



2021 STATE OF DOWNTOWN BHM

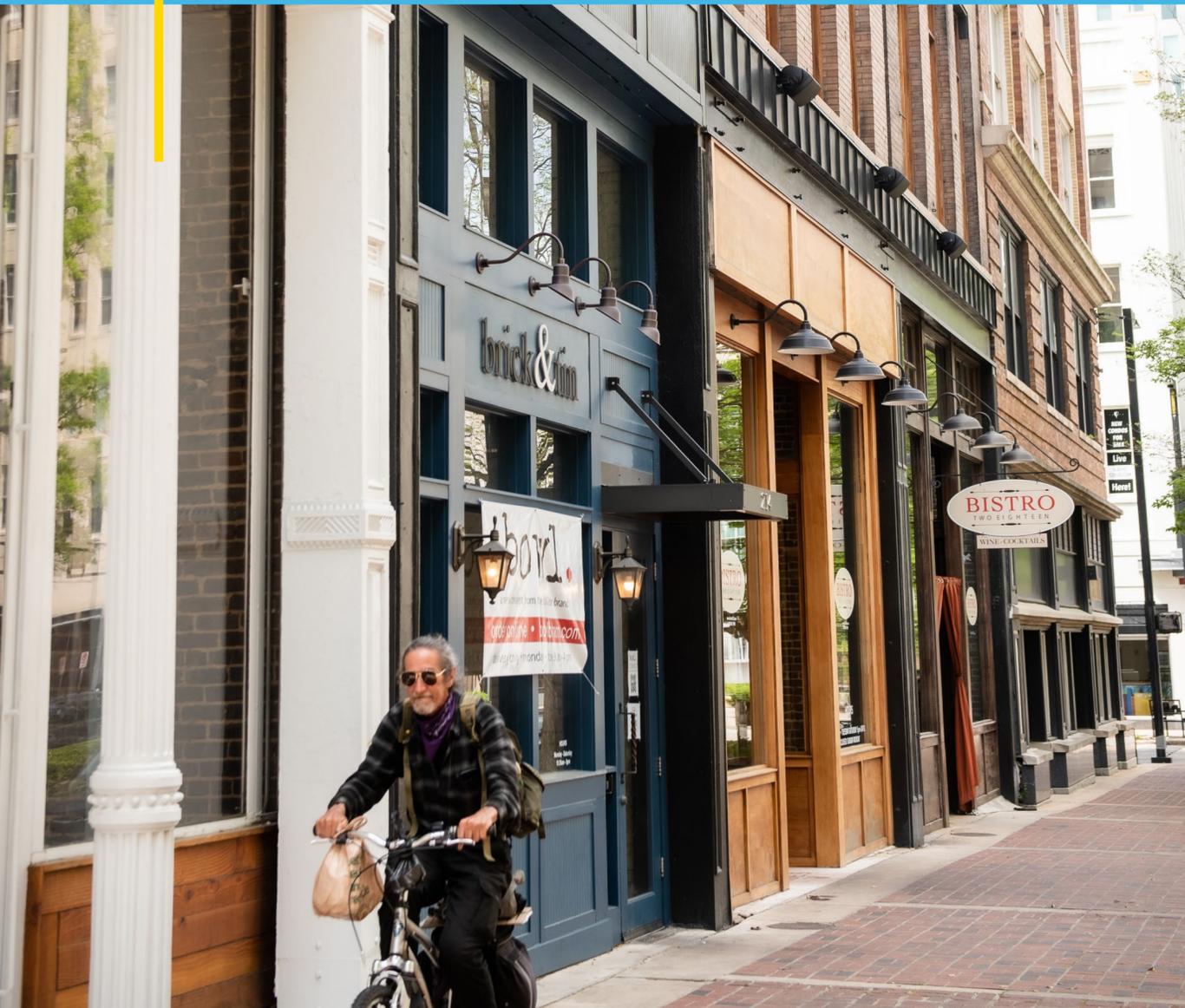
A REPORT FROM
REV BIRMINGHAM
JUNE 2021

DOWNTOWN BHM IS REBOUNDED FROM COVID

**But, as a community, we also
have our work cut out for us.**

Downtowns across the country are experiencing economic challenges because of COVID-19. Birmingham is not unique in what our City Center stakeholders are seeing and feeling – the decreased foot traffic, the closures, the uncertainty and, at times, the fear.

REV has gathered data from downtown stakeholders, and we hope these findings will be helpful to you in **taking immediate action** for your organizations, and in forecasting and **planning for the future**.



POINTS OF NECESSARY CHANGE

Birmingham has had momentous challenges in its 150-year history. And each forced a point of necessary change that has made us *better*.

GREAT DEPRESSION



A depression and war forced us to rethink our reliance on a single industry.

CIVIL RIGHTS



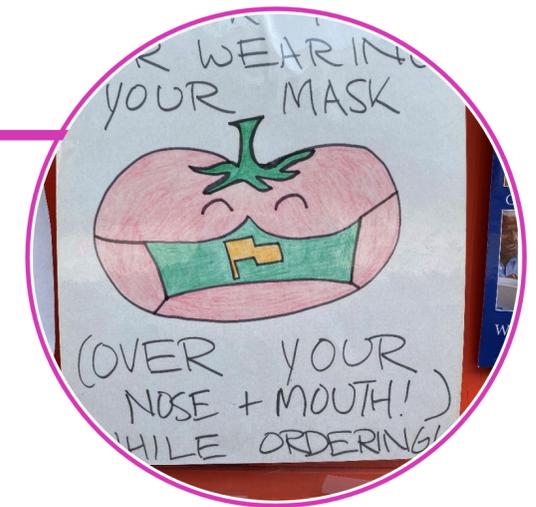
The civil rights movement forced many to come to terms with what liberty and justice for all really means.

ECONOMIC SHIFT



The loss of major national headquarters forced us to focus on creating the next wave of new companies.

PANDEMIC



COVID is forcing us to rethink the way we work in a downtown that is the heart of our economy, region, and state.

An aerial photograph of Birmingham, Alabama, showing a dense urban skyline with various skyscrapers and buildings. In the foreground, there is a large, well-maintained green park area with a winding path, a small pond, and a playground. The city extends into the distance, with more buildings and greenery visible under a clear sky.

DOWNTOWN BHM IS OUR HEART & SOUL

The City Center is our region's economic engine, Birmingham's largest tax base generator, funding so much of the investment our city is making in its 99 neighborhoods.

Downtown is the cultural center for all its citizens, home to churches and entertainment venues, parks and playgrounds.

It's what we sell to business recruits and prospective talent. It's what brings our college graduates back home and attracts investment.

THE CITY IS MAGIC

What is it about a great downtown that makes it the center of so much for so many?

We call it **vibrancy**.

Unlike a lot of the data in this report, vibrancy can't be counted or measured or graphed. But, boy, do you know it when you feel it.

It's those moments when diverse people meet in authentic places that bring the real magic to this city.



vibrant

vi·brant ■ \ 'vī-brənt \ ■ *adjective*

where diverse people
& authentic places *meet*



**birmingham is
the most vibrant
urban market
in the southeast
where everyone
can realize
their dreams**

AND REV HAS THE VISION

REV works every day to create vibrant commercial districts – to create a gravity downtown that will draw in investors, tech startup recruits and the workforce that will help them all to grow.

COVID has not changed our vision (left). It has simply moved the starting line back a bit. But that's OK, because our plan is to come out of the blocks faster and stronger than ever.



HOPEFUL URGENCY

— We are seeing signs of recovery, and it is why we are **hopeful**.

— But these points of necessary change require intentional, collaborative and **urgent** response.

— We as a community must shape Birmingham's future post-pandemic with great intention, through collaboration and with urgency.

SIGNS OF LIFE

We are returning with fervor – embracing and engaging with downtown in different ways than pre-pandemic.



