



Office Market Survey

Mobile CBD & West Mobile, AL

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Year End 2018



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Mobile Office Market Assessment

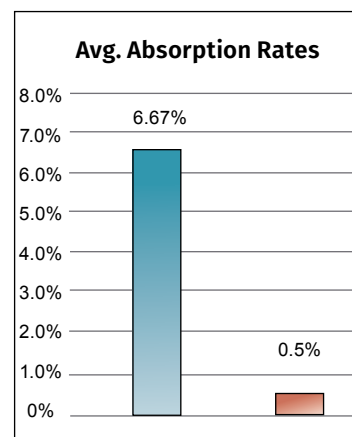
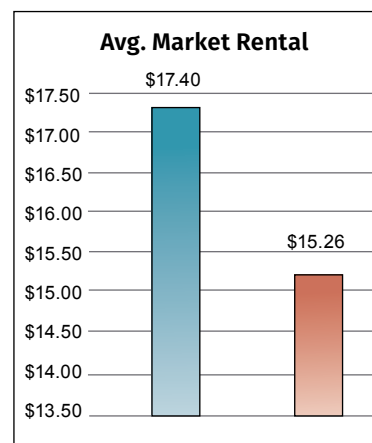
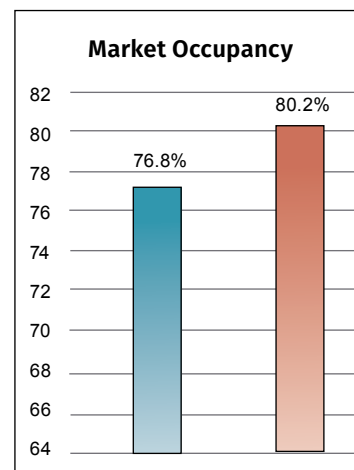
As we wrap up the year and begin our trek into 2019, office investment activity for both the Central Business District (CBD) and West Mobile are continuously attracting attention. Several office buildings were sold this year, with one property being located in the CBD: One St. Louis Centre (sold to local investors), and three properties in West Mobile: Bel Air Park I located at 501 Bel Air Blvd. (sold for \$725,000 to outside investors), Mobile Office Park (sold for \$4.95M to local investors), and Hilton Square (\$13.5M to outside investors).

Office occupancy rates in the CBD increased 6.67% since Q3'17. One significant move within the CBD was Hand Arendall Harrison Sale, LLC's relocation from RSA Battle House Tower to the Merchants Plaza Annex Building with approximately 27,000 SF. The Merchants Plaza Tower apartment conversion project remains on-going, and when all said and done, there will be 84 new one and two-bedroom apartments on Bienville Square. One St. Louis Centre expanded the offices of Norton Lilly International by 2,918 SF, and Malcolm Pirnie/Arcadis Inc. leased 2,267 SF. Overall, average rental rates in the CBD have increased to \$17.40 PSF/annually.

In West Mobile, the office market occupancy rates increased slightly to 80.2% over the past year, however, average rental rates increased from \$15.07 to \$15.26 PSF/annually. Alabama Department of Human Resources (DHR) is relocating from their 45k SF footprint from 501 Bel air into Bel Air park II at 2970 Cottage Hill Road by June of 2019. The ARIC Building at 1111 Hillcrest Road leased 4,000 SF to certified public accountants, Graham, Brown & Dutton, P.C.

Other Market Announcements:

- Airbus has reached an agreement with Mobile Airport Authority on 82 acres at Brookley Aeroplex for the second Final Assembly Line of the recently announced joint venture with Bombardier C Series Jetliner program.
- Via Airlines announced their nonstop service from Mobile to Orlando.
- Mobile's New I-10 Bridge – ALDOT officials project the release of the final Request for Proposals to three competing teams in Q2'19, with the winner to be selected in Q3'19. Plans are to start construction in 2020, with completion of the \$2 billion project in 2025.



- Continental Motors has begun construction on its new \$75M manufacturing facility located at Mobile Aeroplex at Brookley. Completion of the 275,000SF "Blue Marlin Project" is anticipated by the end of 2019.
- Epic Alabama Shipyard, LLC (a Houston, TX based company) announced its purchase of BAE Systems Southeast Shipyards, Alabama. Epic provides ship repair and maintenance services to its customers for vessels from their own fleet and they will also provide service on Mobile Drydocks, which is one of the largest in the Gulf of Mexico.
- A new \$58M warehouse project by Merchants Alabama and MTC Logistics has both city and county approval to receive a combined \$500,000 from them in support. The temperature-controlled facility will use imported containers to export goods, and plans to bring up to 55 new jobs to our area.

We appreciate all who provided office market updates and transaction information to help pull together our 2018 Office Market Survey.

