

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



4Q08

AT A GLANCE

- The Birmingham industrial market experienced an overall negative absorption of 208,960 square feet (sf) during the fourth quarter of 2008. The overall occupancy rate for the fourth quarter was 83.2%, a slight decrease from 84.7% at the end of the third quarter.
- All of the market's positive absorption during the fourth quarter took place in the Southern submarket with 62,392 sf being absorbed.
- The Eastern submarket has absorbed 110,563 sf of space year-to-date primarily in warehouse/distribution space. This submarket continues to boast a high occupancy level of 92.6%. The Oxmoor Valley and Southern submarkets also show strong occupancy levels of 88.8% and 86.5%.
- The Southwestern submarket continues to show marked softness with an occupancy rate of 61.9% as significant bulk distribution inventory continues to be marketed.

ECONOMIC INDICATORS

National	2007	2008	2009F
GDP Growth	2.0%	1.2%	-1.5%
CPI Growth	2.9%	4.2%	0.9%
Regional			
Unemployment	3.6%	3.5%	6.1%
Employment Growth	3.4%	3.3%	1.7%

Source: Moody's | Economy.com

BEAT ON THE STREET

“The market is experiencing a softening from consolidations. Negative absorption has created a vacancy rate over all product types in excess of 15%. One opportunity, among others, is for stable tenants in this market to secure their rent into the future at attractive rates in exchange for longer lease terms.”

- Mark D. Byers, Senior Vice President

MARKET HIGHLIGHTS

SIGNIFICANT 2008 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
7042 Meadow Lark Lane	Control and Power, Inc.	28,000	W/D
Avondale Commerce Park	City Paper Company	25,000	W/D
3801 Messer-Airport Highway	Heritage Environmental	20,000	W/D
165 Cahaba Valley Pkwy	ACR Systems, Inc.	7,500	OS
Riverchase Business Park	Taransis, Inc.	5,400	OS
824 2nd Court West	Triangle Investments	5,000	OS

SIGNIFICANT 2008 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
100 London Parkway	Cloverleaf Lakeshore 100, LLC	49,608	\$7,250,000
former Amsouth Operations Center	O'Neal Steel	189,125	\$3,250,000
Stock Building Supply	Private Investor	87,000	N/A

SIGNIFICANT 2008 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
No projects under construction			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
M&A Supply	M&A Supply	70,000	2/09
Shelby West Commerce Center	Speculative	154,000	4/09

MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL VACANCY RATE	YTD OVERALL ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	14.6%	(269,810)	N/A	N/A	\$7.40	\$2.78
Eastern	7.4%	110,563	N/A	N/A	\$7.84	\$3.38
Oxmoor Valley	11.2%	(108,176)	N/A	N/A	\$6.67	\$4.62
Southern	13.5%	(81,725)	N/A	N/A	\$5.72	\$4.00
Southwestern	38.1%	52,700	N/A	N/A	\$6.00	\$3.54
TOTAL	16.8%	(296,448)	N/A	N/A	\$6.73	\$3.34

*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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