

# MARKETBEAT

## BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



1Q09

### AT A GLANCE

- In the first quarter of 2009, the Birmingham industrial market experienced a modest absorption of 55,123 square feet (sf) and a disappointing overall occupancy of 83.2%. The majority of the markets positive absorption was in bulk distribution space with 47,146 sf absorbed in the first quarter.
- The Eastern submarket continues to show strength with an overall occupancy level of 92.1% - the highest in the Birmingham market. The level of occupancy for bulk distribution space was also highest in the Eastern submarket at 92.8%.
- The Oxmoor Valley submarket experienced a negative absorption of 64,656 sf with 52,520 sf of the negative absorption being in bulk distribution space.
- A disappointing trend emerging in the Birmingham industrial market, particularly within bulk distribution space, is the significant increase in sublease space becoming available. As warehouse owners look to consolidate operations and reduce expenses, it is possible the amount of sublease space will continue to rise in 2009.

### ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	1.1%	-2.9%	1.8%
CPI Growth	3.8%	-1.0%	1.9%
Regional			
Unemployment	3.5%	6.5%	8.4%
Employment Growth	-1.0%	-2.9%	-3.9%

Source: Moody's | Economy.com

### BEAT ON THE STREET

“Activity during the first quarter has been very modest with little change in occupancy levels in each of Birmingham’s submarkets reflecting an overall weakness of the economy. Despite the current challenges, the Birmingham market has a broad distribution base and diversified economy making it a desirable location for distribution and warehousing.”

- Mark D. Byers, Executive Vice President



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### MARKET HIGHLIGHTS

#### SIGNIFICANT 1Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Parkwest Corporate Center	Kaman Industrial Technologies	31,350	W/D
Perimeter Industrial Park	Trinity Design Group, LLC	22,950	W/D
Airport Highway Park	S&B Technical Producers	21,600	W/D
Cahaba Valley Business Park	NSORO Mastec, LLC	20,000	W/D
400 39th Street North	AMOCO - Office Furniture Installation, Inc.	14,000	W/D
3150 Bowling Drive	The Birmingham News	8,800	W/D
Commerce Square Business Park	Steele City Heating & Air, LLC	7,425	W/D

#### SIGNIFICANT 1Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Oxmoor Circle	Sign Express	18,233	\$850,000
Raimund Muscoda Building	Private Investor	60,000	\$800,000

#### SIGNIFICANT 1Q09 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 Commerce Center	Speculative	154,000	4/09
Conwin Metals	Conwin Metals	50,000	6/09

### MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL VACANCY RATE	YTD OVERALL ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	14.0%	22,384	N/A	N/A	\$7.45	\$2.72
Eastern	7.9%	(10,900)	N/A	N/A	\$7.25	\$3.51
Oxmoor Valley	13.6%	(64,656)	N/A	N/A	\$6.58	\$4.75
Southern	13.3%	85,145	N/A	N/A	\$6.92	\$4.01
Southwestern	37.1%	23,150	N/A	N/A	\$5.39	\$3.56
<b>TOTAL</b>	<b>16.8%</b>	<b>55,123</b>	<b>N/A</b>	<b>N/A</b>	<b>\$6.79</b>	<b>\$3.99</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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