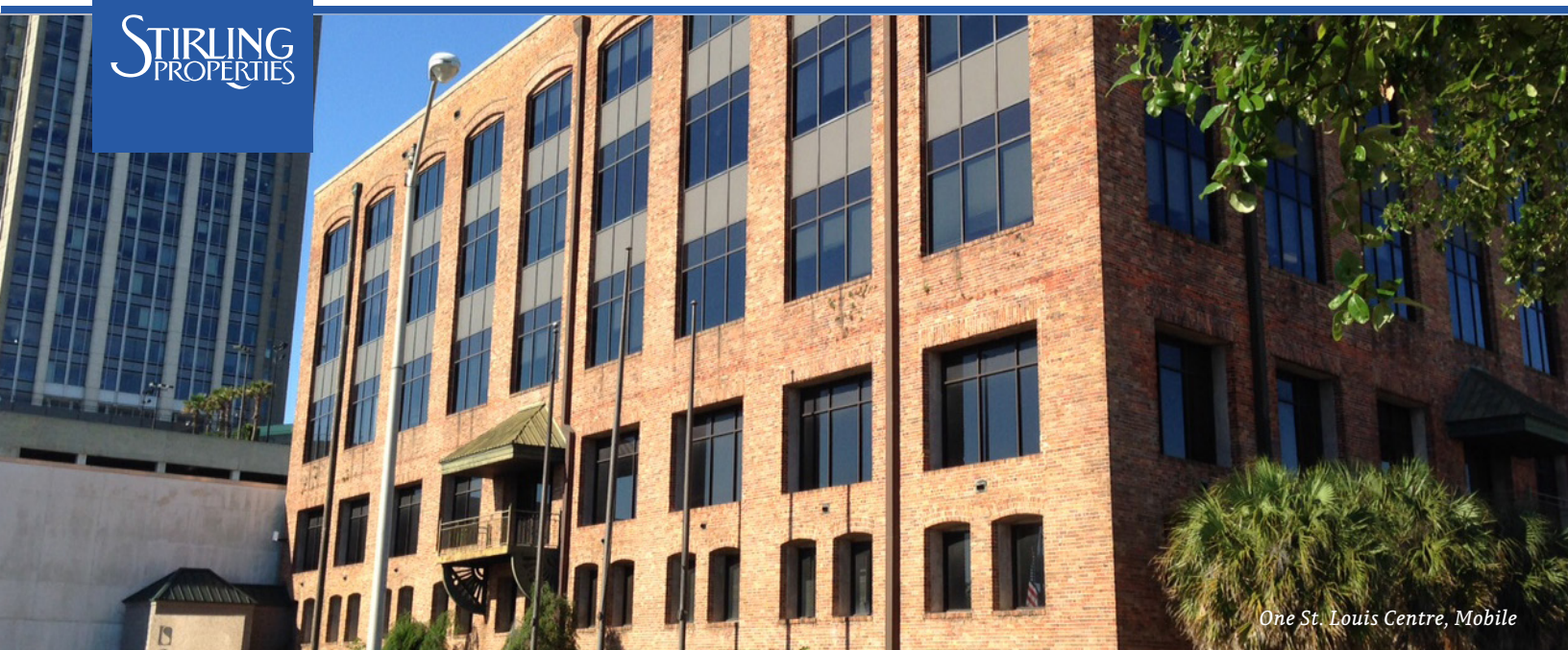


West Mobile Market

Year	Total # of Buildings in Market: 22	Total SF: 1,623,345	Average Occupancy: 80.2%		Avg. Absorp.: 0.05%
BUILDING NAME & ADDRESS	BUILDING SIZE	AVAILABLE SQ. FT.	RENTAL RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
65 Dauphin Medical & Financial Center 3290 Dauphin Street	77,262	23,178.60	\$18.50- Full Service	70%	-10%
ARIC Building 1111 Hillcrest Road	24,808	5,340	\$13.00-+ \$3NNN	75%	12%
BB&T Building 41 N. Beltline Hwy.	75,000	7500	\$23.00- Full Service	90%	-6%
Bel Air Park I 501 Bel Air Boulevard	43,960	0	\$15.50- Full Service	100%	0%
Bel Air Park II 2970 Cottage Hill Road	127,755	60,044	\$14.00- Full Service	53%	0%
Bel Air Tower 851 I-65 Service Rd.	101,042	30,312.60	\$14.00- Full Service	70%	9%
Dauphin 65 3280 Dauphin Street	55,276	1,105	\$16.00- Full Service	98%	0%
Dauphin Center 2866 Dauphin Street	44,606	1,338.18	\$11.75- Modified Gross	97%	11%
Dauphin Square Building 3660-3664 Dauphin Street	28,000	0	\$17.50- Modified Gross	100%	0%
Executive Center 900 Western American Circle	95,000	22,800	\$15.00- Full Service	76%	-4%
Gateway Center West 1201 Montlimar Dr.	42,695	13,662.40	\$14.50- Modified Gross	68%	-10%
Hillcrest Square 1000 Hillcrest Road	29,070	9,302	\$10-11.00- Full Service	68%	0%
Hilton Square 3103 Airport Blvd.	117,784	12,956	\$14.50- Full Service	89%	-5%
Mobile Office Park 3929 Airport Blvd.	106,750	44,835	\$13-\$15.00- Full Service	58%	0%
Montlimar Place 1110 Montlimar Dr.	173,101	31,158	\$16.50- Full Service	82%	-3%
Office Mall 3100 Cottage Hill Rd.	127,170	48,324	\$14.00- Full Service	62%	3%
Paramount Office Center 1141 Montlimar Drive	42,000	4,200	\$16.00- Full Service	90%	-5%
University Place 820 S.University Blvd.	55,367	14,395	\$12.50- Modified Gross	74%	12%
USA Tech & Research Park: Bldg 1 739 N. University Blvd.	72,983	1,100-12,000	\$19.00- Full Service	100%	0%
USA Tech & Research Park: Bldg 2 775 N. University Blvd.	32,549	30,809	\$18.00- Full Service	66%	0%
USA Tech & Research Park: Bldg 3 650 Clinic Blvd.	115,167	27,683	\$16.00- Full Service	96%	0%
Skyland Office Park 3737 Government Blvd.	36,000	6,480	\$12.00- Full Service	82%	-3%

