

# Birmingham, Alabama

Tenant's Guide ■ North American Markets ■ Fourth Quarter 2009

## Overview

The economy was mostly stagnant in 2009 as much of the commercial and residential developers circled the wagons to prepare for the shock tremors from the much maligned economy. As 2009 came to an end, the financial markets began to unfreeze and new developments were dusted off. In fact, there are whispers of two new developments emerging in the first half of 2010 with new deals to anchor. Developers seem to be discussing new deals again and positive dialogue on the future replaces the dire outlook that took hold in most of 2009. CresaPartners Birmingham specifically saw an uptick in new deals and acquisitions throughout the state with a pipeline of transactions scheduled for 2010. It is a common belief that there still is one more downturn to absorb before this dark part of our country's history is completely behind us, but the future looks promising once again. However, new and more conservative lending practices will be the norm, and growth will be at a more manageable pace for the next five to seven years.

## Market Trends

- Tenants continue to extend shorter terms and seek sublease bargains.
- "Right Sizing" is being emphasized.
- Tenants are realizing above market concessions to lure new tenants and keep existing ones.

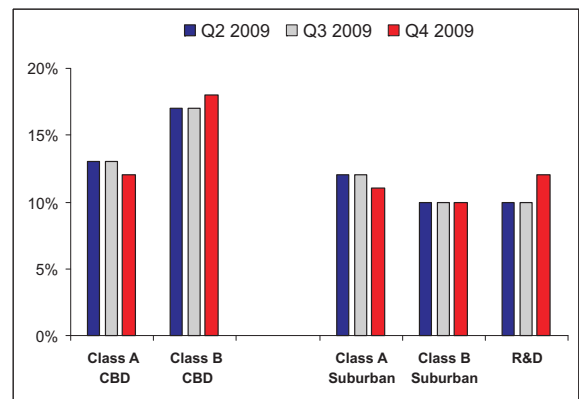
## Tenant's Perspective

It is important that tenants maximize time and begin to strategically plan and get out early on new requirements whether to renew or to relocate. The market favors tenants, and there will be some aggressive deals proposed in 2010 leading into 2011. But, the feeling is that the downturn has reached the bottom, and the market has stabilized for the time being if all indicators continue to hold.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
The Tidwell Group/Frost Cummings	20,000	Office	Lease
Advantage Sales & Marketing	8,000	Office	Lease
Standard Insurance	3,000	Office	Lease

## Vacancy Rate



## Average Rental Rates

CBD	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$20.00-21.00	\$20.00-21.00	\$18.00-20.00
Class B Office	\$12.00-15.00	\$12.00-15.00	\$12.00-15.00

Suburban	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$19.00-21.00	\$19.00-21.00	\$19.00-21.00
Class B Office	\$13.00-15.00	\$13.00-15.00	\$13.00-15.00
R&D	\$6.00-10.00	\$6.00-10.00	\$6.00-10.00

Prepared By CresaPartners

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