



Birmingham, Alabama

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Unfortunately, as we reported in the 3rd quarter Tenant's Guide, the resolution of the potential Jefferson County financial crisis ended up crumbling. The Jefferson County Commission voted to work out a negotiated settlement, but that settlement had to involve the State Legislature to aid with new sources of revenues to assist the County in emerging from this abyss. Neither the State Legislature nor the Governor could reach a solution. It is too soon to know what the real impact will be but we feel strongly that our region will lose out on some companies that we otherwise would have landed. Despite the dark cloud, the leadership of the business and academia communities will guide the area through these tough times. Alabama is a Right to Work state, offers low taxes, and is located in the SunBelt, which are still very strong magnets for companies in making decisions for their headquarter needs. For Example, Paul Allen of Microsoft just announced a huge initiative in Huntsville to lead the Private Space Race with his new Stratolaunch. In a partnership with Dynetics of Huntsville, the Stratolaunch will build planes that will be able launch rockets into space by 2016.

Market Trends

- Several new projects were finalized in the last quarter with the new baseball stadium in downtown Birmingham being financed and ready for demolition. This project will spur a tremendous amount of revitalization between the City and The University of Alabama-Birmingham area with companies relocating to this submarket.

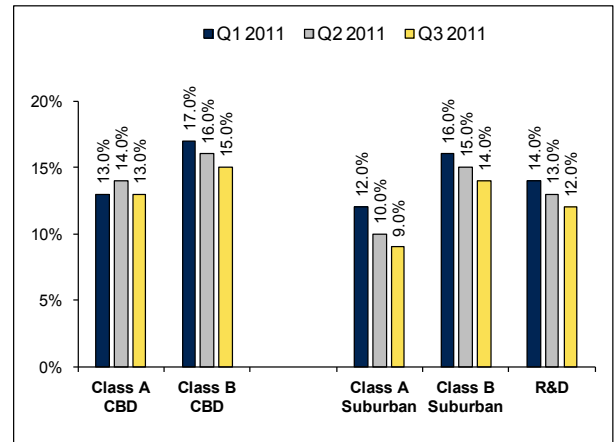
Tenant's Perspective

It will remain a tenant's market for at least the first nine months of 2012, but it will begin to level off towards the end of the year.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
BBVA Compass HQ	311,000	Office	Expansion
Robins & Morton	15,000	Office	Expansion
Galatoire's	10,000	Restaurant	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$19.50	\$19.85	\$19.90
Class B Office	\$12.75	\$13.00	\$13.25
Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$21.25	\$21.50	\$21.60
Class B Office	\$16.00	\$16.50	\$16.75
R&D	\$7.50	\$8.00	\$8.25