HELEN



REOPENED
THEATRE



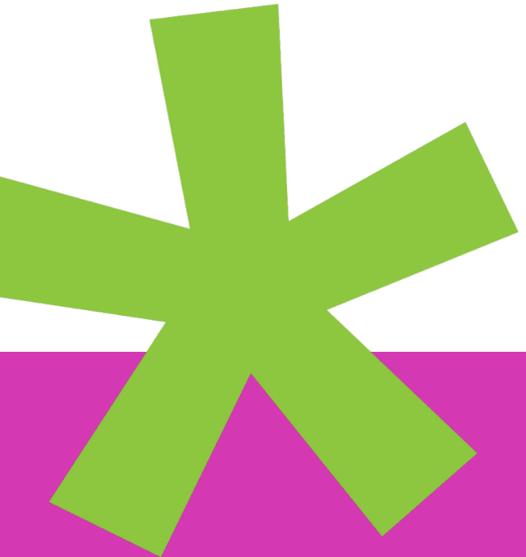
VEO



MERCANTILE ON
MORRIS



PROTECTIVE LIFE STADIUM



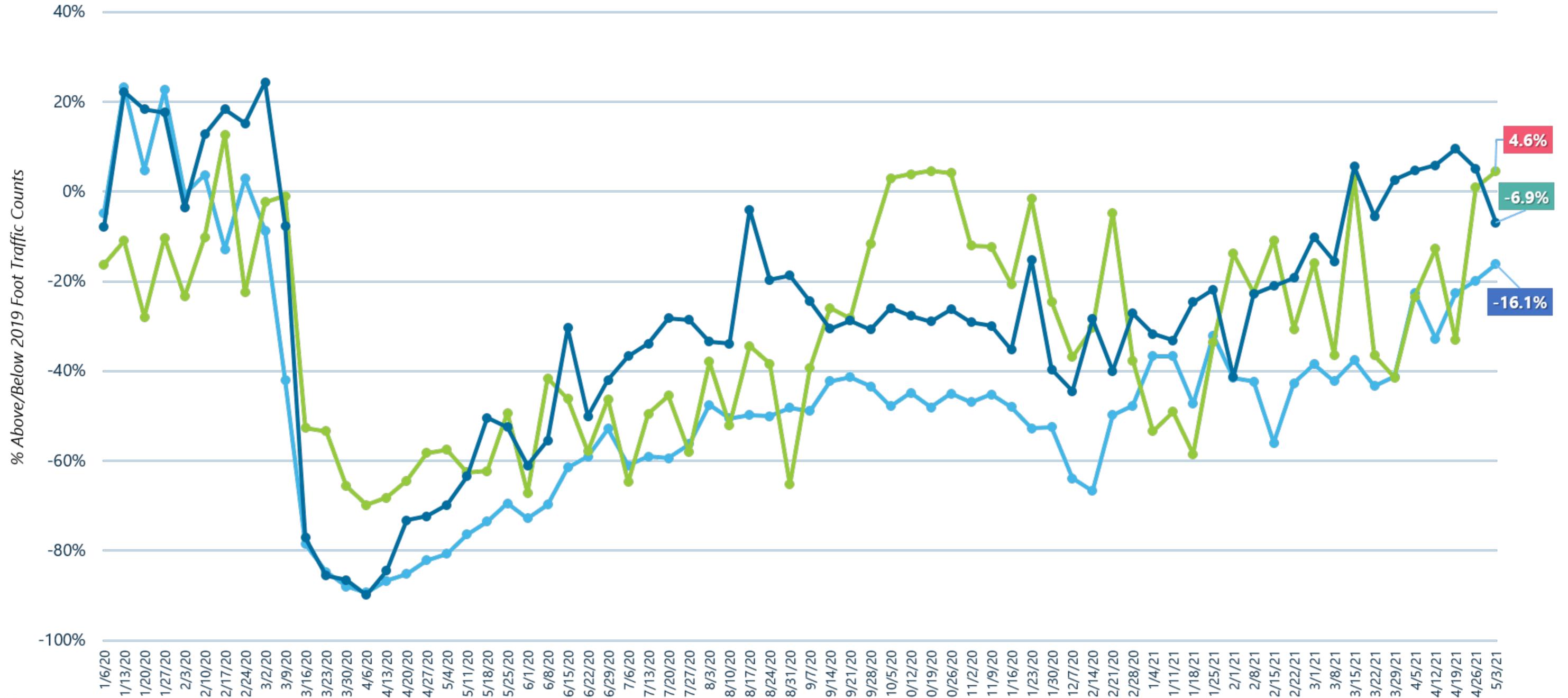
Our downtown business owners and venues rely on foot traffic to thrive.



Weekly Mobile Mapping Visitor Foot Traffic Counts

% Difference in Foot Traffic: 2020 & 2021 vs. Baseline 2019

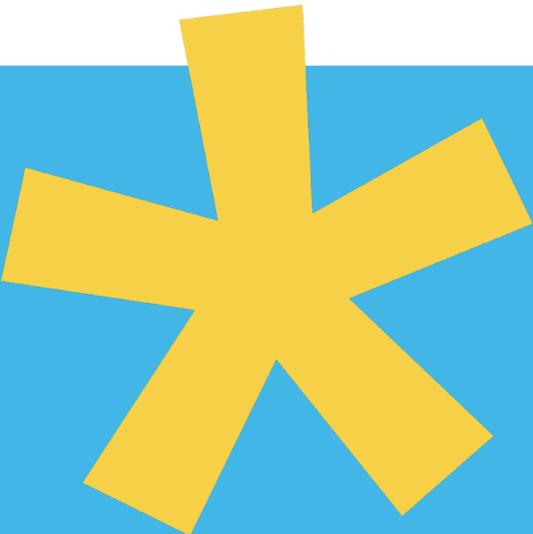
● Birmingham Downtown CBD
 ● 1st Ave N & Morris Ave. Businesses
 ● Five Points South Businesses



NATIONAL + LOCAL TRENDS

At a national level, the **International Downtown Association** (IDA) published an Urban District Consumer Survey in May. 88% of respondents were working age, between 25 and 64.

59% of respondents indicated they would return to downtown the same amount they did prior to COVID. **27%** said they would visit downtown less often than usual.



47.7% of Birmingham respondents in a **BBJ poll** said they will take a **hybrid** approach that allows employees to work from home some days but requires them to visit the office sometimes. Only **4.5%** of respondents said their organizations were going **fully remote**.

IDA's data shows that the top 3 activities respondents say they will participate in this summer and fall are...

1

Restaurants offering outdoor seating

2

Outdoor festivals, farmers markets, etc.

