

Market Snapshot

2nd Quarter/2009

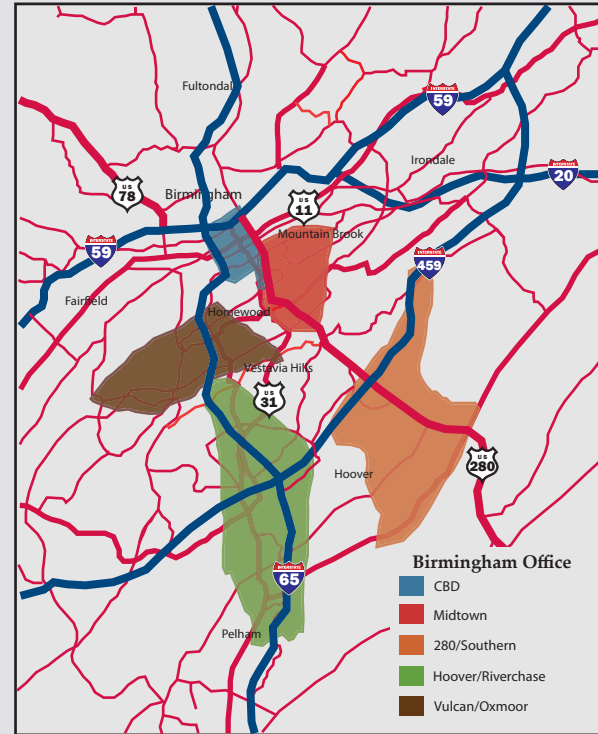
Birmingham Office Report

The 2nd quarter was marked with significant negative absorption of approximately 200,000 square feet. The prime culprit was AT&T which consolidated approximately 135,000 square feet total into the Colonnade North building from the Vulcan/Oxmoor and the Hoover/Riverchase submarkets.

While the overall direct vacancy rate increased by 1% to 9.4%, the available sublease space remained relatively flat at 3.8% of the total Birmingham market

The combined availability rate of 13.2% equals approximately 2,400,000 square feet which represents a seven year supply of inventory given Birmingham's typical 300,000 square foot of annual absorption. As a result, leasing concessions, such as free rent and tenant improvement allowances, are increasing.

As expected during an economic downturn, occupancy rates for Class A space trail rates for Class B space in every submarket except for the Midtown submarket. Notably, the Midtown submarket posted positive absorption for the quarter and maintains a 96% occupancy rate.



Market/Submarket (all classes)	Inventory	Vacancy Rate	Sublease Availability	YTD Absorption	Weighted Avg. Class A Rate
CBD	5,704,102	7.24%	29,253	2,230	\$21.07
Midtown	3,851,842	4.04%	69,362	(254)	\$22.03
280/Southern	5,554,539	7.81%	565,354	(45,992)	\$22.03
Hoover/Riverchase	1,885,312	15.98%	15,567	(104,742)	\$19.29
Vulcan/Oxmoor	1,313,383	32.06%	20,722	(118,739)	-
Total	18,309,178	9.42%	700,258	(267,497)	\$21.23

Recent Lease Transactions

2101 Highland Avenue* Midtown

Borland & Benefield
5,700 sf
New headquarters for one of the city's oldest CPA firms



Financial Center CBD

Christian & Small, P.C.
36,596 sf
Renewal and expansion of approximately 4,000 feet of space



Office Park Midtown

Regency Healthcare Group
12,217 sf
Relocation took one of Midtown's few remaining large blocks of space



2900 1st Avenue North CBD

New Capital Partners
6,500 sf
Relocation of this private equity firm's Birmingham office



SouthBridge* Midtown

Upchurch, Watson, White, and Max
3,800 sf
Lease renewal for one of Birmingham's leading mediation firms



2301 Morris Avenue CBD

Cayenne Creative
4,000 sf
Relocation into the downtown Historic District



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SANDNER
commercial real estate

For further information, please contact:
Sandner Commercial Real Estate
420 North 20th Street, Suite 1450
Birmingham, Alabama 35203
205.445.0955 main
www.sandnercommercial.com

* Sandner Commercial Real Estate represented a party in this transaction