

# MARKETBEAT

## BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q09

### AT A GLANCE

- The Birmingham industrial market experienced a negative absorption of 126,262 square feet (sf) in the second quarter. The overall occupancy rate for the market was 81.4%, a decrease from 83.2% in the first quarter.
- The Southern submarket added 154,000 sf of office/warehouse space to the market in the second quarter with the completion of Shelby West Commerce Center. This new addition accounts for the decreased occupancy level in this submarket of 81.9%, down from 86.7% in the first quarter.
- The Southwestern submarket experienced very modest positive absorption of 8,460 sf for the quarter, all of which was office/warehouse space. The overall occupancy for this submarket was 63.3%, a slight increase from 62.9% in the first quarter.
- Sublease space continues to increase with 522,733 sf available in second quarter. The Southern submarket shows the highest amount of sublease space available at 336,775 sf, with 319,000 sf of bulk distribution space available.

### ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
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

"The trend of increasing sublease space is expected to continue throughout 2009 as industrial users continue to right size their space and find ways to reduce operating costs to become more efficient during the down market. Tenants looking for space will be able to find alternative opportunities in the market because of the softness in all markets. Landlords will need to continue to be aggressive to retain current tenants and to acquire new tenants."

- Mark D. Byers, Executive Vice President



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### MARKET HIGHLIGHTS

#### SIGNIFICANT 2Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Parkwest Corporate Center	Kaman Industrial Technologies	31,350	W/D
Avondale Commerce Park	InMark, Inc.	23,625	OS
400 39th Street North	AOMCO-Office Furniture Installation, Inc.	14,000	W/D
3150 Bowling Drive	The Birmingham News	8,800	W/D
Cahaba Valley Business Park	Enertouch, Inc. d/b/a Goodcents Solutions	4,500	W/D

#### SIGNIFICANT 2Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
1436 Pettyjohn Road, Warehouse	Brice Building Company	62,808	\$3,750,000

#### SIGNIFICANT 2Q09 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Shelby West Commerce Center	Speculative	154,000	4/09
M&A Supply	M&A Supply	70,000	6/09
Conlin Metals	Conlin Metals	50,000	6/09

#### 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	W/D
Central	14.3%	14,025	N/A	N/A	\$7.19	\$2.77
Eastern	10.2%	(40,175)	N/A	N/A	\$7.25	\$4.01
Oxmoor Valley	14.8%	(95,966)	N/A	N/A	\$6.61	\$5.07
Southern	18.1%	(57,255)	N/A	N/A	\$7.64	\$4.95
Southwestern	36.7%	31,610	N/A	N/A	N/A	\$3.97
<b>TOTAL</b>	<b>18.6%</b>	<b>(147,761)</b>	<b>N/A</b>	<b>N/A</b>	<b>\$6.83</b>	<b>\$4.09</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 W/D = Warehouse/Distribution

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

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