Mobile CBD Market

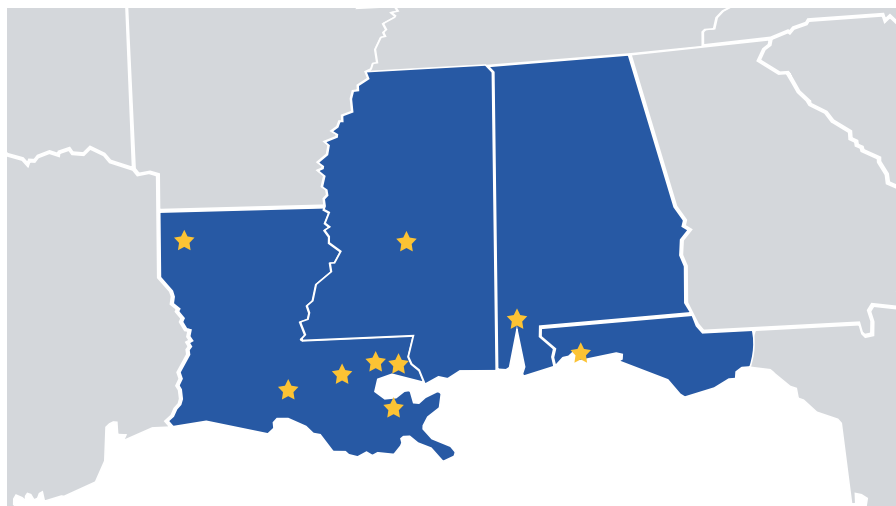
Year-End 2018	Total # of Buildings in Market: 11	Total SF: 1,463,996 SF	Average Occupancy: 76.8%		Avg. Absorp.: 6.67%
BUILDING NAME & ADDRESS	BUILDING SIZE	AVAILABLE SQ. FT.	RENTAL RATE (PSF)	OCCUPANCY RATE	ABSORPTION RATE
Buick Building 455 St. Louis St.	30,952	7,391 +/-	\$16.85- NNN	100%	24%
Commerce Building 118 N. Royal St.	94,500	16,065	\$12.75- Full Service	80%	0%
GM&O Building 110 Beauregard St.	63,628	18,749	\$15-\$17.50- Full Service +\$3.50 cam	70%	0%
Landmark Square 169 Dauphin St.	23,500	4,230	\$16.50- Full Service	82%	-11%
Meaher Building 100 St. Joseph St.	35,000	35,000	\$16.50- Full Service/ For Sale	0%	0%
One St. Louis Centre 1 St. Louis Street	97,732	14,244	\$17.50+ 3% per year	85%	0%
Regions Annex Building 104 St. Francis St.	76,200	35,000	\$20.00- Full Service	74%	53%
Riverview Office Place 63 S. Royal Street	165,000	36,300	\$20.00- Full Service	78%	-12%
RSA Battle House Tower 11 N. Royal Street	466,684	18,667	\$20.25- Full Service	84%	0%
RSA Trustmark Building 107 St. Francis Street	284,000	28,400	\$18.25- Full Service	84%	0%
RSA Van Antwerp Building 103 Dauphin St.	60,000	6,000	\$18.25- Full Service	100%	0%
Wells Fargo Building 61 St. Joseph St.	66,800	10,000	\$16.00- Full Service	85%	26%


STIRLING
PROPERTIES

One St. Louis Centre, Mobile

Your Commercial Real Estate Leader in the Gulf South

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 Commercial Brokerage, Asset & Property Management, Development & Redevelopment, and Investment Advisory Services over a wide array of property types, including retail, office, industrial, and multi-family sectors.

Whether a tenant, investor, property owner or occupier, Stirling Properties can help you find a solution for any real estate goals.



BY THE NUMBERS

\$1.5 billion

commercial volume for the last 5 years

2,764 transactions

in the last 5 years

21.3 million SF

developed from the ground up

\$272 million / 1.11 million SF

properties under development

3.69 million SF

properties acquired

\$1.5 billion

financing in the last 10 years

20.3 million SF

properties managed