



# Office Market Survey

## *Mobile CBD & West Mobile, AL*

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Year End 2017

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# Mobile Office Market Assessment

Many thanks to the agents and brokers who provided updates on office listings of 20,000 square feet or larger for our Q3-17 Office Market Survey. This information is very helpful in tracking average rental rates, occupancy rates and average absorption rates for the Downtown Central Business District (CBD) and West Mobile.

It is hard to believe that we are in the final throws of 2017, but the last two quarters saw an increase in investment activity in the CBD. The most notable transaction is the Merchants Plaza redevelopment by Heritage Land & Development based in Memphis, TN. This \$30M improvement project will upgrade an existing 80,000 SF office building to Class A office space with an additional 26,000 SF of commercial/retail/restaurant use and 82 upscale apartments/lofts.

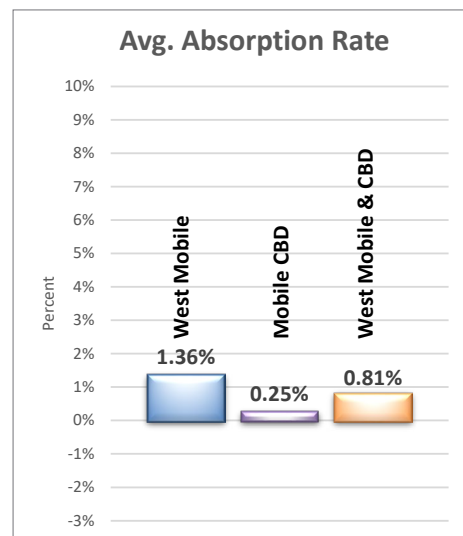
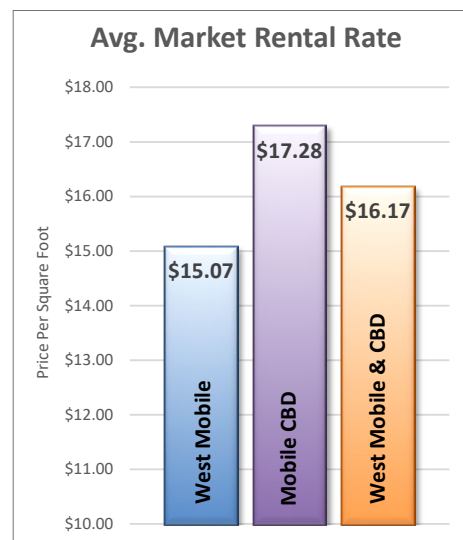
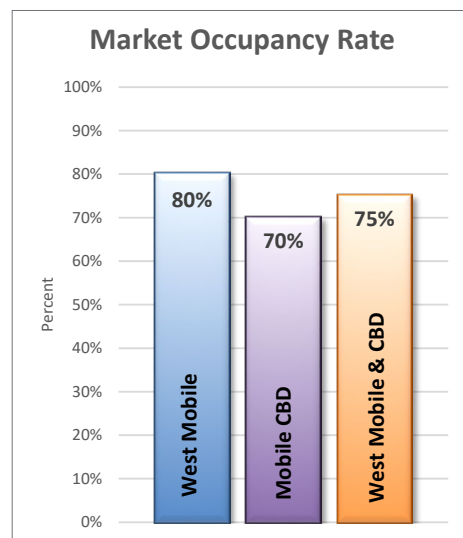
Additional notable activity includes the sale of the Wells Fargo Bank Building (aka the historic Waterman Building) to an out-of-town investor, and the Taylor Martino Building was sold to local investors, with Taylor Martino, P.C. leasing back the second floor office space.

In leasing news, Armbrrecht Jackson, LLP has subleased a portion of the Regions Bank space at RSA Battle House Tower and will be vacating the top two floors of Riverview Plaza. The CBD occupancy rates had a slight increase from 68.3% to 70.2%, average rental rate of \$17.28, and an absorption rate of .25%.

The West Mobile office market had a slight increase in occupancy from 78.7% to 80.1%, with little change in the average rental rate of \$15.35 SF to \$15.07 SF from Q1-17 and an increase in the absorption rate of 1.36%.

Notable office transactions in the West Mobile market include the sale of several buildings in this sector as well; 1000 Hillcrest Road and 6420 Hillcrest Park Court were all sold in the past six months to two local investors.

