



Birmingham, Alabama

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

The new baseball stadium for downtown Birmingham broke ground in February, and the City Council and the BJCC board has approved all the plans for the Entertainment District at the Birmingham-Jefferson Civic Center (BJCC), which is currently under construction and headlined by the Westin Hotel. Both of these projects have led to the rebirth of the downtown, with new construction and revitalization for several city blocks. The other real hotspot for Birmingham over the next three to five years is in the I-459 and I-280 submarket where Trinity Medical Center will officially receive their CON approval by May of this year. Due to the anticipation of this approval, several new developments have broken ground. Others, ranging from a new rehabilitation center by Brookwood Hospital and an assisted living facility based out of Tuscaloosa, will compliment Minneapolis' Lifetime Fitness 80,000 RSF recreational facility which is located in Vestavia in this same submarket. But Birmingham stands to gain the most with some \$500 million in new developments. This area has and will continue to lead the pack for the highest concentration of office and retail complexes in Alabama, but now will also become a major healthcare corridor.

Market Trends

The office market for both the CBD and suburbs continues to tighten up. We do not see this tailing off for another two years upon the completion of new office developments. As larger tenants make commitments to these new developments, others will be encouraged to negotiate sooner in order to take advantage of large blocks of second generation space that will be coming on line.

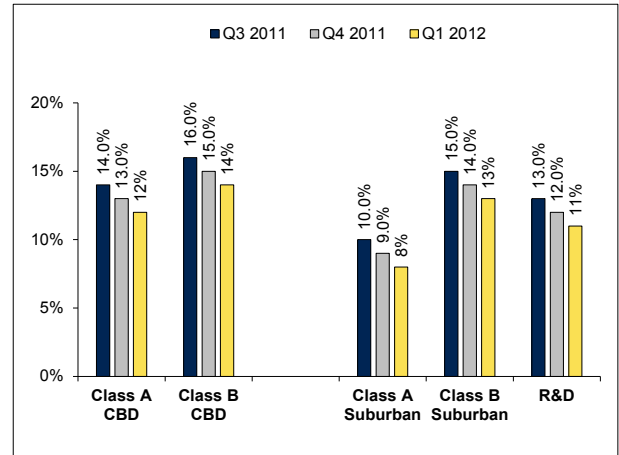
Tenant's Perspective

The market is tightening faster than expected so long as the economy continues to improve.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
NSORO	40,000	Office	Expansion
Crothall	25,000	Industrial	New Lease
O'Neal Steel	13,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$19.85	\$19.90	\$19.95
Class B Office	\$13.00	\$13.25	\$13.50
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$21.50	\$21.60	\$21.75
Class B Office	\$16.50	\$16.75	\$17.00
R&D	\$8.00	\$8.25	\$8.00

