

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



4Q07

AT A GLANCE

- The fourth quarter saw a pause in overall absorption for the year. During this period, the market saw a negative absorption of 35,352 square feet (sf), resulting in absorption for 2007 of 315,153 sf.
- All of the market's positive absorption during the fourth quarter took place in the Eastern submarket with 16,037 sf being leased. Meanwhile, occupancy losses took place in the Central (5,514 sf), Southern (38,540 sf) and Southwestern (7,200 sf) submarkets during the last three months of the year.
- Currently, the mature Central and Oxmoor Valley submarkets continue to show very healthy occupancy levels of 91.2% and 93.0%. At the same time, the region's expanding Southern and Eastern submarkets also show strong overall occupancy rates of 88.7% and 83.6%, despite new inventory added to each area over the past several years. Only the Southwestern submarket shows marked softness with an occupancy rate of 63.1%, as significant new bulk distribution inventory continues to be marketed.
- Leasing activity in 2007 has been due almost entirely to organic growth such as existing tenants expanding operations or changing local addresses, rather than new tenants entering the market.

ECONOMIC INDICATORS

	2006	2007	2008F
GDP Growth (National)	2.9%	2.2%	2.2%
CPI Growth (National)	3.2%	2.8%	2.5%
Unemployment (Regional)	3.6%	3.5%	3.8%
Employment Growth (Regional)	1.1%	1.0%	0.7%

BEAT ON THE STREET

"2007 growth in the market was chiefly generated through relocation within the region and expansion of existing operations, reflecting a strong, balanced local economy.

Outside interest in the Birmingham market remains high. Second- and third-tier automotive suppliers, data centers, and biomedical research companies continue to demonstrate interest in Birmingham as the area economy maintains its broad-based growth."

—Mark D. Byers, Senior Vice President

MARKET HIGHLIGHTS

SIGNIFICANT 2007 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SQUARE FEET	BUILDING CLASS
Shelby West	MailSouth	99,687	Bulk Distribution
Cahaba Valley	Owens & Minor	80,450	Bulk Distribution
B'ham Food Terminal	Shaw Warehouse	75,000	Bulk Distribution
Oxmoor South	Ryder Logistics	59,000	Bulk Distribution
Shades Creek	R.A. Siegel Co.	29,900	Bulk Distribution
Industrial Lane	Noble Logistics	23,800	Bulk Distribution
B'ham Food Terminal	People Movers	17,800	Bulk Distribution
Parkwest	Corporate Express	15,150	Office/ Warehouse

SIGNIFICANT 2007 SALE TRANSACTIONS

BUILDING	BUYER	SQUARE FEET	PURCHASE PRICE
Williams Bridge	U.S. Pipe	415,488	\$3,900,000
Riverchase Business Park	Arcis Investments	178,287	\$11,900,000
Lakeshore Crossings	Investment Partnership	156,020	\$16,225,000
T&WA	Maintenance	66,000	\$2,100,000
Corporate Express	Investment Partnership	60,000	\$2,600,000

SIGNIFICANT 2007 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Moody Commerce Park	ORS Nasco	205,800	03/07

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Parkwest	Corporate Express	127,500	01/08

MARKET STATISTICS

Market/Submarket	Overall		YTD Absorption Activity	Direct Weighted Average Net Rental Rate*			
	Vacancy Rate			**HT	BD	OW	SC
Central	8.8%		84,567	N/A	\$2.73	\$6.00	\$7.36
Eastern	16.4%		(34,902)	N/A	\$4.13	\$5.42	\$8.00
Oxmoor Valley	7.0%		117,951	N/A	\$5.22	\$6.91	\$6.81
Southern	11.3%		58,587	N/A	\$4.16	\$6.45	\$10.73
Southwestern	36.9%		89,250	N/A	\$3.72	\$11.07	\$0.00
TOTAL	13.8%		315,153	N/A	\$3.67	\$7.36	\$7.24

*Rental rates reflect \$psf/year

**High-Tech inventory does not exist in this market

HT = High Tech BD = Bulk/Distribution OW = Office/Warehouse SC = Service Center/Flex Space



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