3

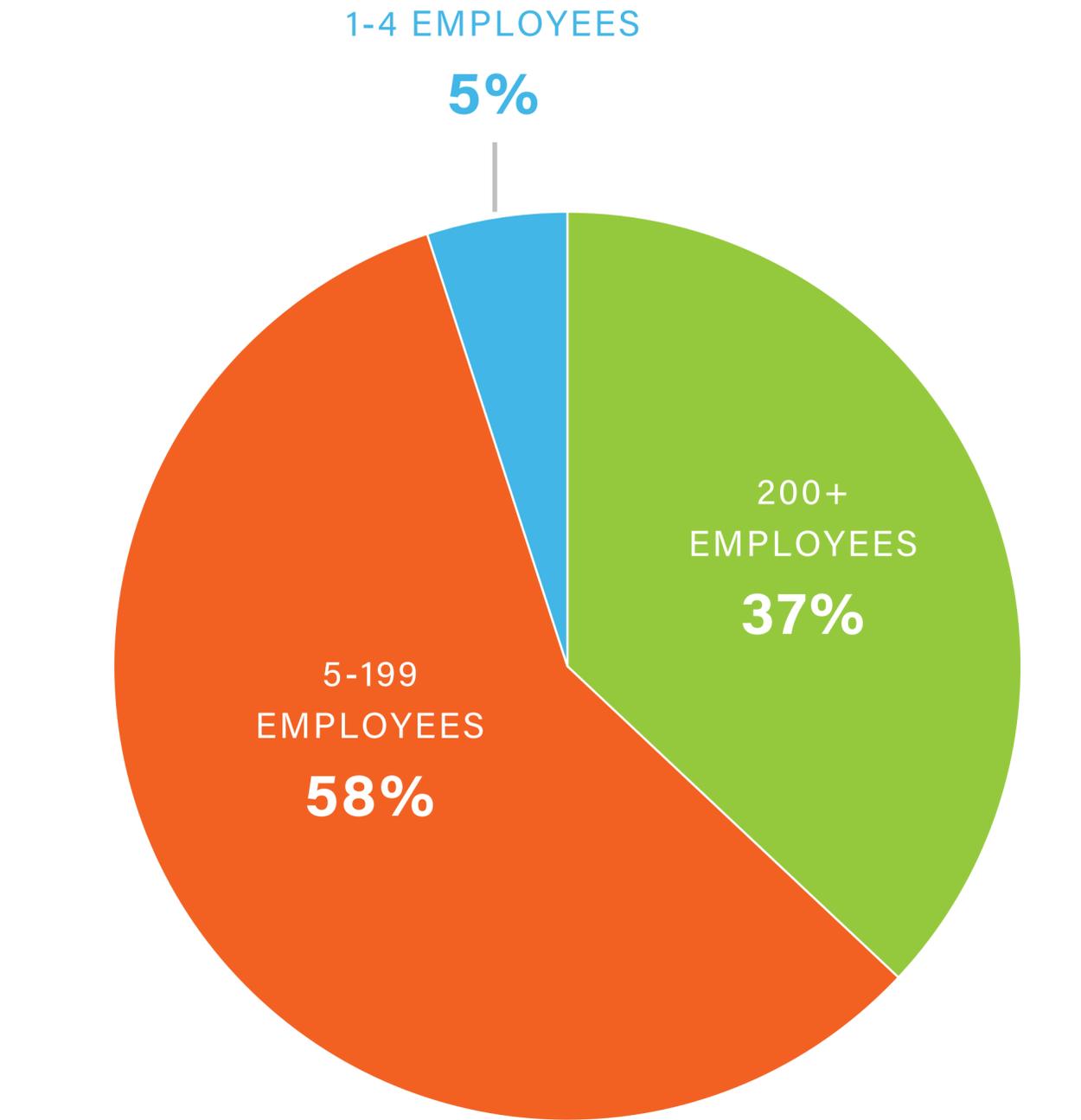
Small retail shops and boutiques

WHAT ARE BHM EMPLOYERS DOING?

REV surveyed over 40 downtown employers, consisting of various size and industry, in May 2021.

The results we're sharing with you are helping us understand what the future holds for our downtown workforce.

Of those surveyed, nearly 90% of employers offered a remote option during the pandemic.



How many employees does your company employ at its downtown Birmingham location?

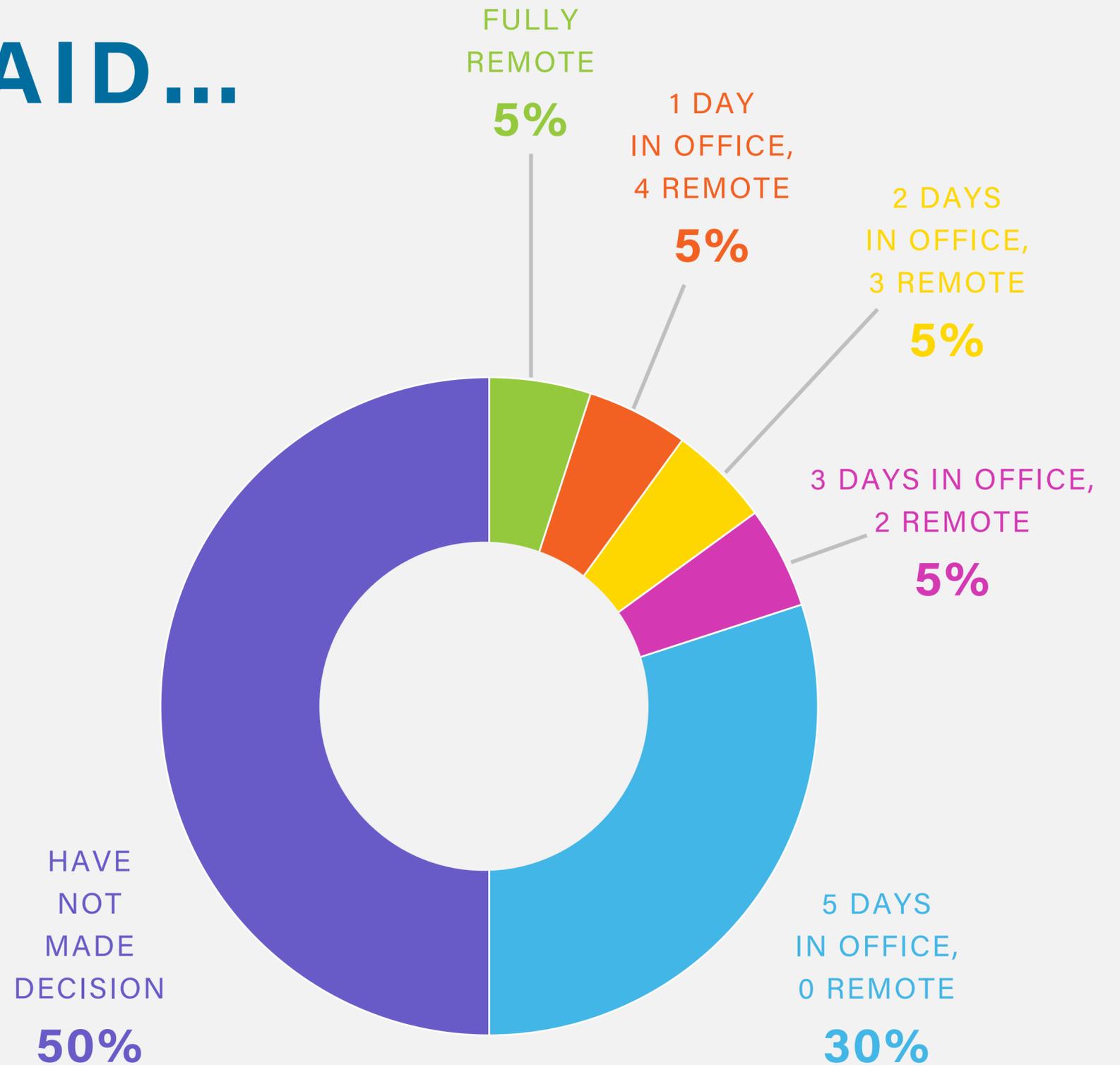
BHM EMPLOYERS SAID...

19% of downtown employers are already in the office.

Another 42% plan to return by September.

29% are still undetermined in their return plans.

Vaccinations are a key consideration in return-to-office plans.



What in-office versus remote/virtual work approach is your company taking? (as of May 2021)

THE FUTURE IS HYBRID

We're seeing this hybrid trend across the country and anticipate an overall decrease in downtown employee foot traffic.

This is certainly a challenge for our small businesses who heavily rely on employees, but there's good news: At this point, we believe our **downtown businesses have right-sized** their model to accommodate a shift.

We have an opportunity to respond to the new normal.



ROUNDTABLES

We've conducted conversations with REV's board, downtown employers, and HR leaders. Resoundingly, **collaboration** and a **feeling of being plugged in** are most missed from the in-person work environment.

While many employers have implemented sanitization, masking and distancing protocols, employees need confidence that their **health and wellbeing is top priority** in returning to the office.

"It will be a world of **trial and error...**
We'll just have to take it as it comes."

