

Downtown Mobile Office Market Overview

Year End 2015

OFFICE-Downtown (Hank Aaron Loop)	2015	2014
Number of Buildings	30	29
Market Size Total (SF)	2,061,604	1,968,570
Total Rentable SF	1,797,105	1,712,048
Vacancy Rate	23.38%	22.42%
Occupancy Rate	76.62%	77.58% *
Absorption	(78,303)	(5,454)
Weighted Avg. Asking Rental Rate	\$17.48	\$17.20
Percent of Asking Rates Full Service	79.23%	80.47%
Range - High-----	\$18 and Up / SF	
# of buildings	7	7
Total Rentable SF	989,323	944,162
Occupancy Rate	89.21%	85.26%
Vacancy Rate	10.79%	14.74%
Range - Mid -----	\$15-\$17.99 / SF	
# of buildings	12	10
Total Rentable SF	409,672	269,697
Occupancy Rate	59.16%	82.83%
Vacancy Rate	40.84%	17.17%
Range - Low-----	< \$15 / SF	
# of buildings	11	12
Total Rentable SF	398,110	498,189
Occupancy Rate	48.76%	60.18%
Vacancy Rate	51.24%	39.82%



The RSA Van Antwerp building came online in December 2015

* Note: Revised downward from 80.04% due to accounting and reporting errors

Major renovations dominated the news in the Downtown office sub-market in 2015. For example, the Van Antwerp Building, Alabama's first skyscraper c. 1908, has been largely vacant for the better part of the last decade. Its restoration brought a significant modernization, restoring the landmark for the 21st century. The building was fully leased at the end of 2015. Additionally, the adaptive reuse of the Turner-Todd Motor Company Building, aka Buick Building, began its new life as an office building at a December 3rd ribbon cutting for its major tenant, Rural Sourcing, Inc. (RSI). Between the two historic buildings the sub-market saw the addition of over 100,000 SF of new space to the leasing market.

The Merchants National Bank Building saw heavy losses to occupancy. In addition to losing 55,000 SF of Regions Bank tenancy, there were many smaller businesses that relocated. The building's occupancy fell to less than 30% or a loss of over 71,000 SF of tenancy in a calendar year. Many of the smaller tenants moved to untracked office buildings; therefore, their departure hurt overall reported occupancy.

In addition to the excitement and publicity about the return to the market of the Buick and Van Antwerp Buildings, there was equal enthusiasm concerning the Federal Courthouse groundbreaking. The new federal courthouse could see tenants moving in by the end of 2019 with a renovation of the old Campbell Courthouse slated for a completion date of 2021. The new courthouse and the restoration of the historic Campbell have created much debate about what will happen in the market. Will the growth of GSA investment put pressure on the private sector or will a rising tide lift all boats?

The market behaved erratically, and the results were varied. There were both new-to-market companies that chose to locate downtown and relocations back to the sub-market. Some new occupants include RSI, CSpire, Wink Engineering, Rogers & Willard, BBVA Compass, Canfor, Michael Baker, Butler Weihmuller Katz Craig, Moore Law Firm, VMR Agency, and Regus. Additionally, rents were stronger with the weighted average increasing to \$17.48/SF. However, due to the losses in tenancy in the Merchants National Building, the addition of over 100,000 SF to the sub-market, and a downward adjustment to 2014 self-reported occupancy rates there was not positive absorption. The negative net absorption was 78,000 SF. Finally, we stopped tracking a small building that no longer met our multi-tenant criteria, so after the addition of the two new buildings the net change to buildings that we monitor is the addition of one extra building.



The Buick Building served as the backdrop to RSI's ribbon cutting in December 2015



The new federal courthouse broke ground in December 2015

Prepared by the Downtown Mobile Alliance
For more information contact Fred Rendfrey (251) 434-8498

Listing of Multitenant Buildings Tracked

	Office Building	Building Address
1	RSA Battle House Tower	11 N. Water Street
2	RSA BankTrust Building	107 St. Francis Street
3	Riverview Office Plaza	63 S. Royal Street
4	Merchants National Bank Building	106 St. Francis Street
5	One St Louis Centre	1 St. Louis Street
6	Commerce Building	118 N. Royal Street
7	Merchants National Bank Building Annex	104 St. Francis Street
8	Wells Fargo Bank Building	61 St. Joseph Street
9	GM & O Building	110 Beauregard Street
10	Van Antwerp Building	101 Dauphin Street
11		304 Government Street
12	Buick Building	451 St. Louis Street
13	Laclede Hotel	150 Government Street
14		100 St. Joseph Street
15	Staples Pake Building	100 N Royal Street
16	Landmark Square	169 Dauphin Street
17		150 N. Royal Street
18	Central Optical	54 St. Emanuel Street
19	Kress	18 S. Royal Street
20	Title Insurance Building	164 St. Francis Street
21	Parkview Plaza	182 St. Francis Street
22	Bayport Building	5 Dauphin Street
23	2 S. Water Street	2 S. Water Street
24	Park Building	200 Dauphin Street
25	9 Dauphin Street	9 Dauphin Street
26		300 Dauphin Street
27	3 Dauphin Street	3 Dauphin Street
28	Kress	115 Dauphin Street
29	Three Sisters Building	1 S. Royal Street
30	Wachovia Annex	59 St. Joseph Street



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