

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.0% Vacancy Rate	▲	▼
39K YTD Net Absorption, SF	▼	▲
\$21.99 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
572.4K Birmingham-Hoover Employment	▲	▲
3.1% Birmingham-Hoover Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

2025 Q2 data are based on latest available data.

Source: AL Department of Labor, Birmingham Business Alliance, BLS, CoStar, Moody's Analytics, Real Capital Analytics, REV Birmingham.

ECONOMIC OVERVIEW

At mid-year 2025, Alabama’s economy remained stable, posting healthy employment figures and steady growth. The state’s seasonally adjusted unemployment rate fell to 3.2% in June, which sits notably lower than the national U.S. rate of 4.2%. In Birmingham, momentum is building. The highly anticipated Coca-Cola outdoor amphitheater recently opened on the city’s northside, boosting foot traffic and supporting revitalization efforts in the downtown area. Birmingham also earned national attention from *The Wall Street Journal*, which ranked Birmingham among the top U.S. cities for recent college graduates. With its affordability, lifestyle appeal, and talent-focused initiatives, the city’s ability to attract young professionals is expected to reinforce office demand and market stability for the remainder of 2025.

SUPPLY AND DEMAND

Birmingham’s multi-tenant office market recorded overall negative absorption of 78,122 square feet (sf) in Q2 2025, a reversal from the 117,521 sf of positive absorption recorded in Q1. Overall vacancy increased slightly to 20.0%, with direct vacancy reaching 17.1%. Despite a slower Q2, leasing activity remains ahead of last year. Year-to-date leasing totaled 346,811 sf, compared to 269,839 sf at mid-year 2024. Class A space accounted for more than 52,000 sf, emphasizing the ongoing demand for higher quality office space.

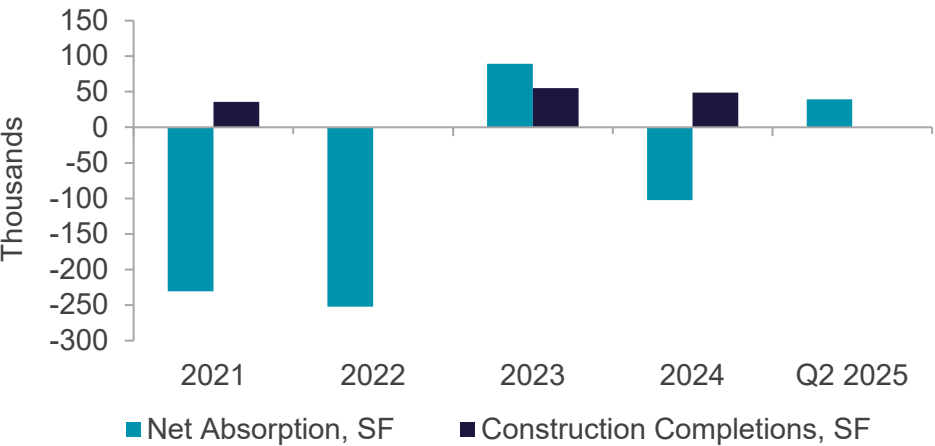
New construction remains limited, which should allow the market time to absorb existing inventory. Two projects are underway, including Morgan Stanley’s build-to-suit in the Midtown submarket and a 20,000-sf speculative office building in International Park. With no additional developments planned, Class A buildings are positioned to benefit from tightening supply.

A project to watch is the historic Powell Avenue Steam Plant in the Central Business District (CBD). This 80,000-sf structure was recently acquired by a Birmingham-based nonprofit with plans to redevelop the site into a national model for accessibility and public use space. While still in the early stages, the project reflects growing interest in Birmingham’s Parkside District and long-term investment potential.

