

# MARKETBEAT

## BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q08

### AT A GLANCE

- The Birmingham industrial market experienced an overall positive absorption of 83,220 square feet (sf) during the second quarter of 2008. The overall occupancy rate for the second quarter was 86.0%.
- The Eastern submarket saw significant absorption of 98,700 sf in the second quarter with an occupancy rate of 91.8%, up from 83.8% at the end of the first quarter.
- In the Oxmoor Valley submarket the 286,604-sf former Saks headquarters sold to Brookwood Pharmaceuticals. EGS Commercial Real Estate represented the seller. The building is comprised of 151,604 sf of warehouse space in conjunction with 135,000 sf of class A office space. The property sold for approximately \$12 million.
- The bulk distribution segment of the Birmingham industrial market remains relatively soft with very little activity taking place in the second quarter. Of particular note is the Southwestern submarket with a vacancy rate of 38%. The significant space available in this submarket is primarily due to a large block of first generation office-warehouse availability.

### ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.9%	2.2%	1.6%
CPI Growth	3.2%	2.9%	3.6%
Regional			
Unemployment	3.6%	3.5%	3.9%
Employment Growth	1.1%	1.0%	0.6%

Source: Moody's | Economy.com

### BEAT ON THE STREET

Although the national economy is weak, the Birmingham market continues to see modest activity. Current growth in our market is both internal and external.

—Mark D. Byers, Senior Vice President

### MARKET HIGHLIGHTS

#### SIGNIFICANT 2Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Moody Commerce Park	Sumitomo	140,140	WD
Cahaba Valley Business Park	Chordus, Inc.	36,000	WD
Greenwood Exchange	Pace Runners	33,720	WD
Perimeter Industrial Park	Schaeffer Sports	21,600	WD
Gateway Building	Pacesetter Medical Services	14,255	WD

#### SIGNIFICANT 2Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Former Saks Headquarters	Brookwood Pharmaceuticals	151,604	\$12,050,000

#### SIGNIFICANT 2Q08 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
M&A Supply	M&A Supply	70,000	2/09

### MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL VACANCY RATE	YTD OVERALL ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	8.0%	5,187	N/A	N/A	\$7.13	\$2.64
Eastern	8.2%	101,263	N/A	N/A	\$8.01	\$4.26
Oxmoor Valley	8.2%	(31,565)	N/A	N/A	\$7.22	\$7.73
Southern	12.4%	(44,365)	N/A	N/A	\$8.47	\$5.92
Southwestern	38.1%	52,700	N/A	N/A	N/A	\$4.46
<b>TOTAL</b>	<b>14.0%</b>	<b>83,220</b>	<b>N/A</b>	<b>N/A</b>	<b>\$7.37</b>	<b>\$4.67</b>

\*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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