

# STIRLING PROPERTIES



## OFFICE MARKET SURVEY

Mobile Central Business District and West Mobile

May 2016

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## MOBILE OFFICE MARKET ASSESSMENT

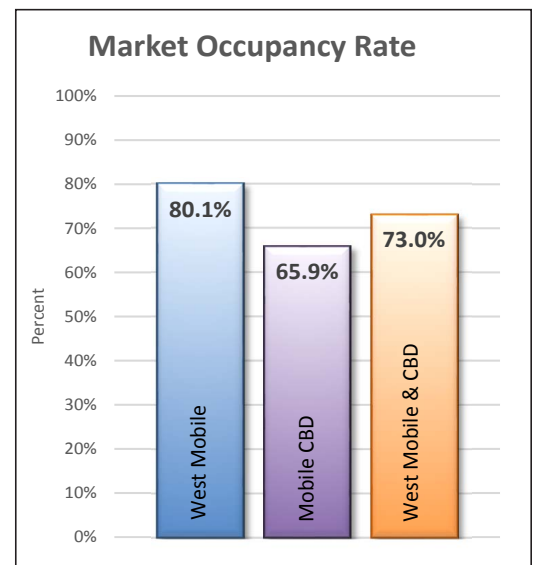
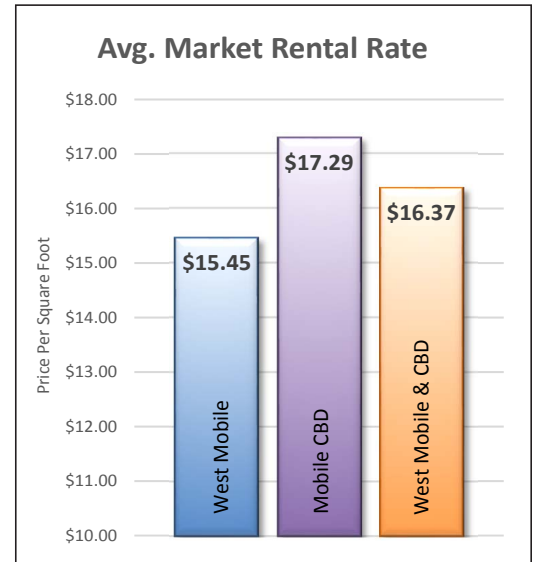
Many thanks to all of you who provided updated property information for the Q1-16 Mobile Office Market Survey. The information gathered on office buildings greater than 20,000 square feet in Mobile will help track average rental rates, occupancy rates, and in future reports, average absorption rates for West Mobile and the downtown Central Business District (CBD).

Since the Q3-15 survey, the office buildings surveyed in this report in West Mobile experienced a very modest increase in average occupancy rate from 80% to 80.1%, and the average rental rate decreased from \$15.61 to \$15.45/per square foot. West Mobile has a fair amount of older, unimproved office space available at below-market rental rates that contributes to low rental rates. We have seen several new Healthcare related expansions in West Mobile and expect that this trend will continue around the hospital campus.

In the CBD, there was a decrease in the occupancy rate from approximately 72% to 65.9%, and average rental rates decreased from \$17.42 to \$17.29/per square foot. The decrease in the occupancy rate is due in part to a few notable transactions: Regions Bank's consolidation of its St. Francis Street and Water Street branches, Servis1st Bank's relocation to the redeveloped Phelps Dunbar office at Royal and Dauphin Street, and lastly, BBVA Compass Bank and Phelps Dunbar's move into RSA's recently completed Van Antwerp renovation.

Overall leasing activity in updated CBD office buildings continue to be solid, along with demand for smaller renovated historic properties. Alabama Historic Tax Credits have expired, and we remain hopeful that the powers that be will renew this legislation, but only time will tell. A good example of this is the recently completed renovation of the Buick Building on St. Louis Street that transformed an old car dealership into a modern 40,000 square foot office complex.

Forbes ranked Mobile #1 for new manufacturing growth among mid-sized cities in late 2015 with Austal USA being the largest manufacturing employer. Recent successes of Airbus at Mobile Aeroplex at Brookley will continue to attract new businesses to our area and have favorable impact on office leasing in Mobile. These are exciting times for Mobile, and Stirling Properties is proud to be a part of its growth! Stay tuned for the next Office Market Survey to be published Q3-16.

