

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT



4Q09

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AT A GLANCE

- The Birmingham industrial market experienced negative direct absorption of 104,542 square feet (sf) in the fourth quarter. The direct occupancy rate for the market was 80.3%, a slight decrease from 81.0% in the third quarter.
- The only industrial submarket to show positive absorption in the fourth quarter was the Southwestern submarket. This submarket had positive direct absorption of 22,890 sf, all of which was office/warehouse space.
- The Eastern submarket had a small amount of negative absorption in the fourth quarter of 3,807 sf. The occupancy level for the Eastern submarket continues to be the highest in the Birmingham market at 89.7%.
- The warehouse/distribution segment of the Birmingham industrial market continues to remain soft with very little activity taking place in the fourth quarter.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	0.4%	-2.5%	2.3%
CPI Growth	3.8%	-0.4%	1.7%
Regional			
Unemployment	3.5%	10.5%	9.8%
Employment Growth	-1.0%	-3.3%	-0.2%

Source: Moody's | Economy.com

BEAT ON THE STREET

“Activity throughout 2009 has been very modest with a continued drop in occupancy levels in each of Birmingham’s submarkets. Despite these challenges, we look for activity to slowly increase in 2010 as the Birmingham economy begins to recover.”

- Mark D. Byers, SIOR
Executive Vice President

MARKET HIGHLIGHTS

SIGNIFICANT 2009 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Parkwest Corporate Center	Kaman Industrial Technologies	31,350	WD
Oxmoor South Industrial Park	Tarantin Tank & Equipment Co., Inc.	26,352	WD
Avondale Commerce Park	InMark	23,625	OS
Perimeter Industrial Park	Trinity Design Group, LLC	22,950	WD
Parkwest Corporate Center	Trillion Communications Corp.	22,890	WD
Airport Highway Park	S&B Technical Producers	21,600	WD
Cahaba Valley Business Park	NSORO Mastec, LLC	20,000	WD

SIGNIFICANT 2009 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

SIGNIFICANT 2009 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
Conklin Metals	Conklin Metals	50,000	6/09

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Old Dominion Freight Terminal	N/A	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	16.3%	(22,932)	N/A	N/A	\$6.68	\$2.91
Eastern	10.3%	(3,807)	N/A	N/A	\$7.25	\$4.14
Oxmoor Valley	17.1%	(24,410)	N/A	N/A	\$6.48	\$4.90
Southern	19.2%	(76,283)	N/A	N/A	\$7.50	\$4.89
Southwestern	35.6%	22,890	N/A	N/A	N/A	\$3.92
TOTAL	19.7%	(104,542)	N/A	N/A	\$6.63	\$4.08

*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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