

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



1Q08

AT A GLANCE

- In the first quarter of 2008, the Birmingham industrial market experienced an overall absorption of 79,576 square feet (sf) and an overall occupancy of 86.0%. The majority of the markets positive absorption was in bulk distribution space, with 72,336 sf absorbed in the first quarter.
- A representative sales transaction for the Birmingham industrial market included the sale of a 391,000-sf portfolio, including eleven buildings within the Central and Oxmoor submarkets, to Arcis Investments.
- The completion of Parkwest Corporate Center III added 127,500 sf of office/warehouse space to the Southwestern submarket during the first quarter of 2007, primarily contributing to the low occupancy rate of 58% in this submarket. Without the addition of square footage to this submarket, the office/warehouse occupancy rate would be approximately 82%.
- Activity during the first quarter has been weighted toward office/warehouse properties with an overall occupancy rate of 86.9%, with smaller tenants relocating or expanding their existing operations.

ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.9%	2.2%	1.5%
CPI Growth	3.2%	2.8%	3.0%
Regional			
Unemployment	3.6%	3.5%	3.9%
Employment Growth	1.1%	1.0%	0.6%

BEAT ON THE STREET

"Birmingham is currently experiencing a stagnant industrial market. Leasing activity remains relatively slow due partially to the tight inventory. New projects are being planned for 2008 but have not yet kicked off due to the lack of general economic activity."

—Mark D. Byers, Senior Vice President

MARKET HIGHLIGHTS

SIGNIFICANT 1Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Greenwood Exchange	Pace Runners	33,750	O/W
Airport Highway Park	Heeley-Brown	31,900	BD

SIGNIFICANT 1Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Oxmoor Center	Arcis Investments	185,000	\$6,146,839
Oxmoor Industrial Park	Arcis Investments	141,758	\$4,710,074
Republic Industrial Park	Arcis Investments	64,500	\$2,143,087
350 Industrial Drive	Graham & Co	45,000	\$2,600,000
7341 Cahaba Valley Road	Graham & Co	24,300	\$5,000,000

SIGNIFICANT 1Q08 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Parkwest Corporate Center III	Corporate Express	127,500	1/08

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL VACANCY RATE	YTD OVERALL ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			**HT	**MF	OS	WD
Central	7.0%	47,530	N/A	N/A	\$7.09	\$2.78
Easter	16.2%	2,563	N/A	N/A	\$8.52	\$4.21
Oxmoor Valley	7.7%	-15,377	N/A	N/A	\$6.84	\$5.04
Southern	10.4%	29,710	N/A	N/A	\$8.51	\$4.96
Southwestern	39.8%	15,150	N/A	N/A	N/A	\$4.17
TOTAL	14.0%	79,576	N/A	N/A	\$7.14	\$4.43

*Rental rates reflect \$psf/year

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

HT = High Tech MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

*Market terms & definitions based on BOMA and NAIOP standards.

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