ASHLEY FOSTER

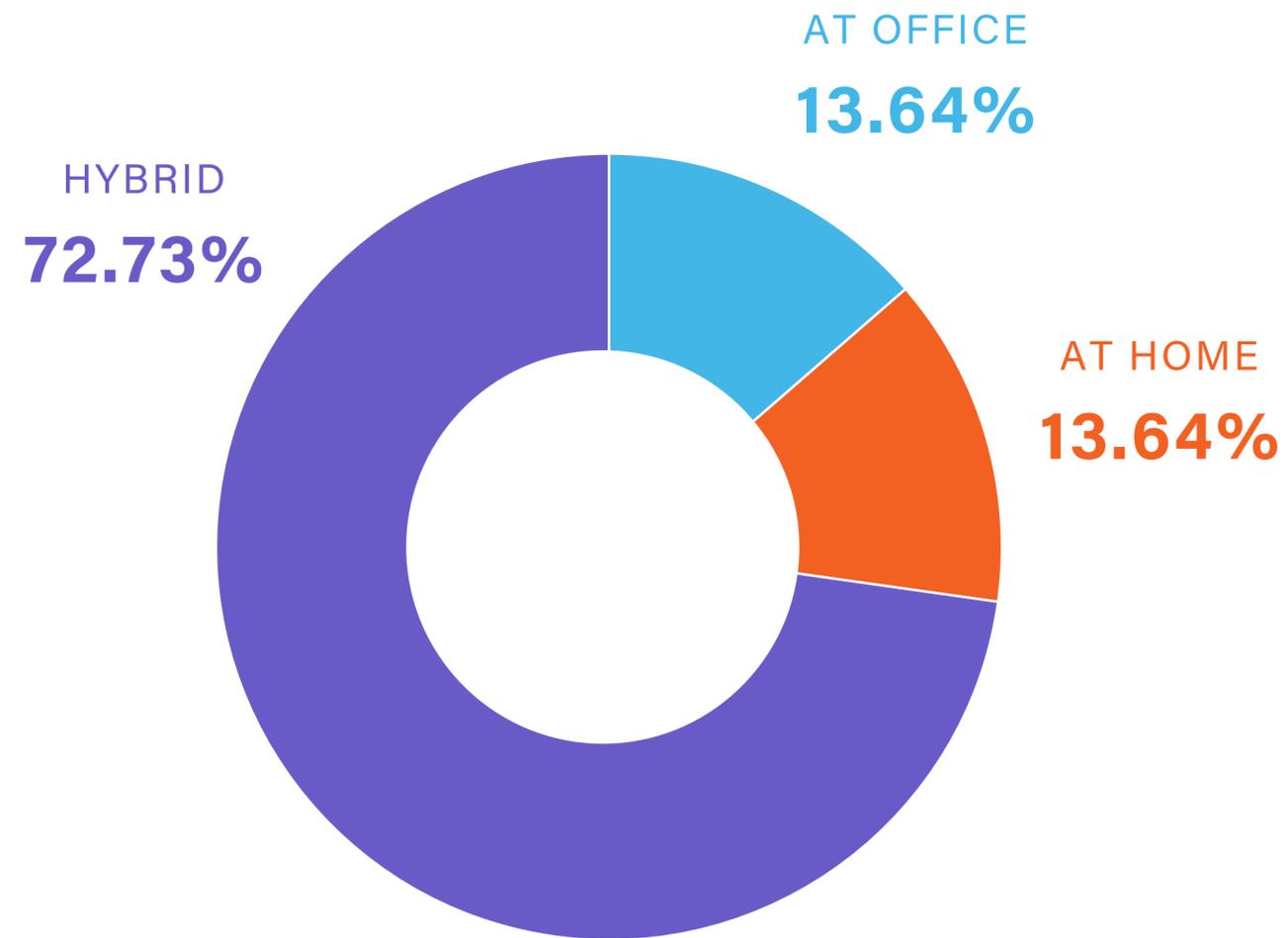
BIG Communications

"The employee is making the decision about where they need to work. The **attractiveness of downtown is a draw for our employees** on Fridays as employees want to have lunch together... I'm encouraged we're about to see a flood based on the mood and attitude of employees."

KEITH BARFIELD

BMSS

BHM EMPLOYEES SAID...



If you were able to choose, what working arrangement would you prefer? (as of May 2021)

The hybrid flexibility many desire doesn't necessarily mean working only from home... In a follow-up question, we asked about what other spaces would inspire and still allow employees to be productive. Here are **employees' top outside-the-box picks** for spots to mix into their work week:

- 1 PARK
- 2 CAFÉ/COFFEE SHOP
- 3 BREWERY
- 4 SIDEWALK SEATING

DESIGNING FOR THE FUTURE



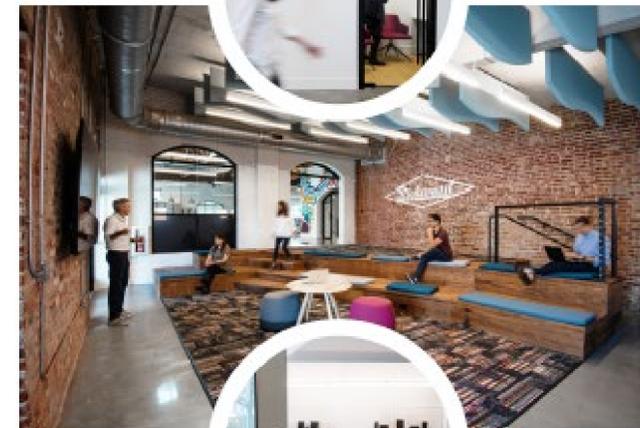
REV partnered with Tammy Cohen and the team at CCR Architecture and Interiors to update their Guide to Architectural Solutions Post-Pandemic.

In this guide we acknowledge employees' desire for **flexibility**, **inspiring collaboration** and **experiences** as they consider their in-person office more frequently than their home office.



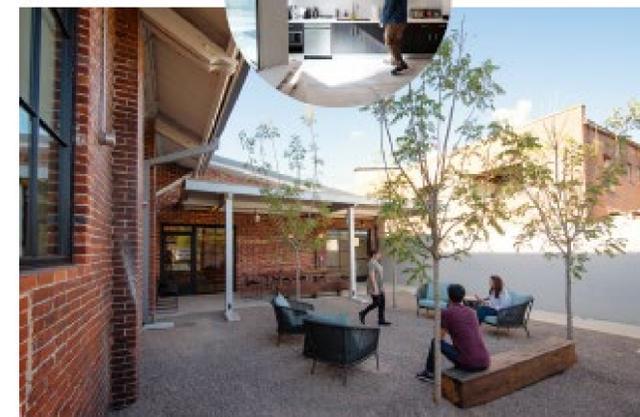
FLEXIBILITY

Employees want the freedom to work outside on a nice day, to stand at their desk or work in a communal space. Identify opportunities to rethink underutilized or misused spaces to give employees abundance in their work space selection. Creating islands, pods, patios and telephone booths gives employees options they desire.



COLLABORATION

Informal interactions with co-workers improve organizational culture and offer opportunities for collaboration that are not available in fully remote work. Take advantage of the decreased need for personal office space and find opportunities within your office to create space for collaboration. Create informal café space, creative thinking space and relaxed, conversational space. Place monitors and smart boards in areas with moveable seating and up your technology to accommodate a quality hybrid conferencing experience.



EXPERIENCE

Post-pandemic offices should provide an experience that employees can't get working from home. Consider what makes spaces like coffee shops successful—ambiance, attractive décor, natural light, comfortable seating, live plants, music and good coffee. Identify opportunities to create more positive, enriching experiences for your employees. Providing easy access to comfortable outdoor spaces is key for working, meeting and socializing at a safe distance and fostering comfort, joy and fulfillment.

