

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



3Q08

AT A GLANCE

- The Birmingham industrial market experienced an overall negative absorption of 179,488 square feet (sf) during the third quarter of 2008. The overall occupancy rate for the third quarter was 84.7%, a slight decrease from 86.0% at the end of the second quarter.
- The Eastern submarket experienced some positive absorption with 10,000 sf of space absorbed in the third quarter, all of which was warehouse/distribution space. The overall occupancy rate for this submarket was 92.7% - the highest in the Birmingham market.
- The warehouse/distribution segment of the Birmingham industrial market continues to remain soft with very little activity taking place in the third quarter. This is largely due to a significant amount of first generation bulk distribution availability in the Southwestern submarket, accounting for 37.8% of the vacancy.
- The Birmingham market saw approximately 300,000 sf of space come back to the market in the third quarter, accounting for the increase in negative absorption in Central, Oxmoor Valley, and Southern submarkets.

ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.8%	2.0%	1.9%
CPI Growth	3.2%	2.9%	4.4%
Regional			
Unemployment	3.6%	3.5%	4.9%
Employment Growth	3.4%	3.3%	2.5%

Source: Moody's | Economy.com

BEAT ON THE STREET

"Alabama has enjoyed many industrial successes over the past several years with the addition of Hyundai, Wachovia Data Center, Thyssen Krupp and others to our State. With the current economic environment, it will be difficult to sustain the same level of industrial project velocity and success in 2009."

- Mark D. Byers, Senior Vice President

MARKET HIGHLIGHTS

SIGNIFICANT 3Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Moody Commerce Park	Dominion Building Products	52,000	WD
5175 Highway 31	DeShazo Crane	20,000	MF
Birmingham Food Terminal	Express Courier	17,800	WD
320 Commons Drive	Saiaa Construction	15,000	WD
Lyon Lane Warehouse	Batesville Caskett	12,600	WD
Commerce Square Business Park	Mid-South Express	10,000	WD

SIGNIFICANT 3Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Former Saks Distribution	Rainbird	180,000	\$4,200,000
2881 Shannon Oxmoor Road	ADS	30,000	\$2,200,000
2619 Commerce Blvd	Capitol Care South, Inc.	15,000	\$1,325,000
7650 Commerce Lane	Key 7, LLC	14,400	\$925,000
Former Continental Building	Gulf Eagle Supply	17,200	\$813,000
621 31st Street North	Appliance Parts	38,000	\$690,000
3606 Messer Airport Highway	Saiaa Construction	15,000	\$425,000

SIGNIFICANT 3Q08 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
Shelby West Commercial Park	Speculative	152,000	4/08

MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL VACANCY RATE	YTD OVERALL ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	9.0%	(36,749)	N/A	N/A	\$6.91	\$3.17
Eastern	7.3%	111,263	N/A	N/A	\$7.84	\$4.08
Oxmoor Valley	10.5%	(94,415)	N/A	N/A	\$6.70	\$5.67
Southern	15.0%	(144,117)	N/A	N/A	\$6.24	\$6.23
Southwestern	37.8%	60,200	N/A	N/A	N/A	\$4.55
TOTAL	15.3%	(103,818)	N/A	N/A	\$6.67	\$4.75

*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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