

STIRLING PROPERTIES



OFFICE MARKET SURVEY

Mobile Central Business District and West Mobile

October 2016

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MOBILE OFFICE MARKET ASSESSMENT

We appreciate the participation of all involved in providing the property information needed for our **Q3-16 Mobile Office Market Survey**. The information gathered on professional office buildings of 20,000 square feet or greater in Mobile, Alabama will help us track average rental rates, occupancy rates, and average absorption rates for West Mobile and the downtown Central Business District (CBD).

Since the [Q1-16 Mobile Office Market Survey](#), the West Mobile office market had a number of noteworthy transactions (listed below) that created quite a stir in the market. In the end, the office market experienced a slight decrease in average occupancy from 79.5%-79.4% and an average rental rate decrease from \$15.50 per sq. ft. to \$15.35 per sq. ft., reflecting a decrease in the absorption rate of 0.09% from Q1-16.

Notable transactions in West Mobile were led by the closing of **ITT Technical Institute** and **Englobal** at 3100 Cottage Hill Road, representing approximately 41,250 sq. ft. that reduced the total occupancy from 83% to roughly 51%. At Montlimar Place, **Stantec** and **Physicians Mutual** signed new leases and **West Corporation** renewed its lease of approximately 60,000 sq. ft. In addition, while **Butler Pappas Weihmuller Katz Craig, LLP** relocated their offices to Riverview Plaza and **Michael Baker International** relocated to the Van Antwerp Building, both located in the CBD. This movement left Montlimar Place with a 9,440-sq.-ft. decrease over the period.

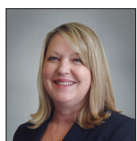
In the CBD, there was a slight decrease in the occupancy rate from approximately 65.9% to 63.6%, with an average rental rate of \$17.25 per sq. ft., no change from Q1-16. In spite of the decreased absorption rate of 2.21% from Q1, new activity is taking place in downtown Mobile. 210 Government Street was recently acquired by local investors who signed a lease with **Hargrove Controls + Automation**, a division of Hargrove Engineers + Constructors. In addition, [Oakworth Capital Bank](#) leased approximately 4,650 sq. ft. at One St. Louis Centre, while **Southern Light** moved a portion of their offices from One St. Louis Centre to RSA Trustmark Building.

Mobile's growth is evident with several building projects planned and underway. In the CBD, a [new Federal Courthouse](#) is under construction and the [Meridian at the Port](#), a 264-unit apartment complex located at 300 Water Street, is awaiting construction. [Walmart announced](#) plans for a new 2.9 million sq. ft. distribution center in West Mobile, and [Airbus launched the first airplane](#) assembled by its new \$600 million final assembly plant back in April. This activity promises to further stabilize the office market in Mobile, and Stirling Properties looks forward to being a part of this season of growth and creativity!



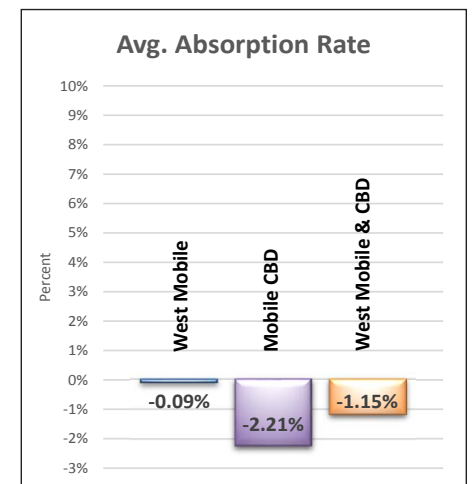
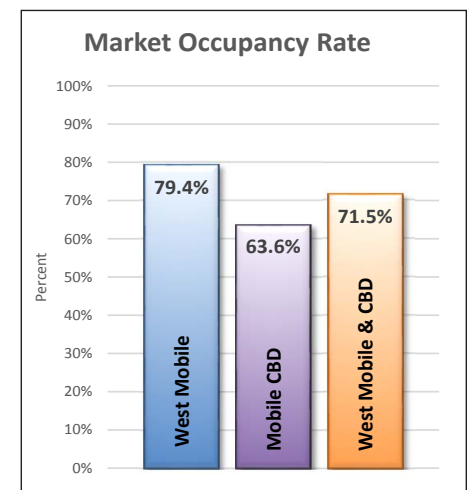
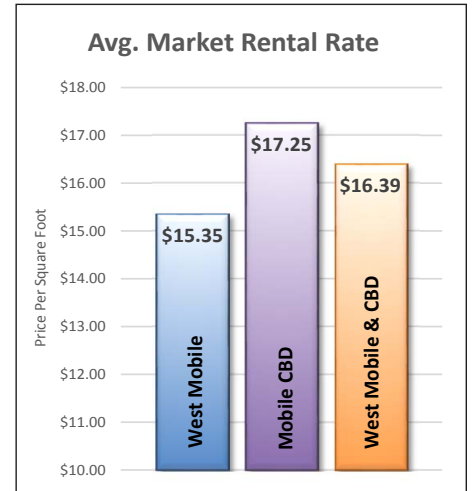
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WEST MOBILE MARKET

