

# MARKETBEAT

## BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



3Q09

### AT A GLANCE

- The Birmingham industrial market experienced negative absorption of 55,482 square feet (sf) in the third quarter. The direct occupancy rate for the market was 81.0%, a slight decrease from 81.4% in the second quarter.
- The Southern submarket had positive direct absorption of 35,017 sf for the third quarter, primarily in office/warehouse space where 32,417 sf was absorbed. The occupancy rate for the Southern submarket increased slightly to 82.7%, up from 81.9% in the second quarter.
- The Eastern submarket experienced very modest positive absorption of 2,700 sf for the quarter. However, the occupancy rate remains steady at 90.0%, the highest in the Birmingham market.
- Sublease space continues to increase, putting downward pressure on rental rates. The Birmingham industrial market currently shows 538,733 sf of sublease space available in the third quarter.

### ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	0.4%	-2.6%	1.8%
CPI Growth	3.8%	-0.5%	1.7%
Regional			
Unemployment	3.5%	10.2%	8.4%
Employment Growth	-1.0%	-5.0%	-3.4%

Source: Moody's | Economy.com

### BEAT ON THE STREET

"Birmingham is currently experiencing an unprecedented industrial market. There has never been a time in my 22 year real estate career where Birmingham has approached a 20% vacancy rate in the industrial market. This is a tough time for landlords but an opportune time for tenants."

- Mark D. Byers, SIOR  
Executive Vice President



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### MARKET HIGHLIGHTS

#### SIGNIFICANT 3Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
804 LaBarge Drive	DirecTV	23,250	W/D
Parkwest Corporate Center	Trillion Communications Corp	22,890	W/D
Birmingham Food Terminal	JGA Beacon	19,375	W/D
1785 McCain Parkway	Betacom Incorporated	7,800	W/D

#### SIGNIFICANT 3Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

#### SIGNIFICANT 3Q09 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Old Dominion Freight Terminal		40,000	12/09
Spartan Building/Shelby West	Fresenius Medical Care	120,000	12/09

### MARKET STATISTICS

MARKET/ SUBMARKET	DIRECT VACANCY RATE	DIRECT QUARTERLY ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	15.7%	(56,992)	N/A	N/A	\$6.79	\$2.92
Eastern	10.0%	2,700	N/A	N/A	\$7.25	\$3.92
Oxmoor Valley	16.3%	(37,197)	N/A	N/A	\$6.50	\$4.96
Southern	17.3%	35,017	N/A	N/A	\$8.07	\$4.99
Southwestern	36.7%	990	N/A	N/A	N/A	\$3.99
<b>TOTAL</b>	<b>19.0%</b>	<b>(55,482)</b>	<b>N/A</b>	<b>N/A</b>	<b>\$6.68</b>	<b>\$4.11</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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