MARKETBEAT

BIRMINGHAM, AL

OFFICE Q3 2026

CUSHMAN & WAKEFIELD | EGS

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.7% Vacancy Rate (Overall)	▼	▼
-3K YTD Net Absorption, SF	▲	▲
$22.02 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
571.1K Birmingham-Hoover Employment	▲	▲
3.3% Birmingham-Hoover Unemployment Rate (March 2026)	▲	▲
4.2% U.S. Unemployment Rate (September 2026)	▼	▲

Source: BLS, Moody's Analytics
2026 Q3 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, supported by continued business investment and a stable labor market. The state's preliminary August unemployment rate held at 3.4%, up from 2.8% one year ago, but remains below the national rate of 4.2%. In Birmingham, Brasfield & Gorrie broke ground on a $65 million headquarters expansion in the Lakeview District, adding 88,000 square feet of training and office space and accommodating some new full-time positions. Daxko also announced plans to relocate its global headquarters to Birmingham's Central Business District (CBD) in April 2027, bringing more than 130 Birmingham-based employees to the new downtown office. These investments reflect continued business confidence in the region and support long-term demand for quality office space.

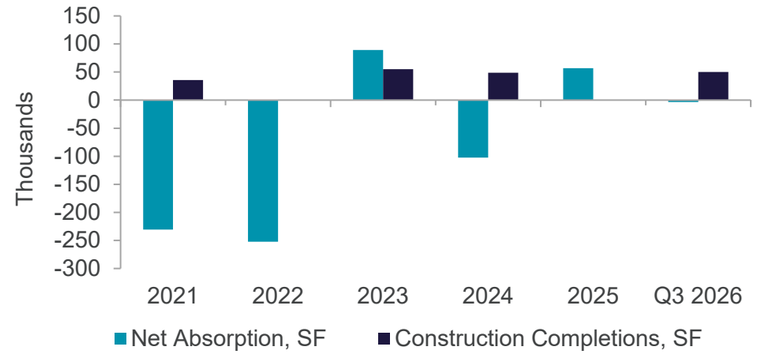
SUPPLY AND DEMAND

Birmingham's multi-tenant office market recorded negative absorption of 51,396 square feet (sf) in Q3 2026, a continued negative trend from Q2 2026. As a result, direct vacancy increased to 16.3% in Q3 from 16.1% in Q2, while overall vacancy, including sublease space, rose to 19.7% from 19.3%. Leasing activity slowed to 99,500 sf leased in Q3, bringing the year-to-date total to 467,504 sf. Despite softer quarterly activity, Birmingham's office market remains stable. Several smaller construction projects are underway, including a new Class A medical office building in Birmingham's Midtown submarket and a 45,345-sf Class A office project within the redevelopment of the former Brookwood Mall site. With speculative development limited, continued recovery is expected with renewed leasing activity and absorption of existing space.

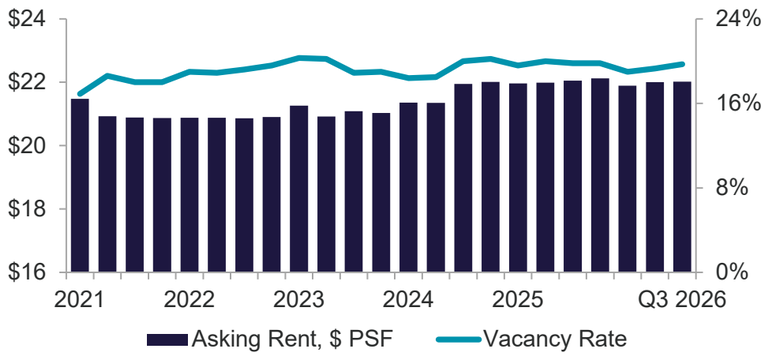
PRICING TRENDS

Birmingham's average asking rents remained relatively stable in Q3 2026, despite softer leasing activity and absorption. The overall average asking rate ended Q3 at $22.02 per square foot (psf), from $22.00 psf in Q2 and $22.05 psf one year ago. Class A rates rebounded to $23.75 psf from $23.58 psf last quarter, while Class B rates eased to $18.60 psf from $18.92 psf. Overall, landlords have maintained asking rates, with little year-over-year change, despite shifts in occupancy and leasing activity.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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BIRMINGHAM, AL
OFFICE Q3 2026

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	790,453	44,113	14.6%	-4,835	2,803	57,958	0	$23.41	$23.86
Midtown	4,335,499	315,398	12,277	7.3%	24,814	99,625	152,842	95,975	$27.46	$31.24
280/Southern	5,494,591	1,241,787	179,349	22.6%	-81,003	67,389	155,707	0	$22.18	$22.89
Hoover/Riverchase	1,935,330	442,085	2,158	22.8%	-6,205	-127,480	73,364	0	$21.10	$23.26
Vulcan/Oxmoor	1,596,182	272,970	408,074	17.1%	-36,945	-45,687	27,633	0	$17.21	$20.05
BIRMINGHAM TOTALS	**18,791,351**	**3,062,693**	**645,971**	**16.3%**	**-104,174**	**-3,350**	**467,504**	**95,975**	**$22.02**	**$23.75**

