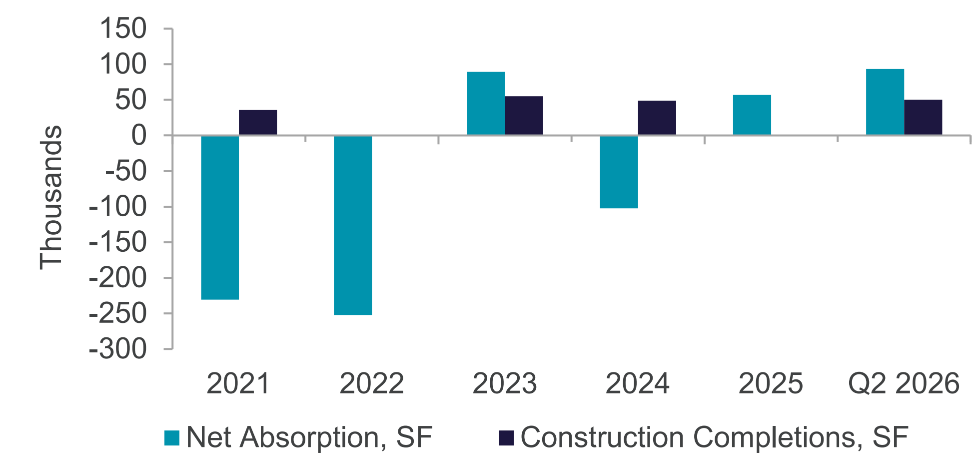
Following a healthy first quarter, Birmingham's multi-tenant office market recorded negative 44,109 square feet (sf) of overall net absorption in Q2 2026. However, year-to-date absorption remained positive at 93,296 sf, outperforming the 39,399 sf absorbed through the first half of 2025. Class A properties continued to lead the market, more than doubling first-half absorption from one year ago, while Class B and Business Park properties remained relatively stable. Leasing activity totaled 145,808 sf in Q2 2026, bringing the year-to-date total to 368,004 sf, slightly ahead of the 346,811 sf leased through the first half of 2025. Direct vacancy improved to 16.1% in Q2 2026 from 17.1%, while overall vacancy, including sublease space, ended the quarter at 19.3%. Leasing activity remained concentrated in the Midtown and 280/Southern submarkets, with Class A properties accounting for the majority of tenant demand.

Several smaller construction projects are underway in Birmingham's office market including a new Class A medical office building in Homewood and a 45,345-sf Class A office project located within the redevelopment of the former Brookwood Mall site. With speculative development remaining limited, market fundamentals will continue to improve as existing inventory absorbs demand.

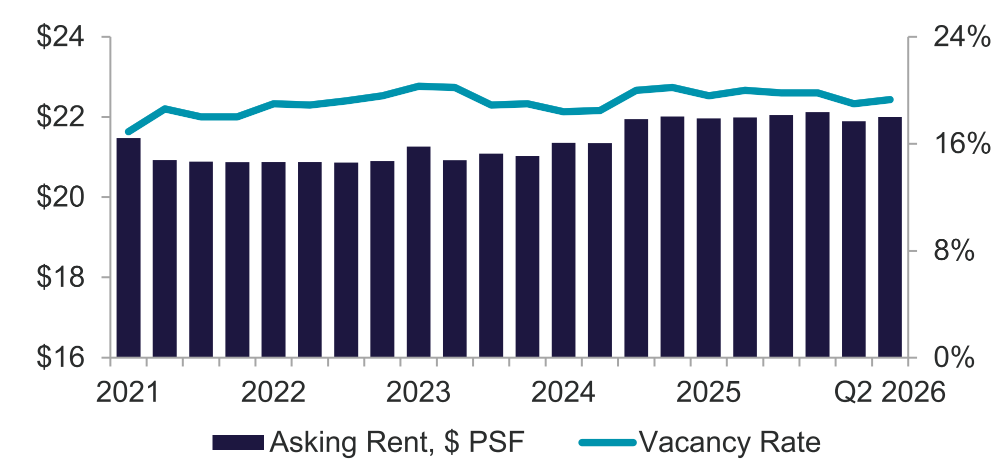
PRICING TRENDS

Overall average asking rents remained stable in Q2 2026, reaching $22.00 per square foot (psf), a modest increase from $21.89 psf in Q1 and $21.99 psf one year ago. While Class A asking rents softened slightly over the past year, Class B and Business Park properties posted gains, reflecting continued demand for quality value-oriented space. Overall, pricing has remained disciplined despite improving occupancy and leasing activity, suggesting landlords are maintaining asking rents as market fundamentals continue to strengthen.

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	789,695	40,036	14.5%	-24,443	7,638	45,545	0	$23.36	$23.79
Midtown	4,335,499	352,465	17,425	8.1%	6,355	67,283	113,526	66,045	$27.68	$30.95
280/Southern	5,494,591	1,203,421	136,712	21.9%	47,140	148,392	137,741	0	$21.66	$22.40
Hoover/Riverchase	1,935,330	435,880	2,158	22.5%	-85,796	-121,275	52,606	0	$21.18	$23.32
Vulcan/Oxmoor	1,596,182	247,237	396,862	15.5%	12,635	8,742	18,586	0	$17.46	$20.05
BIRMINGHAM TOTALS	**18,791,351**	**3,028,698**	**593,193**	**16.1%**	**-44,109**	**93,296**	**368,004**	**66,045**	**$22.00**	**$23.58**

Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1801 5th Ave N – Old Federal Reserve	CBD	Bradley	16,860	New
1801 5th Ave N – Old Federal Reserve	CBD	Graham & Co	15,394	Renewal*
200 Beacon Pky W – The Offices at 200	Vulcan/Oxmoor	Undisclosed	14,000	New
1800 International Park Dr	280/Southern	TQL	13,052	New
2000 International Park Dr	280/Southern	Rödl & Partner	10,891	New
3800 Colonnade	280/Southern	Nike	10,351	Renewal*
2501 20th Place South	Midtown	Aprio	10,000	New
800 Shades Creek Pkwy – Synovus Center	Midtown	Pinnacle Bank	9,786	New
Riverhills Business Park	280/Southern	Undisclosed	8,769	New
505 20th Street North	CBD	Littler	6,952	New

Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2026

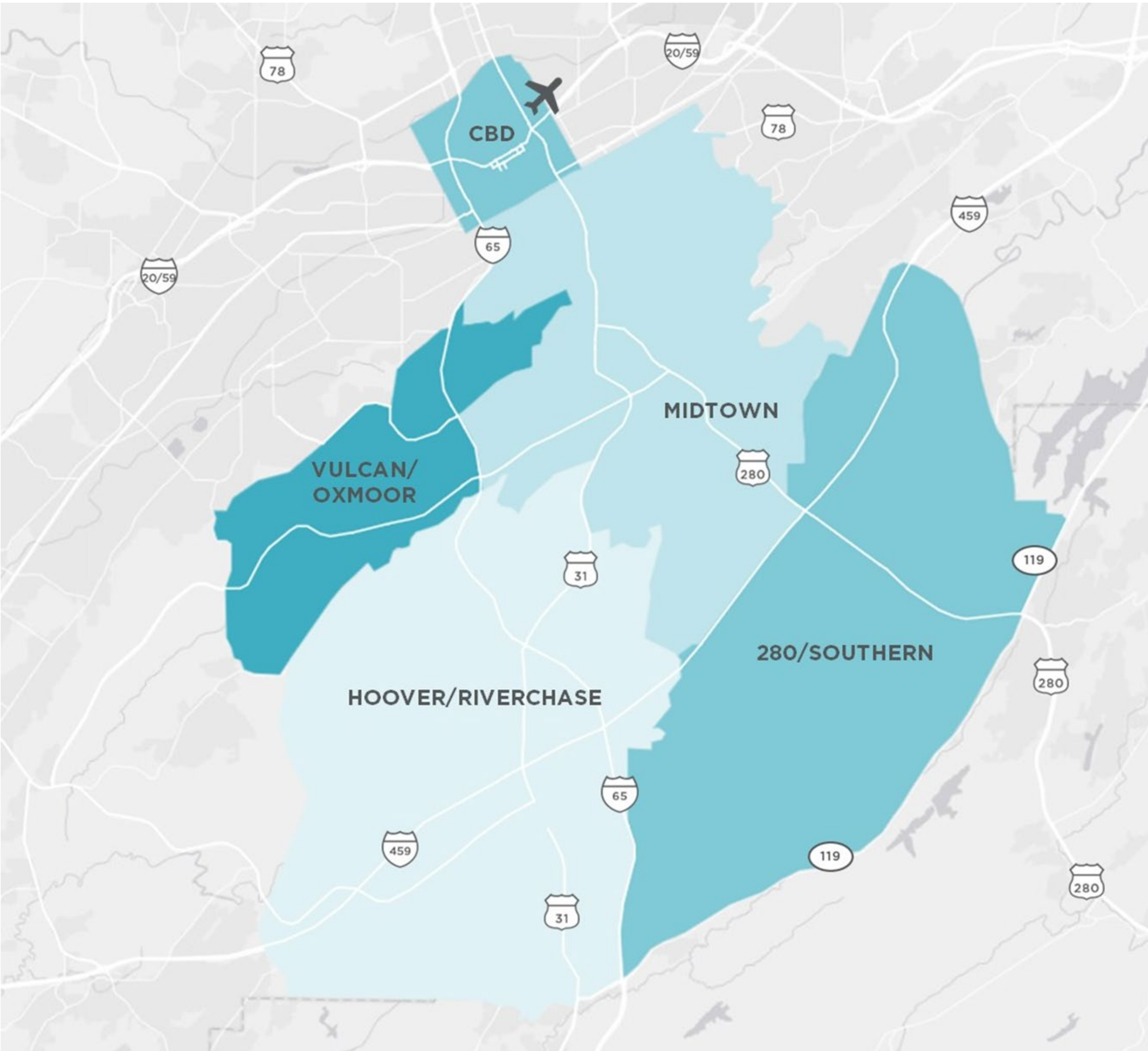
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
2001 Park Place*	CBD	Ladder CRE Finance REIT Inc. / Ladder Capital Corp	284,189	$9.59M / $34
100 Brookwood Place	Midtown	Mutual Assurance, Inc. / Metroplex 100 LLC	166,351	$21.3M / $128
Blue Lake Center*	280/Southern	The Simpson Organization / JPMBB 2015-C27	162,763	$14.8M / $91
2900 First Avenue South	CBD	Alexander Shunnarah / Sloss Real Estate Co.	20,160	$5.8M / $315
4000 Colonnade Parkway	280/Southern	Shannon Waltchack / Southeast Properties LLC	17,705	$3.1M / $105

Denotes a foreclosure or lender-related transaction and not a traditional arm's-length sale

PROJECTS UNDER CONSTRUCTION Q2 2026

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	QUOTED RENT	OWNER/DEVELOPER
Brookwood Village Redevelopment	Midtown	Andrews Sports Medicine	61,000	Undisclosed	Hammes
Creekside at Brookwood	Midtown	TBD	45,345	$45.50 PSF (NNN)	Richard Campbell
2714 20th Street South	Midtown	Vitalogy Wellness Center	20,700	Undisclosed	Crescent Real Estate Holdings LLC

OFFICE SUBMARKETS



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