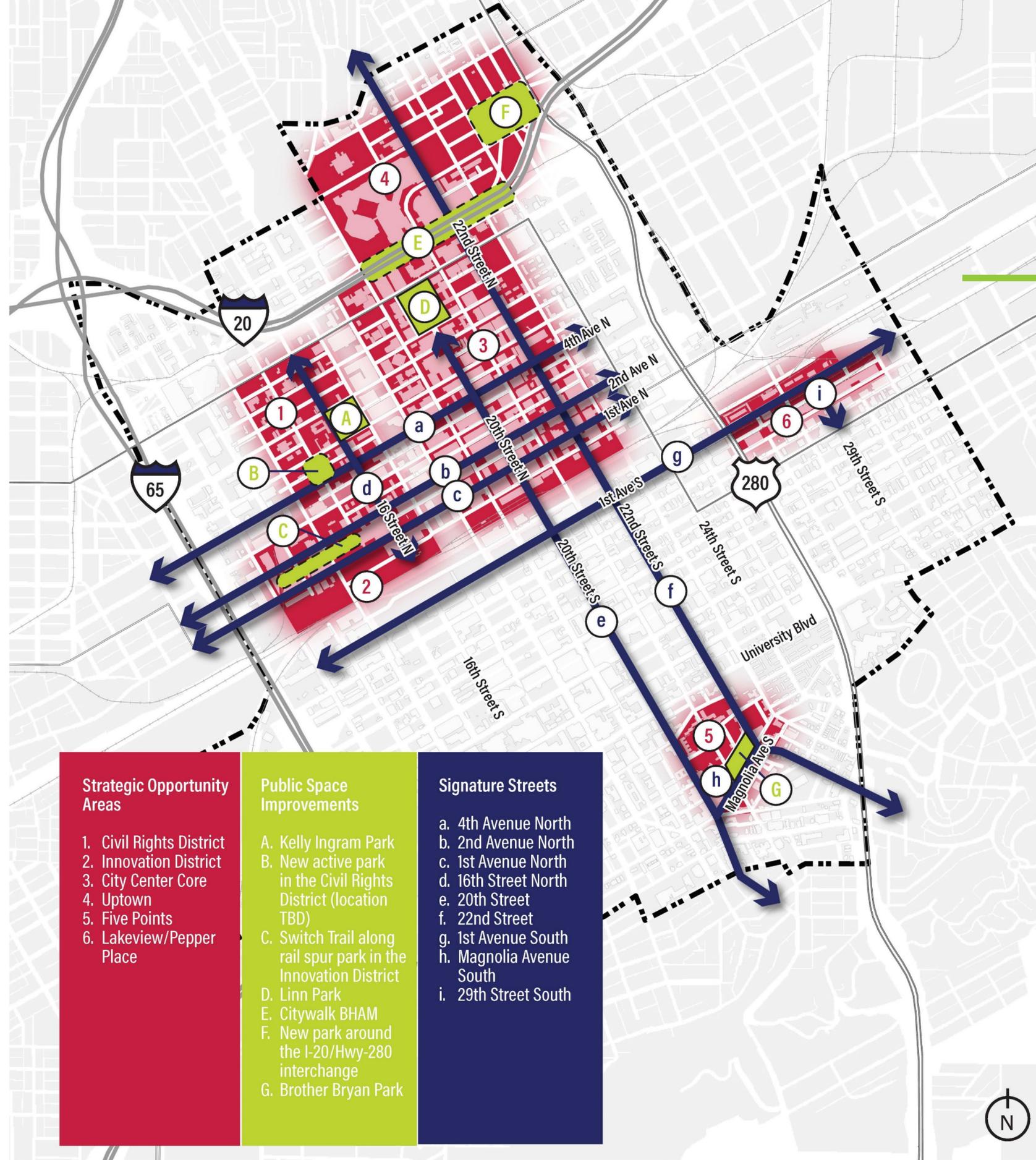


CCR ARCHITECTURE & INTERIORS

STUDY AREA

As seen in the 2019 Birmingham City Center Master Plan

This map shows the boundaries of what the City of Birmingham considers the City Center, which is the footprint this report examines. The highlighted areas consist of industry defined submarkets. The office and retail property types are broken into two submarkets – the CBD and Southside. The multi-family residential and hospitality property types are defined as one submarket – Downtown Birmingham.



Strategic Opportunity Areas	Public Space Improvements	Signature Streets
<ol style="list-style-type: none"> 1. Civil Rights District 2. Innovation District 3. City Center Core 4. Uptown 5. Five Points 6. Lakeview/Pepper Place 	<ol style="list-style-type: none"> A. Kelly Ingram Park B. New active park in the Civil Rights District (location TBD) C. Switch Trail along rail spur park in the Innovation District D. Linn Park E. Citywalk BHAM F. New park around the I-20/Hwy-280 interchange G. Brother Bryan Park 	<ol style="list-style-type: none"> a. 4th Avenue North b. 2nd Avenue North c. 1st Avenue North d. 16th Street North e. 20th Street f. 22nd Street g. 1st Avenue South h. Magnolia Avenue South i. 29th Street South



DOWNTOWN OFFICE MARKET

Downtown Birmingham has the highest concentration of **office inventory** in the region, consisting around **18m square feet** of inventory. This inventory total does include single tenant and medical office properties.

The pandemic has created a lot of uncertainty across many markets, and downtown's office market was not immune to that. However, the downtown market is unique and offers opportunities other submarkets can't offer.

OPPORTUNITIES

- Centralized location with easy access to the airport, interstates, and UAB
- World-class bars and restaurants
- Entertainment options such as Alabama Theatre, BJCC, Barons, Legion, etc.
- Affordability
- Rapidly growing residential inventory

THREATS

- Safety perceptions
- Parking challenges
- Suburban Flight
- Pandemic—will workers comeback to downtown?

*Data Methodology: ** Data sourced from CoStar CBD & Southside Office Submarket Reports. The total inventory number consists of a total square footage of office space regardless of whether it is occupied or vacant. The inventory number includes properties as small as 1,000 square feet, single-tenant, and medical office space. These numbers are totaled and/or averaged from both the CBD and Southside Office Submarkets.*

The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

DOWNTOWN OFFICE RENTAL RATES

Downtown's affordable office market provides a tremendous opportunity for the Birmingham metro. Pair Birmingham's affordability with the availability of larger tracts of Class-A office space, and downtown is well positioned to recruit businesses seeking relief from expensive markets.



*Data Methodology: **
Data sourced from
CoStar CBD &
Southside Office
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*Data Methodology: ** Data sourced from CoStar CBD & Southside Office Submarket Reports. The vacancy rate takes into consideration the full inventory of properties. Average lease size is determined by the total amount of leased space divided by the total number of transactions. These numbers are totaled and/or averaged from both the CBD and Southside Office Submarkets. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.*

DOWNTOWN OFFICE DEMAND

Suburban relocation poses a threat to downtown office demand, especially among Class-A office space. Perceptions around safety, convenience of parking, and obsolete building stock are points of leverage among Class-A office prospects and tenants.

The Birmingham office market mainly attracts businesses needing under 10,000 square feet. Larger tracts of available Class-A office space provide opportunity to recruit larger tenants looking to establish or relocate a regional or national headquarters.



14.8%

CLASS-A VACANCY RATE

6.8%

OVERALL VACANCY RATE



1143 1st Ave S

Luckie & Co. relocating from the suburbs to Parkside confirms that the downtown office market is ripe with opportunities that suburban submarkets can't provide. In an article published by the Birmingham Business Journal, Luckie President John Gardner said:

*"We think that this space in this location is going to allow us not only to attract more and larger clients, but recruit on a national basis for talent. Talent is hard to acquire. We've determined that **environment is as critical as compensation for the generation of talent that we're after.**"*

CASE STUDY

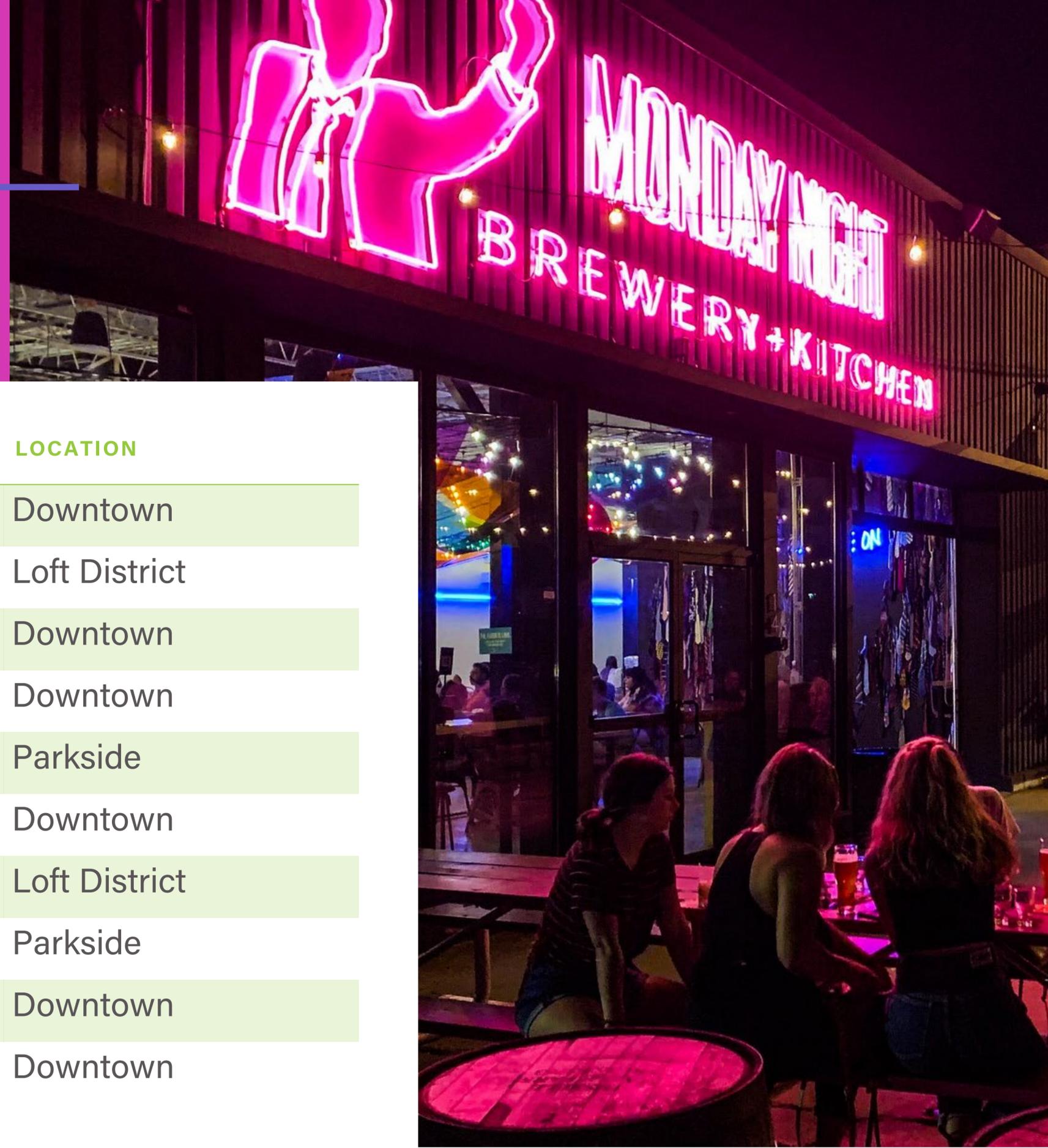
Luckie & Co.