** Under Construction not reflective of U.S. Office MarketBeat* ***Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2501 20th Pl S – Truist Place	Midtown	NA	15,343	Sublease
1000 Urban Center Drive	280/Southern	ICC	13,092	New
850 Shades Creek Parkway	Midtown	Thompson Coburn LLP	8,619	New
3595 Grandview Pkwy – The Grand	280/Southern	Alabama Center for Reproductive Medicine	7,648	New
1900 International Park Dr	280/Southern	Alabama Board of Nursing	5,948	New
3595 Grandview Pkwy – The Grand	280/Southern	3CI	5,677	Sublease
2200 Magnolia Ave S	CBD	NA	5,570	New
813 Shades Creek Pkwy	Midtown	NA	4,659	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
500 Corporate Parkway*	280/Southern	SDM Partners & Blue Vista Capital Management/Gorney Realty Company	135,158	$13.9M/$102
1200 Corporate Drive*	280/Southern	SDM Partners & Blue Vista Capital Management/Gorney Realty Company	129,874	$14.4M/$111
500 Beacon Parkway W	Vulcan/Oxmoor	IronVest Partners/The Arc of Central Alabama	30,520	$1.56M/$51
1900 20th Avenue S	Midtown	Highline Real Estate PartnersLLC/Blydan Built	22,992	$2.1M/$91
900 Montclair Road	Midtown	International Code Council/Empire Pipe & Supply Co	20,320	$2.25M/$110
100 Olde Towne Road	Hoover/Riverchase	Sam 17 Investments LLC/Church of the Cross Birmingham	20,000	$1.12M/$59

**Part of a Two-Property Sale*

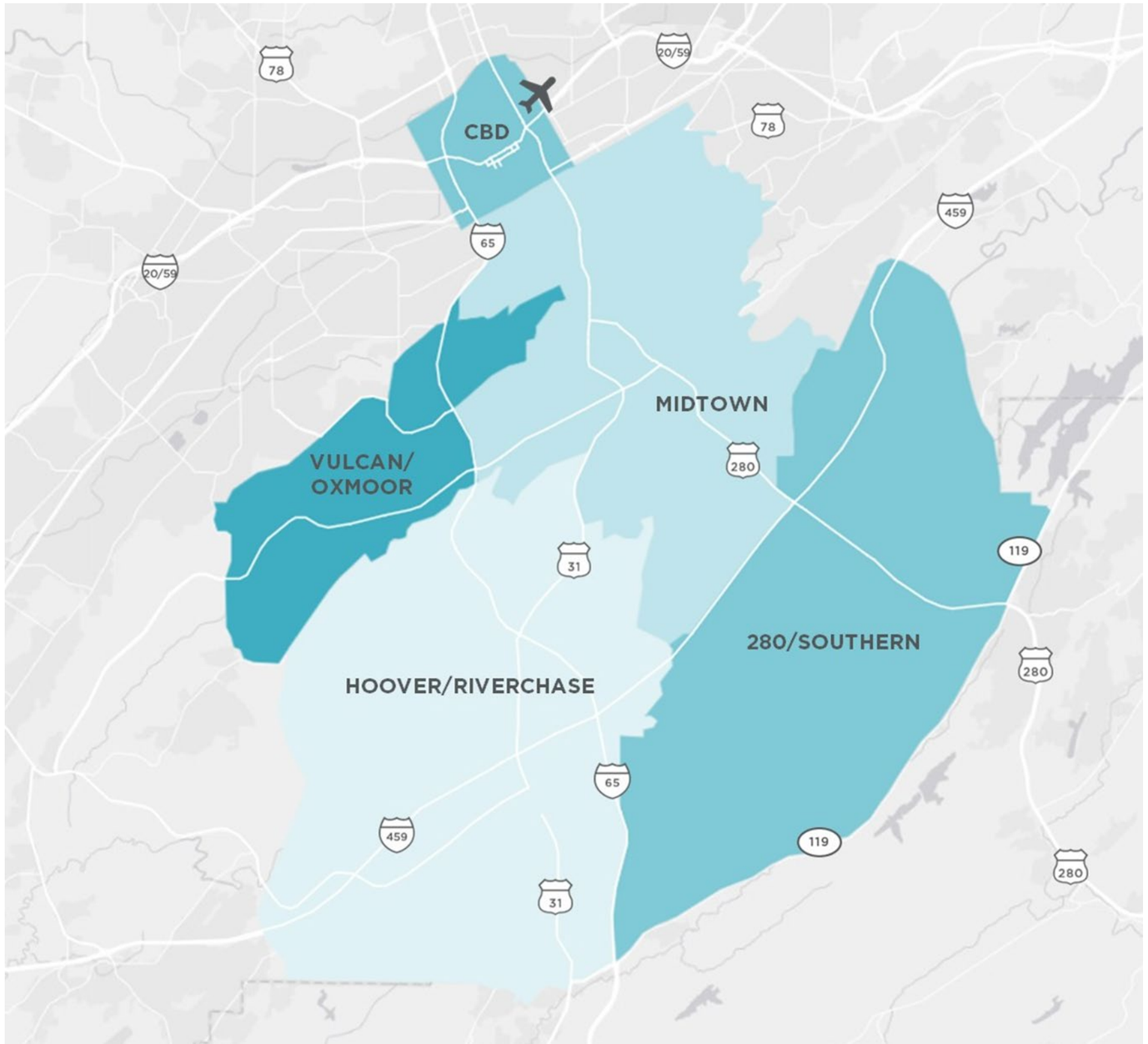
PROJECTS UNDER CONSTRUCTION Q3 2026

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

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OFFICE SUBMARKETS



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