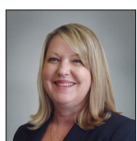


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## WEST MOBILE MARKET

Buildings included below are multi-tenant commercial office buildings	Total Number of Buildings in Market: 21	Total SF: 1,589,650 SF	Average Annual Rent Rate: \$15.45 PSF	Average Occupancy: 80.1%
BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>65 Dauphin Medical and Financial Center</b> 3290 Dauphin Street	77,262 SF	\$18.50 Full Service	90%
	<b>ARIC Building</b> 1111 Hillcrest Road	24,808 SF	\$12-13.00	57%
	<b>BB&amp;T Building</b> 41 N. Beltline Hwy.	75,000 SF	\$23.00 Full Service	96%
	<b>Bel Air Park I</b> 501 Bel Air Blvd.	43,960 SF	\$14.50 Full Service	100%
	<b>Bel Air Park II</b> 2970 Cottage Hill Road	127,755 SF	\$14.00 Full Service	53%



# WEST MOBILE MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>Bel Air Tower</b> 851 I-65 Service Road	101,042 SF	\$14.00 Full Service	67%
	<b>Dauphin 65</b> 3280 Dauphin Street	55,276 SF	\$16-20.88 Full Service	100%
	<b>Dauphin Center</b> 2866 Dauphin Street	44,606 SF	\$12.50 Modified Gross	100%
	<b>Dauphin Square Building</b> 3660-3664 Dauphin Street	28,000 SF	\$15.00 Modified	84%
	<b>Executive Center</b> 900 Western American Circle	95,000 SF	\$15.00 Full Service	80%
	<b>Gateway Center West</b> 1201 Montlimar Drive	45,000 SF	\$14.50 Full Service	82%

# WEST MOBILE MARKET


BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>Hillcrest Square</b> 1000 Hillcrest Road	29,070 SF	\$10-11.00 Full Service	57%
	<b>Hilton Square</b> 3103 Airport Blvd.	117,784 SF	\$14.00 Full Service	94%
	<b>Mobile Office Park</b> 273 Azalea Road	106,750 SF	\$12-14.00 Full Service	69%
	<b>Montlimar Place</b> 1110 Montlimar Dr.	173,101 SF	\$16.50-17.71 Full Service	90%
	<b>Office Mall</b> 3100 Cottage Hill Rd.	127,170 SF	\$14.00 Full Service	83%
	<b>Paramount Office Center</b> 1141 Montlimar Dr.	42,000 SF	\$16.50 Full Service	69%

## WEST MOBILE MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>University Place</b> 820 University Blvd.	55,367 SF	\$14.50 Modified Gross	50%
	<b>USA Technology &amp; Research Park: Building I</b> 739 North University Blvd.	72,983 SF	\$19.00 Full Service	100%
	<b>USA Technology &amp; Research Park: Building II</b> 775 North University Blvd.	32,549 SF	\$18.00 Full Service	66%
	<b>USA Technology &amp; Research Park: Building III</b> 650 Clinic Drive	115,167 SF	\$16.00 Full Service	96%



## MOBILE CBD MARKET


Buildings included below are multi-tenant commercial office buildings	Total Number of Buildings in Market: 14	Total SF: 1,640,333 SF	Average Annual Rent Rate: \$17.29	Average Occupancy: 65.9%
BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>Buick Building</b> 455 St. Louis Street	30,952 SF	\$16.85 NNN	76%
	<b>Commerce Building</b> 118 N. Royal Street	94,500 SF	\$12.75 Full Service	88%
	<b>GM&amp;O Building</b> 110 Beauregard Street	63,628 SF	\$15-17.50 Full Service + 3.5 CAM	76%
	<b>Landmark Square</b> 169 Dauphin Street	23,500 SF	\$16.50 Full Service	100%
	<b>Meaher Building</b> 100 St. Joseph Street	35,000 SF	\$16.50 Full Service	0%