Volkert Engineering, Inc. leased over 16,000 SF of office space on two floors in Montlimar Place. In addition, the Alabama Department of Human Resources (DHR) is expanding its Hilton Square office by 6,435 SF.



There were also many exciting economic announcements for Mobile, such as the partnership of Airbus and Bombardier that could bring a second aircraft assembly line to the market, and the decision of steelmaker SSAB Americas to move the headquarters of its American division from Chicago to Mobile. Rest assured, there are more to follow in the coming months and years.

This level of investment and increased employment opportunities promises to further stabilize the office market in Mobile, and will bring more families and young business professionals to our beautiful and historic city!



*Montilmar Place, West Mobile*



*Executive Center, West Mobile*



*Mobile Office Park, West Mobile*



*Infirmery 65, West Mobile*

## West Mobile Market



Year End 2017		Total # of Buildings in Market: 22	Total SF: 1,623,345	Average Occupancy: 80.1%		Avg. Absorp.: 1.36%
BROKER	BUILDING NAME & ADDRESS	BUILDING SIZE	AVAILABLE SQ. FT.	RENTAL RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
Gavin Bender	<b>65 Dauphin Medical &amp; Financial Center</b> 3290 Dauphin Street	77,262	15,452.4	\$18.50- Full Service	80%	0%
Tim Herrington	<b>ARIC Building</b> 1111 Hillcrest Road	24,808	9,178.96	\$13.00-+ \$3NNN	63%	0%
Phillip Burton	<b>BB&amp;T Building</b> 41 N. Beltline Hwy.	75,000	3,000-New 80,000 SF construction	\$23.00- Full Service	96%	0%
Jason Scott	<b>Bel Air Park I</b> 501 Bel Air Boulevard	43,960	0	\$15.50- Full Service	100%	0%
Jason Scott	<b>Bel Air Park II</b> 2970 Cottage Hill Road	127,755	60,044	\$14.00- Full Service	53%	0%
Jason Scott	<b>Bel Air Tower</b> 851 I-65 Service Rd.	101,042	39,406	\$14.00- Full Service	61%	-6%
David Tunstall	<b>Dauphin 65</b> 3280 Dauphin Street	55,276	1,105	\$16.00- Full Service	98%	1%
Nathan Handmacher	<b>Dauphin Center</b> 2866 Dauphin Street	44,606	6,244.84	\$11.75- Modified Gross	86%	0%
Steve McMahon	<b>Dauphin Square Building</b> 3660-3664 Dauphin Street	28,000	0	\$11.75- Modified Gross	100%	10%
Gavin Bender	<b>Executive Center</b> 900 Western American Circle	95,000	225-1,943	\$15.00- Full Service	80%	0%
Adam Metcalfe	<b>Gateway Center West</b> 1201 Montlimar Dr.	42,695	14,089.35	\$14.00- Modified Gross	78%	-4%
Jill Meeks	<b>Hillcrest Square</b> 1000 Hillcrest Road	29,070	9,302	\$10-11.00- Full Service	68%	11%
Jason Scott	<b>Hilton Square</b> 3103 Airport Blvd.	117,784	6,198	\$14.00- Full Service	94%	0%
Jack Conger	<b>Mobile Office Park</b> 3929 Airport Blvd.	106,750	44,835	\$13-\$15.00- Full Service	58%	-14%
Tommy Gleason	<b>Montlimar Place</b> 1110 Montlimar Dr.	173,101	34,620	\$16.50- Full Service	85%	5%
David Dexter	<b>Office Mall</b> 3100 Cottage Hill Rd.	127,170	22,495	\$14.00- Full Service	59%	14%
Gavin Bender	<b>Paramount Office Center</b> 1141 Montlimar Drive	42,000	2,100	\$16.50- Full Service	95%	0%
Nathan Handmacher	<b>University Place</b> 820 University Blvd.	55,367	21,039	\$14.50- Modified Gross	62%	3%
Harry Brislin	<b>USA Tech &amp; Research Park: Bldg 1</b> 739 N. University Blvd.	72,983	1,100-12,000	\$19.00- Full Service	100%	0%
Harry Brislin	<b>USA Tech &amp; Research Park: Bldg 2</b> 775 N. University Blvd.	32,549	30,809	\$18.00- Full Service	66%	0%
Harry Brislin	<b>USA Tech &amp; Research Park: Bldg 3</b> 650 Clinic Blvd.	115,167	27,683	\$16.00- Full Service	96%	0%
John Delchamps	<b>Skyland Office Park</b> 3737 Government Blvd.	36,000	5,354	\$12.00- Full Service	85%	10%