Buildings below are multi-tenant commercial office buildings	Total Number of Buildings in Market: 22	Total SF: 1,623,345	Average Annual Rent Rate: \$15.35 PSF	Average Occupancy: 79.4%	Average Absorption: -0.09%
BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
	65 Dauphin Medical and Financial Center 3290 Dauphin Street	77,262 SF	\$19.00 Full Service	88%	-2%
	ARIC Building 1111 Hillcrest Road	24,808 SF	\$12-13.00 Mod Gross	65%	8%
	BB&T Building 41 N. Beltline Hwy.	75,000 SF	\$23.00 Full Service	96%	0%
	Bel Air Park I 501 Bel Air Blvd.	43,960 SF	\$15.50 Full Service	100%	0%
	Bel Air Park II 2970 Cottage Hill Road	127,755 SF	\$14.00 Full Service	53%	0%
	Bel Air Tower 851 I-65 Service Road	101,042 SF	\$14.00 Full Service	67%	0%
	Dauphin 65 3280 Dauphin Street	55,276 SF	\$16-20.88 Full Service	97%	-3%

WEST MOBILE MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
	Dauphin Center 2866 Dauphin Street	44,606 SF	\$11.75 Mod Gross	92%	-8%
	Dauphin Square Building 3660-3664 Dauphin Street	28,000 SF	\$15.00 Mod Gross	100%	16%
	Executive Center 900 Western American Circle	95,000 SF	\$14.50 Full Service	80%	0%
	Gateway Center West 1201 Montlimar Drive	42,695 SF	\$14.50	82%	0%
	Hillcrest Square 1000 Hillcrest Road	29,070 SF	\$10-11.00 Full Service	57%	0%
	Hilton Square 3103 Airport Blvd.	117,784 SF	\$14.00 Full Service	94%	0%
	Mobile Office Park 273 Azalea Road	106,750 SF	\$13-15.00 Full Service	70%	1%
	Montlimar Place 1110 Montlimar Dr.	173,101 SF	\$17.00 Full Service	75%	-5%



WEST MOBILE MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
	Office Mall 3100 Cottage Hill Rd.	127,170 SF	\$14.00 Full Service	51%	-32%
	Paramount Office Center 1141 Montlimar Dr.	42,000 SF	\$16.50 Full Service	83%	14%
	University Place 820 University Blvd.	55,367 SF	\$14.50 Mod Gross	59%	9%
	USA Technology & Research Park: Building I 739 North University Blvd.	72,983 SF	\$19.00 Full Service	100%	0%
	USA Technology & Research Park: Building II 775 North University Blvd.	32,549 SF	\$18.00 Full Service	66%	0%
	USA Technology & Research Park: Building III 650 Clinic Blvd.	115,167 SF	\$16.00 Full Service	96%	0%
	Skyline Centre Office Park 3737 Government Blvd.	36,000 SF	\$12.00 Mod Gross (No Janitorial)	75%	0%