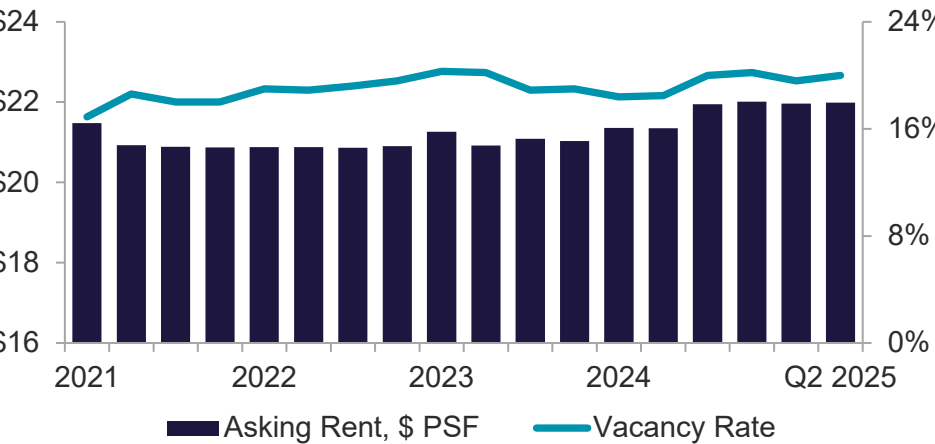
PRICING

The overall weighted average rental rate for Birmingham’s multi-tenant office market ended Q2 2025 at \$21.99 per square foot (psf), up from \$21.35 psf one year ago. Class A space posted stronger increases, with the average rate rising to \$23.85 psf up from \$23.01 psf over the same period.

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	804,455	20,789	14.8%	-6,295	36,309	72,840	0	\$23.33	\$23.81
Midtown	4,305,499	440,905	24,269	10.2%	-59,460	-16,251	119,694	29,930	\$27.41	\$30.66
280/Southern	5,494,591	1,345,824	164,351	24.5%	-14,602	-38,350	61,088	0	\$21.54	\$22.50
Hoover/Riverchase	1,935,330	348,166	2,158	18.0%	2,894	5,053	28,639	20,000	\$19.78	\$21.77
Vulcan/Oxmoor	1,596,182	272,864	324,211	17.1%	-659	52,638	64,550	0	\$16.94	\$21.50
BIRMINGHAM TOTALS	18,761,351	3,212,214	535,778	17.1%	-78,122	39,399	346,811	49,930	\$21.99	\$23.85

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
800 Shades Creek Parkway	Midtown	Synovus Financial	86,337	Renewal*
3500 Colonnade Parkway	280 / Southern	Undisclosed	12,710	New
1900 International Park Drive	280 / Southern	Jedson Engineering, Inc.	8,576	New
2117 2 <sup>nd</sup> Avenue North	CBD	Birmingham Business Alliance	7,800	Sublease
117 Gemini Circle	Vulcan / Oxmoor	Affinity Hospice	7,420	New
Massey Building	CBD	Knight Eady	7,000	New
Two North Twentieth	CBD	Undisclosed	6,501	New
1800 International Park Drive	280 / Southern	Therapy Manager	6,457	New
Offices at The Summit	280/Southern	Fidelity Investments	6,251	Relocation/Expansion
1900 International Park Drive	280/Southern	Undisclosed	5,694	New
Beacon Center	Vulcan / Oxmoor	The Wise Center	5,261	New
1900 International Park Drive	280 / Southern	Motorola Solutions	5,149	Renewal*
Two North Twentieth	CBD	Spectra Capital	4,600	New
Two North Twentieth	CBD	Arlington Properties	4,559	New
Concord Center	CBD	Hoist Capital	4,300	Sublease
SouthState Bank Building	Midtown	Fite Building Company	4,098	New