# MOBILE CBD MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>One St. Louis Centre</b> 1 St. Louis Street	97,732 SF	\$17.50 SF +3% per year	88%
	<b>Press-Register Building</b> 401 N. Water Street	75,000 SF	\$19.00 Full Service	0%
	<b>Regions Annex Building</b> 104 St. Francis Street	76,200 SF	\$16-18.00 Full Service	29%
	<b>Regions Tower</b> 106 St. Francis Street	101,337 SF	\$16-18.00 Full Service	29%
	<b>Riverview Office Plaza</b> 63 S. Royal Street	165,000 SF	\$19.50 Full Service	92%
	<b>RSA Battle House Tower*</b> 11 N. Royal Street	466,684 SF	\$24.00 Full Service	96%

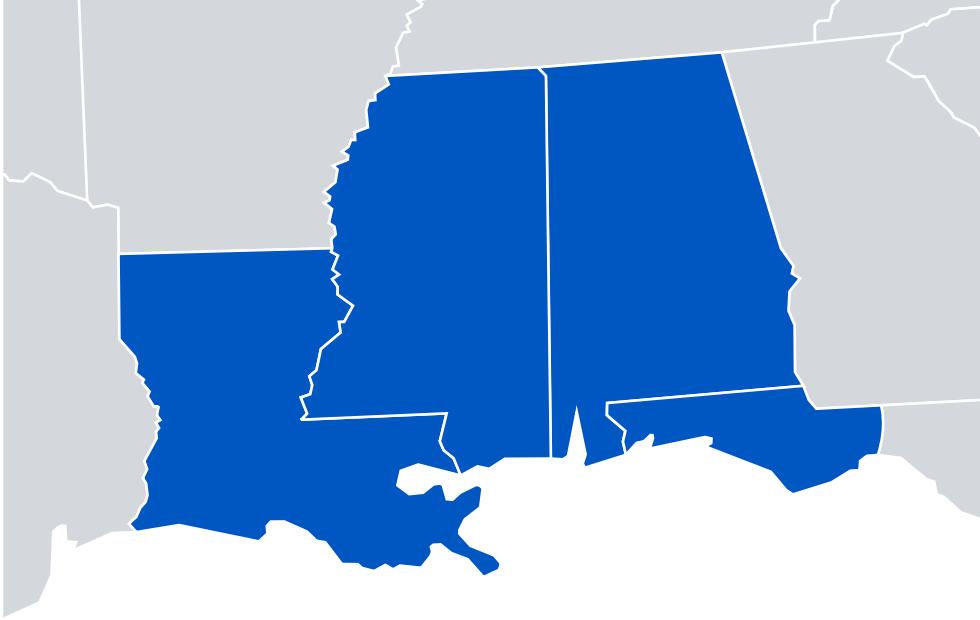
## MOBILE CBD MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE
	<b>RSA Trustmark Building*</b> 107 St. Francis Street	284,000 SF	\$17.17 Full Service	90%
	<b>RSA Van Antwerp Building*</b> 103 Dauphin Street	60,000 SF	\$16.00 Full Service	90%
	<b>Wells Fargo Building</b> 61 St. Joseph Street	66,800 SF	\$14-18.00 Full Service	68%

\*Information on RSA buildings has not been confirmed.



# LOCAL EXPERTISE REGIONAL STRENGTH NATIONAL REPUTATION



**For over 40 resilient years, we've stayed true to our roots and remained adaptive in our own backyard. It hasn't steered us wrong.**

Stirling Properties is one of the most diversified full-service commercial real estate companies in the country. Regionally focused and nationally acclaimed, we utilize a comprehensive set of resources and rely on a team of trusted experts in Brokerage Services, Development and Redevelopment, Acquisitions and Investments, and Property and Asset Management over a wide array of property types to deliver long-term value to our clients across the Gulf South region.

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## **BY THE NUMBERS**

**81 million square feet**  
properties and land for sale or lease

**\$1.3 billion**  
volume for the last 5 years

**2,255 transactions**  
in the last 5 years

**20 million square feet**  
developed from the ground up

**\$254 million and**  
**1.5 million square feet**  
properties under development

**2.4 million square feet**  
properties acquired

**\$1.2 billion**  
financing in the last 10 years

**16.4 million square feet**  
properties managed



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