MOBILE CBD MARKET

Buildings below are multi-tenant commercial office buildings	Total Number of Buildings in Market: 14	Total SF: 1,640,333	Average Annual Rent Rate: \$17.25 PSF	Average Occupancy: 63.6%	Average Absorption: -2.21%
BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
	Buick Building 455 St. Louis Street	30,952 SF	\$16.85 NNN	76%	0%
	Commerce Building 118 N. Royal Street	94,500 SF	\$12.75 Full Service	88%	0%
	GM&O Building 110 Beauregard Street	63,628 SF	\$15-17.50 Full Service + \$3.50 CAM	76%	0%
	Landmark Square 169 Dauphin Street	23,500 SF	\$16.50 Full Service	93%	-7%
	Meaher Building 100 St. Joseph Street	35,000 SF	\$16.50 Full Service	0%	0%
	One St. Louis Centre 1 St. Louis Street	97,732 SF	\$17.50 SF +3% per year	85%	-3%
	Press-Register Building 401 N. Water Street	75,000 SF	\$19.00 Full Service	0%	0%

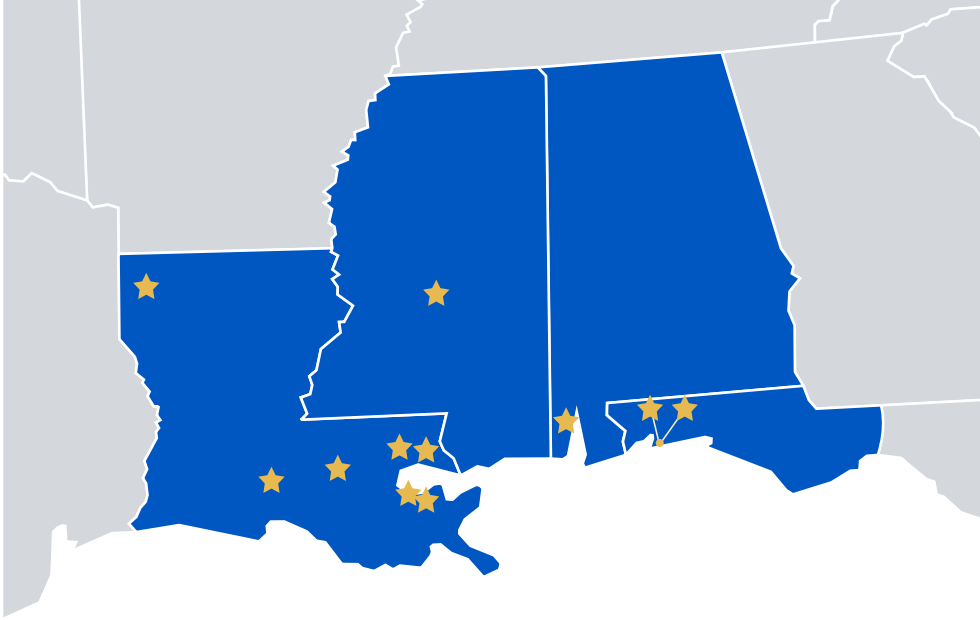
MOBILE CBD MARKET

BUILDING PHOTO	BUILDING NAME & ADDRESS	BUILDING SIZE	ANNUAL RENT RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
	Regions Annex Building 104 St. Francis Street	76,200 SF	\$16-18.00 Full Service	21%	-8%
	Regions Tower 106 St. Francis Street	101,337 SF	\$16-18.00 Full Service	29%	0%
	Riverview Office Plaza 63 S. Royal Street	165,000 SF	\$19.00 Full Service	88%	-4%
	RSA Battle House Tower* 11 N. Royal Street	466,684 SF	\$24.00 Full Service	96%	0%
	RSA Trustmark Building* 107 St. Francis Street	284,000 SF	\$17.17 Full Service	90%	0%
	RSA Van Antwerp Building* 103 Dauphin Street	60,000 SF	\$16.00 Full Service	90%	0%
	Wells Fargo Building 61 St. Joseph Street	66,800 SF	\$14-18.00 Full Service	59%	-9%

* Information on RSA buildings has not been confirmed.



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Stirling Properties is one of the most comprehensive full-service commercial real estate companies in the country. With more than four decades of experience, we specialize in Brokerage Services, Development and Redevelopment, Acquisitions and Investments, and Property and Asset Management over a wide array of property types across the Gulf South region. 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.

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BY THE NUMBERS

114 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

**\$259 million and
1.5 million square feet**

properties under development

2.7 million square feet

properties acquired

\$1.3 billion

financing in the last 10 years

16.5 million square feet

properties managed



One St. Louis Centre, Mobile

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