Businesses have closed and opened over the past year, but we've seen a *net gain* from our unofficial calculations in openings.

THAT'S A STRONG SIGN FOR BIRMINGHAM'S RECOVERY

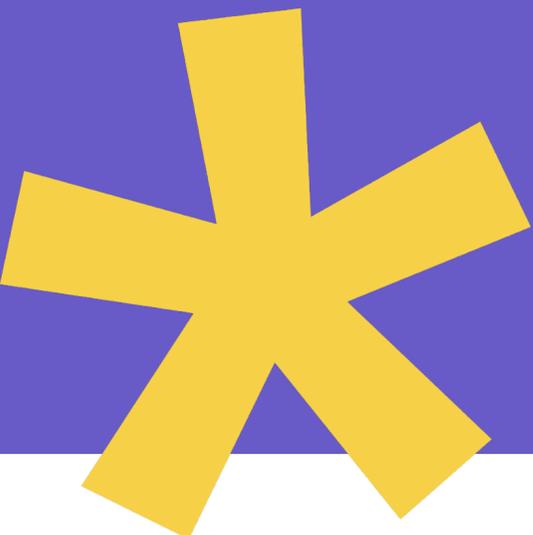
NOTEABLE DOWNTOWN OPENINGS



NAME	TYPE	LOCATION
Helen	Restaurant	Downtown
Avine`	Restaurant	Loft District
Ashley Macs	Restaurant	Downtown
J Wings	Restaurant	Downtown
HERO Donuts	Restaurant	Parkside
Train & Burn Fitness	Fitness	Downtown
Neon Moon	Bar	Loft District
Monday Night Social Club	Brewery	Parkside
Botanica	General Retail	Downtown
Uno's Tacos	Restaurant	Downtown

BUSINESS MODEL PIVOTS

March 2020 forced entrepreneurs to right-size and pivot their models as supply chains were constrained. Construction costs and code upgrades further constrained retailers and restaurants.



IDA's Urban District Survey underscores the need for policies that support street-level businesses post-pandemic.

69%

... will choose to eat indoors.

This indicates increasing comfort with indoor dining, but a percentage still articulate preference for outdoor dining.

91%

... are likely to eat outdoors.

Outdoor dining is a long-term trend as consumer and restaurateurs embrace dining al fresco.

26%

... will order takeout more often.

Curbside is here to stay as restaurants increase capacity and build on curbside momentum as a solid revenue stream.



CASE STUDY

Zaza + El Barrio

Place-based innovation supported downtown's small businesses in pivoting their models to keep their doors open. Loosened ABC regulations, Shared Space Permits and placemaking strategies like REV's flex lane on 20th Street N supported revenue generation, and the City of Birmingham's Eat in the Streets events helped drive foot traffic downtown.

*Data Methodology: ** The available square foot number is based off the published CoStar CBD & Southside Retail Submarket Reports. The available space means that the data includes properties for lease, sublease and pre-lease. These numbers are totaled and/or averaged from both the CBD and Southside Retail Submarkets. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.*

RESTAURANT + RETAIL MARKET

As the Downtown BHM retail market emerges, it remains affordable and has become more diversified over time thanks to development of historic downtown properties. Entrepreneurs like **Aisha Taylor of Bridge + Root**, opening this summer in Mercantile on Morris, are investing in downtown's retail opportunity.

The City Center has **326,000 square feet** in retail inventory available for lease.

The City Center has a **5.75%** availability rate.

Price per square foot in the City Center averages **\$13** (Class C) to **\$23** (Class A) as quality varies.

Prices from CoStar and LoopNet, respectively



CASE STUDY

Urban Supply

Orchestra Partners' historic redevelopment in Parkside is an example of how development can meet this opportunity with open, innovative arms. This 100,000 square feet next to Good People will be redeveloped as a platform for home-grown businesses. We think this project is super cool because it will offer spaces as small as a few hundred square feet to young businesses and those testing the downtown market for the first time.



RESIDENTIAL MARKET

Downtown BHM residential population has grown by more than 38% the past 10 years.



7,311
MULTI-FAMILY UNITS

\$1,650
AVG CLASS A RENT

\$816
AVG CLASS C RENT

13.7%
OVERALL VACANCY RATE

As compared to Homewood's 19.8%

1,000+
UNITS IN PIPELINE

STRENGTHS & OPPORTUNITIES

- **LOCATION** Proximity to large employment and education hubs attracts vast audiences + high concentration of restaurants, bars, and diverse entertainment and cultural options
- **WALKABILITY** 86 on the Walk Score makes downtown the most walkable neighborhood in the Birmingham market

THREATS & WEAKNESSES

- **CLOSURES** Pandemic-related closures of lifestyle businesses and entertainment options
- **AFFORDABILITY** Not adding affordable/workforce housing at the same rate as market-rate housing hurts Birmingham's efforts to create an inclusive and diverse downtown
- **PARKING** Parking access
- **SAFETY** Negative perceptions around public safety

CASE STUDY

The Palmer

Residential Units: 228

Retail Square Footage: TBD

Project Cost: \$55 million USD

Designer: Dwell

Contractor: Hoar Construction

Consisting of studio up to 2-bedroom units, The Palmer will be a luxury apartment building developed by the Daniel Corporation overlooking Regions Field in the Parkside District. In addition to multi-family units, The Palmer will offer ground level retail and co-working space.





CASE STUDY

Foundry Yards

Residential Units: 268

Commercial: 20,000 sq ft

Project Cost: \$61.1 million USD

Designer: Niles Bolton

Contractor: Doster Construction

A major multi-family development adding more inventory to the rapidly growing Parkside District, Foundry Yards will be a luxury apartment building with a retail/office component. Units will range from studios up to 2 bedrooms.

CASE STUDY

Mercantile on Morris

Condo Units: 47

Commercial: 14,000 sq ft

Project Cost: \$24 million USD

Designer: Creature

Contractor: Creature

Mercantile on Morris will be a transformational adaptive reuse project in downtown, creating a mix of condos and retail space. The development will be a combination of boutiques and local restaurants, plus condos ranging from studio to 2-bedroom layouts.