\*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2025

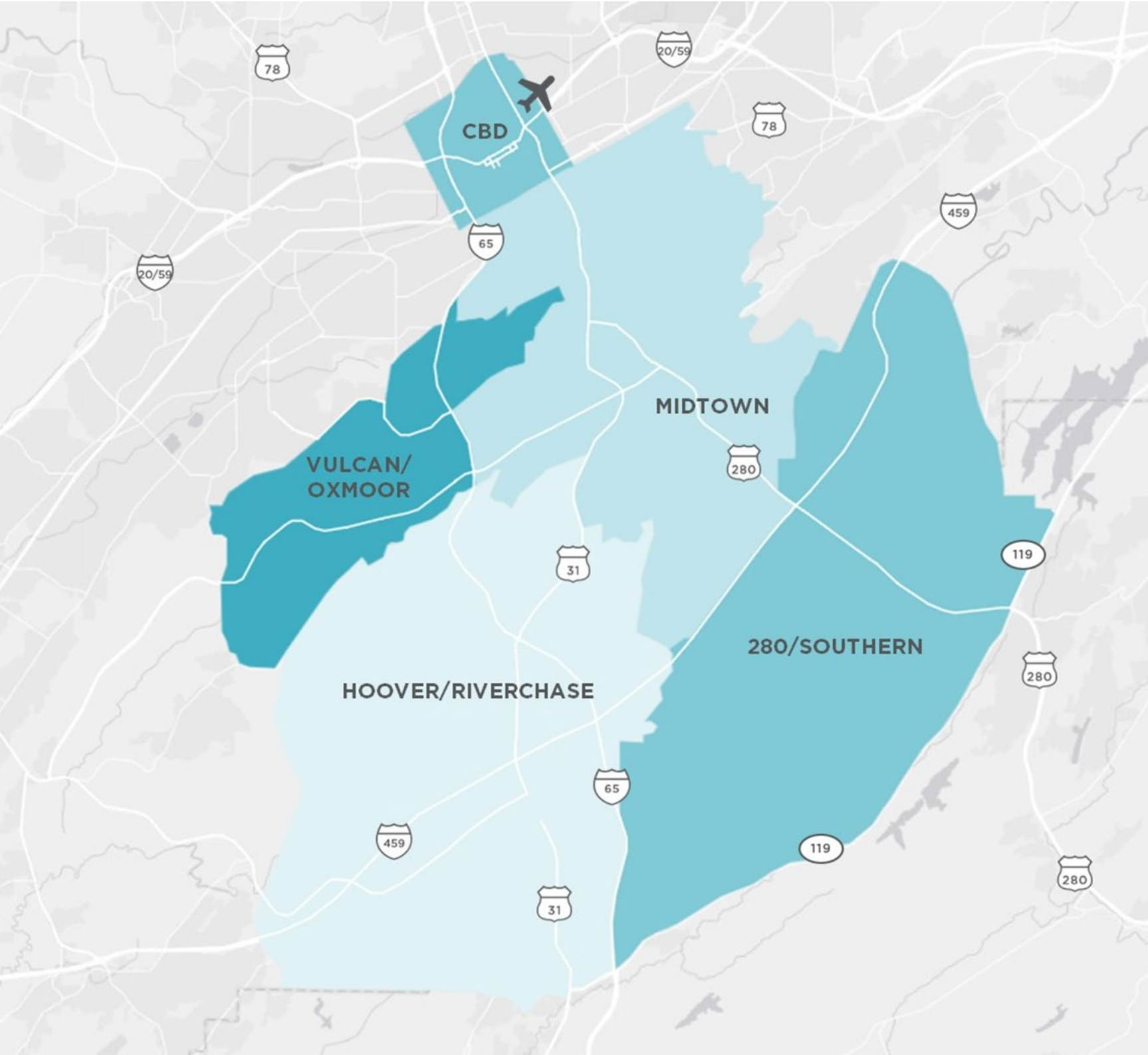
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
1830 Powell Avenue South (Powell Steam Plant)	CBD	Alabama Power Co / KultureCity	80,105	\$11M / \$137
265 Riverchase Parkway E (Riverchase Business Park)	Hoover / Riverchase	Arcis Investments / RealtyLink	22,176	\$3.93M / \$177
112 14 <sup>th</sup> Street South	CBD	American Family Care / MBA Structural Engineers Inc.	21,800	\$2.8M / \$128
115 Richard Arrington Jr. Blvd.	CBD	Execusuites / Home Perfection Inc.	10,800	\$1.6M / \$148

PROJECTS UNDER CONSTRUCTION 2025

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	QUOTED RENT	OWNER/DEVELOPER
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



OFFICE SUBMARKETS



**AUDRA WILLINGHAM**  
*Vice President - Marketing*  
Tel: +1 205 314 5556  
[awillingham@egsinc.com](mailto:awillingham@egsinc.com)

**BLAIR KELLY**  
*Manager of Brokerage Services*  
Tel: +1 205 314 5517  
[bkelly@egsinc.com](mailto:bkelly@egsinc.com)

*Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance*

**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**  
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.