# Mobile CBD Market

Year End 2017		Total # of Buildings in Market: 12	Total SF: 1,463,996 SF	Average Occupancy: 70.2%		Avg. Absorp.: .25%
BROKER	BUILDING NAME & ADDRESS	BUILDING SIZE	AVAILABLE SQ. FT.	RENTAL RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
Jeremy Milling	<b>Buick Building</b> 455 St. Louis St.	30,952	7,391 +/-	\$16.85- NNN	76%	0%
Steve McMahon	<b>Commerce Building</b> 118 N. Royal St.	94,500	16,065	\$12.75- Full Service	80%	-3%
Pete Reihm	<b>GM&amp;O Building</b> 110 Beauregard St.	63,628	18,749	\$15-\$17.50- Full service+\$3.50 cam	70%	-6%
Richard Inge	<b>Landmark Square</b> 169 Dauphin St.	23,500	1,600	\$16.50- Full Service	93%	0%
Heather Huffman	<b>Meaher Building</b> 100 St. Joseph St.	35,000	35,000	\$16.50- Full Service/ For Sale	0%	0%
Jeff Barnes	<b>One St. Louis Street</b> 1 St. Louis Street	97,732	14,132	\$18.00+ 3% per year	85%	0%
Allan Cameron	<b>Regions Annex Building</b> 104 St. Francis St.	76,200	59,926	\$17.00- Full Service	21%	0%
Gavin Bender	<b>Riverview Office Place</b> 63 S. Royal Street	165,000	16,500	\$20.00- Full Service	90%	2%
Allison Rogers	<b>RSA Battle House Tower</b> 11 N. Royal Street	466,684	18,667	\$20.25- Full Service	84%	0%
Allison Rogers	<b>RSA Trustmark Building</b> 107 St. Fancis Street	284,000	28,400	\$18.25- Full Service	84%	0%
Allison Rogers	<b>RSA Van Antwerp Building</b> 103 Dauphin St.	60,000	6,000	\$18.25- Full Service	100%	10%
Jill Meeks	<b>Wells Fargo Building</b> 61 St. Joseph St.	66,800	25,937	\$14-\$18.00- Full Service	59%	0%

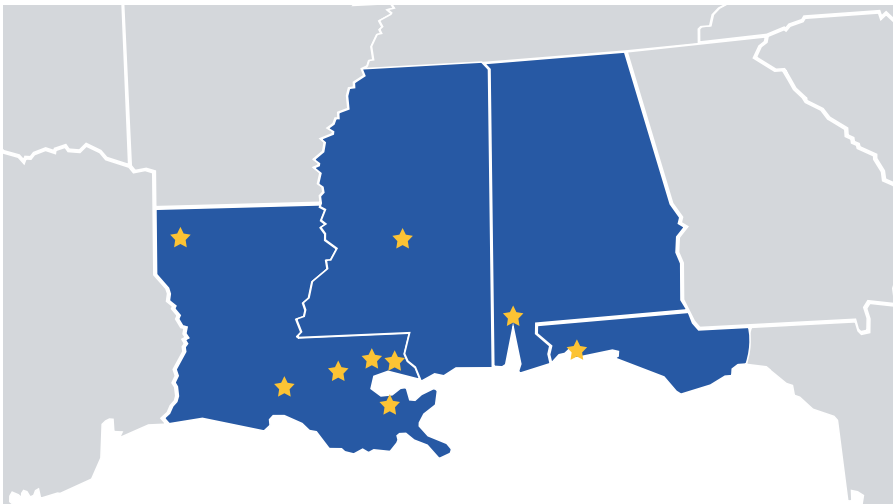

 STIRLING  
PROPERTIES

*One St. Louis Centre, Mobile*

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We are committed to providing the best possible service to our clients, offering unparalleled market knowledge and product diversity. Our expert team can help you meet any real estate challenge.



### BY THE NUMBERS

**120 million SF**  
properties/land for sale/lease

**\$1.4 billion**  
volume for the last 5 years

**2,487 transactions**  
in the last 5 years

**21 million SF**  
developed from the ground up

**\$271 million / 1.5 million SF**  
properties under development

**2.8 million SF**  
properties acquired

**\$1.3 billion**  
financing in the last 10 years

**17.8 million SF**  
properties managed