2212 Morris Ave



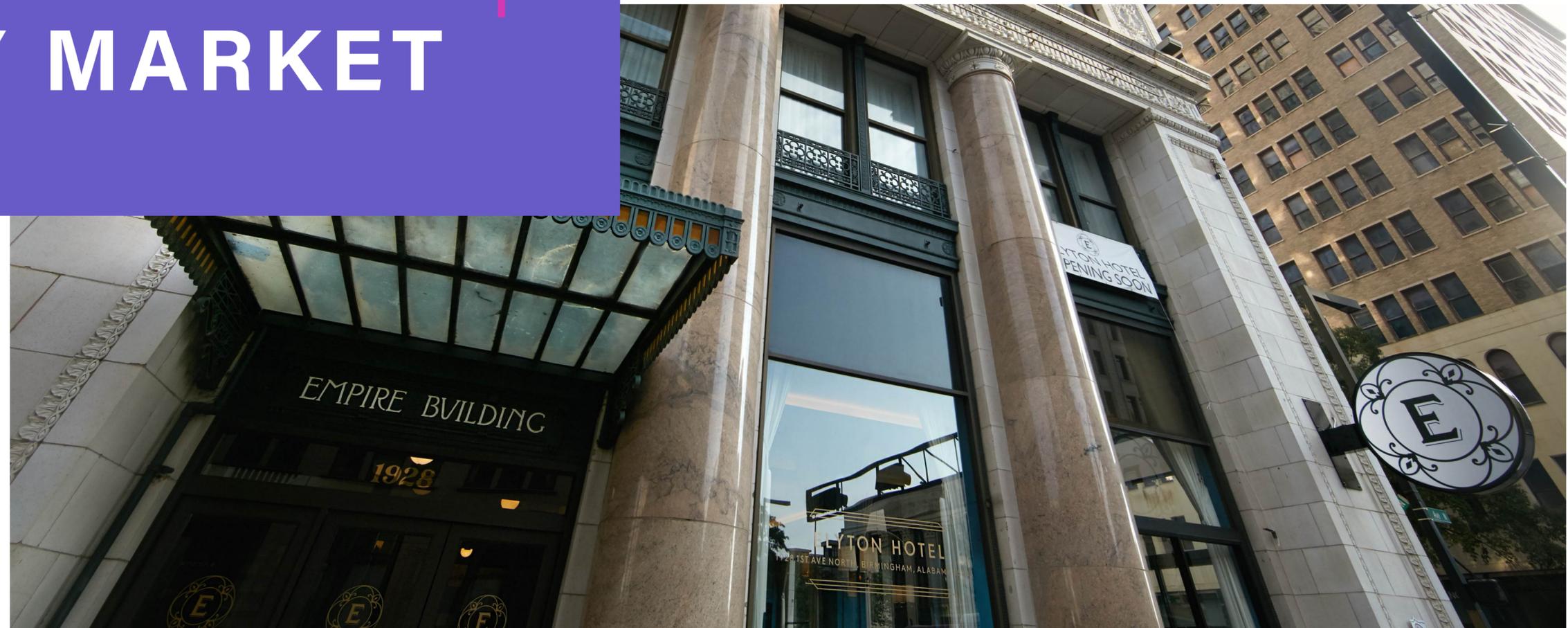
The Downtown BHM hospitality market has a 12-month occupancy rate of **39.4%**. This occupancy rate is down **36.7%** from pre-pandemic levels.

While these numbers are troubling, there are signs of recovery. 2021 data has started to indicate that occupancy levels are increasing: February 2021 recorded an occupancy rate of **55%**.

Source: STR Hospitality

HOSPITALITY MARKET

Poised for recovery after a difficult year



CASE STUDY

The Kelly Hotel

Rooms: 96 rooms & suites

Project Cost: \$20 million USD

Designer: 5th Dimension

Contractor: Stone Construction

The 92-year-old building that was the former home of Protective Life Insurance Company is under renovation to soon become an upscale hotel under the Hilton's Tapestry brand. The hotel will include a lobby bar and 5,000 square feet of leasable space opening onto historic Morris Avenue.



2027 1st Ave N

1020 24th St N

CASE STUDY

Protective Stadium

Capacity: 47,100

Project Cost: \$175 million USD

Designer: Populous

Contractor: Brasfield & Gorrie

Protective Stadium will be a multi-use, open-air stadium in Downtown BHM's Uptown District. The stadium will be home to the UAB Blazers football team and The Birmingham Bowl, and it will host the opening/closing ceremonies of The World Games in 2022.





CASE STUDY

Legacy Arena

Capacity: 17,000

Project Cost: \$125 million USD

Designer: Populous

Contractor: Brasfield & Gorrie + BL Harbert

Legacy Arena, built in 1976 as part of the sprawling Birmingham-Jefferson Convention Complex, is undergoing a complete renovation. Legacy Arena will be home to the New Orleans Pelican's G-League affiliate team, NCAA March Madness (2023 & 2025), concerts, and conventions.

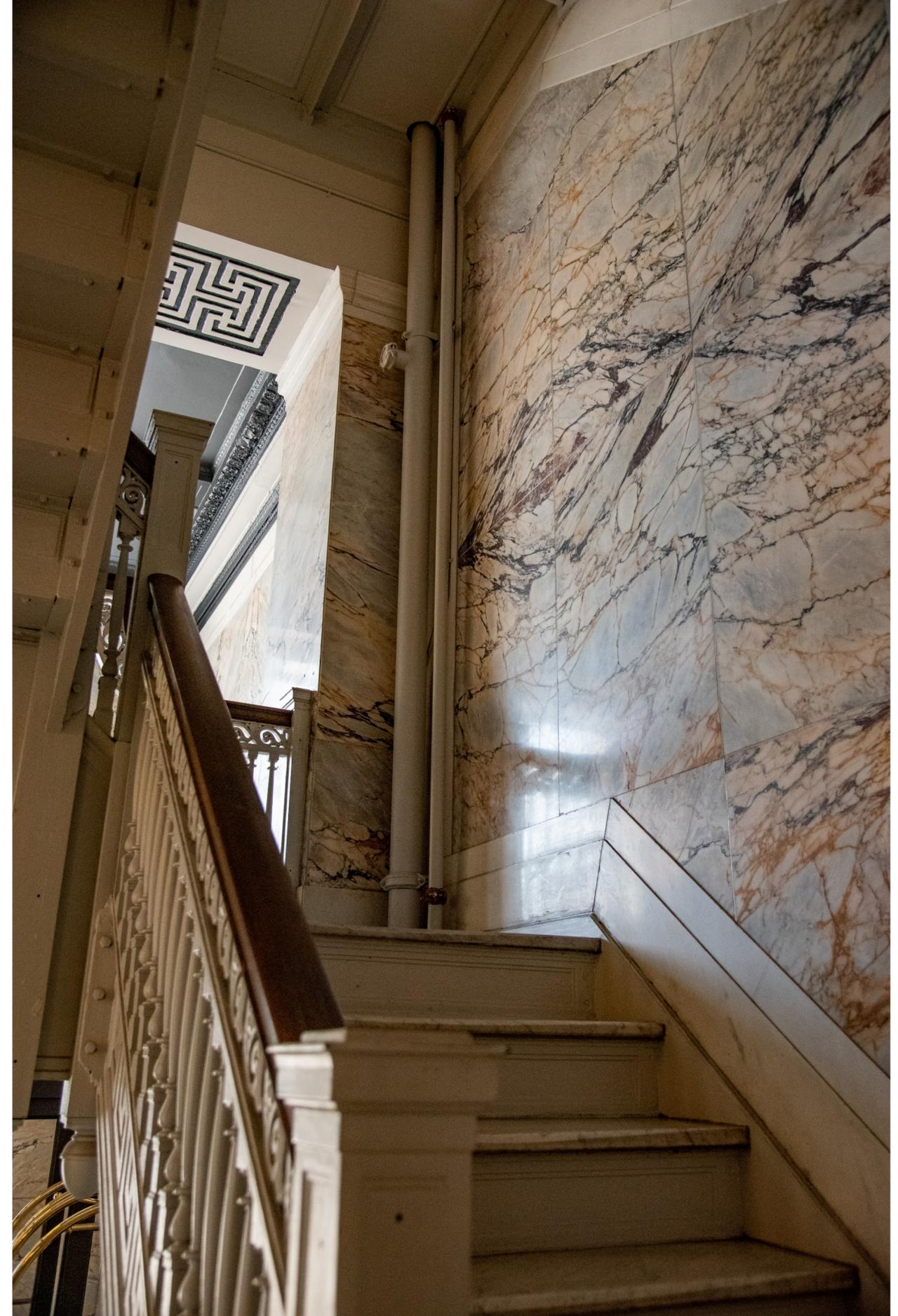
1898 9th Ave N

DOWNTOWN DEVELOPMENT

**Nearly \$550 million worth
of development projects is
delivering in 2021.**

Since 2010, downtown's multifamily inventory has increased by 50%, and CoStar projects 10% growth in the coming quarters.

Much of downtown's growth has been attributed to an increasing millennial population seeking a walkable urban environment near employment and education opportunities + empty nesters seeking smaller homes and active lifestyles. The Alabama Historic Tax Credit program has made many projects financially feasible.





CITY CENTER CHALLENGES IN 2021 + BEYOND

— We need **jobs**.

— We need **companies** – job creating + experience creating.

— We need quality, relevant, desirable **spaces**.

— We need to better **compete regionally**.

— We need **residential density**.

— We need a **retail node** to position downtown as an entertainment destination.

TOGETHER, WE WILL RECOVER

Birmingham's City Center shows clear signs of life and has strong foundations upon which we can build. It'll take energy, optimism, and resources. **Downtown BHM is urgently hopeful that you will play your part.** Choose downtown to eat, to shop, to play, to work, maybe even to live.





REV is the leading the charge with the development of a **downtown website** and creation of a **brand**. Additionally, REV is working with the International Downtown Association on the **Value of Downtown Report** and **Vitality Index**. This report will quantify downtown's impact on the region, which can be shared with developers, government officials, and prospects. The Vitality Index is a benchmarking tool, that can help point out areas of improvement, confirm work plans, and compare competing downtowns.



TELL AND PROMOTE THE DOWNTOWN STORY

BEAUTIFY AND IMPROVE THE PUBLIC REALM

The public realm is often visitors' first impression of a city. Birmingham needs a refresh in preparation for the World Games. Therefore, REV is focusing efforts on refreshing the spine of downtown's public realm, **20th Street North.**

Landscaping and public realm improvements are imperative to enhance 20th's connection to CityWalk. **Linn Park** must also be addressed in the coming years and REV has already advanced conversations around a redesign.



WHAT REV
IS DOING



Studies like the City Center Master Plan prove that **downtown has enough parking to support its population.** This must be viewed as an asset and reformed to support economic development and growth. REV is leading conversations between government officials, developers, and stakeholders.



WHAT REV
IS DOING

FURTHER REFORM PUBLIC PARKING ASSETS

ADDRESS PERCEPTIONS OF PUBLIC SAFETY



REV is committed to keeping downtown safe for employees, visitors, and residents. REV is leading the charge with daily **clean and safe** efforts through CAP, **advocacy** efforts with Birmingham Police and City officials, and continued **partnerships with the homeless service provider ecosystem.**



BUILD OUT THE SWITCH + SUPPORT CIVIL RIGHTS DISTRICT GROWTH



Efforts like the **Northwest Downtown Plan** with our partners at Urban Impact are happening now to create a framework and strategy for growth in these two districts.



**WHAT REV
IS DOING**

Past efforts like working with the City of Birmingham to develop the **Shared Space Permit** helped our restaurant and retail community serve patrons. As we begin to roll back pandemic emergency declarations, many businesses still need the expanded outdoor space to remain profitable or minimize losses. REV is exploring different options and advocating for extension of these policies.



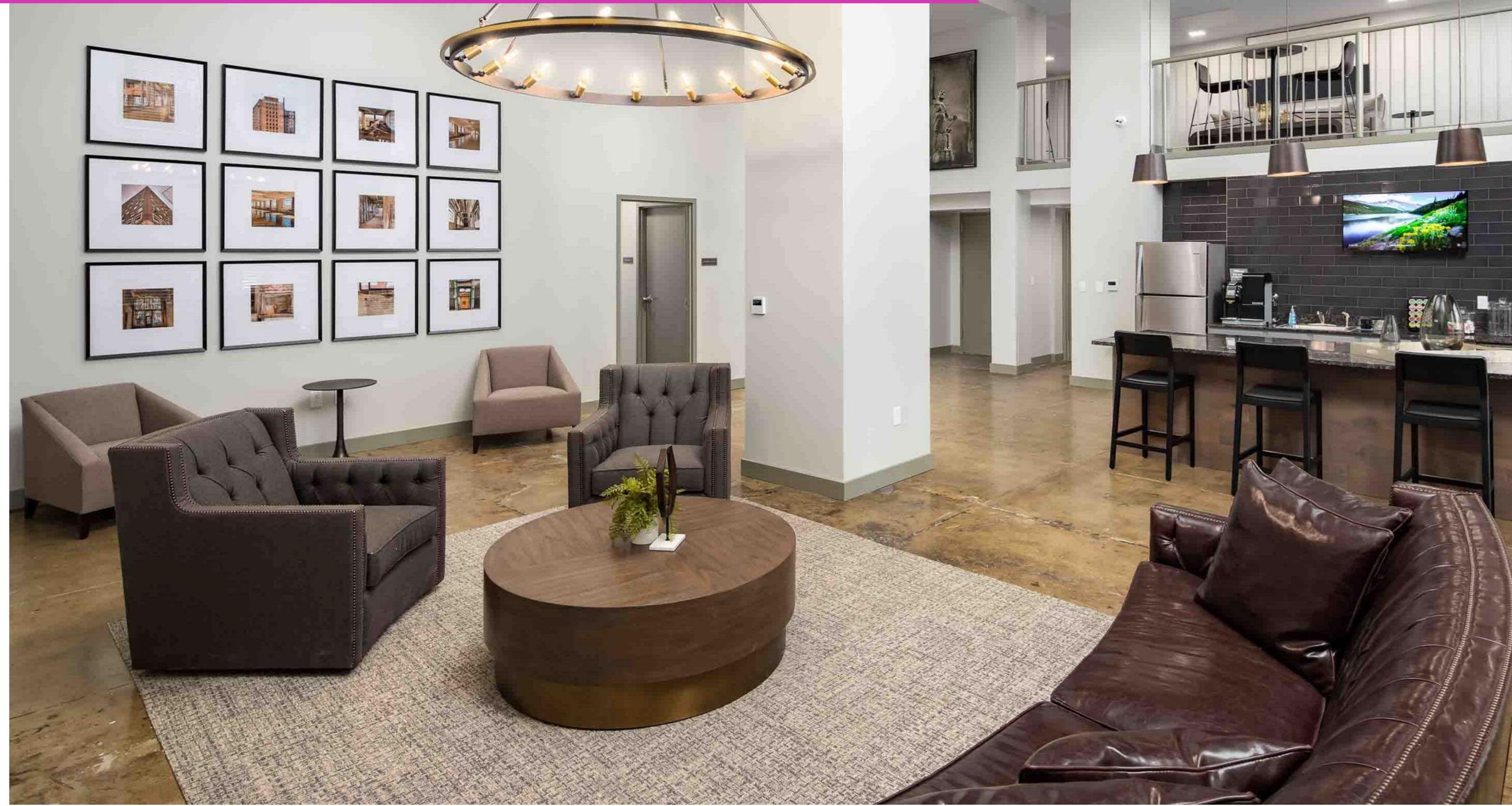
**RETAIN + STRENGTHEN
POLICIES THAT SUPPORT
DOWNTOWN BUSINESSES**



WHAT REV
IS DOING

PROMOTE AFFORDABLE RESIDENTIAL DEVELOPMENT

Residential affordability is crucial as the downtown population and housing stock grows. REV is continuing to **develop the toolbox** for developers and fostering the necessary **public/private partnerships** to promote affordable residential development.





PLUS, MORE DATA COMING SOON

We are excited about a new resource we will be launching in the Fall. It will be the next step in this process of understanding where we are and how we can together reach economic vitality goals. Stay tuned...





A POINT OF NECESSARY CHANGE

At this point of necessary change, REV is working toward innovative policies, smart placemaking, and revisioning with property owners to foster the entrepreneurial spirit.

ATTRACTIVE DOWNTOWN

Downtown BHM must be the center of gravity, attracting investors, companies, and talent.

NEW WORK STYLES

Downtown BHM must offer employees multiple ways to work.

ACCOMMODATE LABOR

We must consider the functional impacts of parking, transportation, etc. on labor.

ADAPT TO CUSTOMERS

Downtown BHM must accommodate customers' changing habits.



We have an opportunity to create places that are responsive to the future of workforce and small business growth, to promote downtown in a manner that's reflective of where we are.

We must be visionary, convening community and facilitating forward-focused conversation. We must bring community context to strategies and advocate for policies that drive vibrancy.

Through good design – together with property owners, the City and yaysayers – we can design spaces and places where **all** people **want to** and **are able to** live, work and play post-pandemic.



**This is an *opportunity*.
Let's make it vibrant.**

QUESTIONS?

Learn more + contact us at
revbirmingham.org/downtownbhm



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