

MARKETBEAT

BIRMINGHAM RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



MID-YEAR 2009

RETAIL MARKET OVERVIEW

- The Birmingham retail market has experienced a year-to-date negative absorption of 30,026 square feet (sf) and overall occupancy rate of 88.5%. Birmingham has been greatly affected by the high-profile bankruptcies and closings of Bruno's supermarkets, Circuit City, Goody's and Linens-N-Things. These stores represent nine locations and more than 250,000 sf in the Birmingham market.
- Containing Birmingham's highest household incomes, Homewood, Mountain Brook and Vestavia form the Central submarket. This mature submarket maintains the highest occupancy level year-to-date at 91.7%. However, the market has experienced slight negative absorption of 6,519 sf for the year.
- Development in the Birmingham market has slowed significantly in the last several years. However, developers and retailers continue to view Birmingham as high-potential territory, particularly along the U.S. Highway 31 and U.S. Highway 280 corridors. The final phase of The Summit at Interstate 459 and U.S. Highway 280 will bring 50,000 square feet of retail space to the Highway 280 submarket in the third quarter of 2009.
- The most significant development underway for 2009 is The Grove, a 608,859-sf Community & Power Center, located at the intersection of I-459 and AL Highway 150 in the Hoover/Riverchase market. The Grove will bring a long-awaited Target, Kohl's and Lowe's to the Hoover/Riverchase submarket, which is the regional shopping area of the Birmingham market. The Target and junior box stores will open in October of 2009, with Kohl's and Lowe's opening in 2010.

BEAT ON THE STREET

"Economic conditions have negatively impacted the commercial real estate market, especially the retail sector. Slowdowns in both consumer and business spending will continue to negatively impact Alabama's economy throughout 2009."

- Emris H. Graham, Sr. Vice President

MARKET HIGHLIGHTS

ECONOMIC INDICATORS

NATIONAL	2008	2009F	2010F
Real GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
Consumer Spending Growth	0.2%	-1.0%	0.6%
Retail Sales	-0.7%	-6.8%	3.6%
REGIONAL			
Household Income	\$46,458	\$47,883	\$48,745
Population	388,688	392,497	396,343
Unemployment	4.1%	10.1%	8.4%

Source: Moody's | Economy.com, U.S. Census, Bureau of Labor Statistics

PROJECTS UNDER CONSTRUCTION

BUILDING	TOTAL SF	DELIVERY DATE
The Grove	608,859	3Q2009
The Summit	50,000	3Q2009

2009 YTD CONSTRUCTION COMPLETIONS

BUILDING	TENANT	TOTAL SF
N/A		

MARKET STATISTICS

Market	Inventory	Overall Vacancy	YTD Absorption	Average Weighted Rental Rate
Central	3,520,737	8.3%	(6,519)	\$13.79
Eastern	3,763,468	10.7%	46,227	\$10.04
Eastwood/Irondale	1,648,783	15.6%	(58,943)	\$9.98
Highway 280	3,326,398	11.9%	(19,462)	\$18.23
Highway 31 South	1,873,837	9.1%	(16,762)	\$11.05
Hoover/Riverchase	4,492,291	10.0%	(96,824)	\$27.38
Northern	2,018,126	10.8%	65,900	\$9.46
Western	3,162,117	17.3%	56,357	\$11.13
TOTAL	23,805,757	11.5%	(30,026)	\$14.69

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

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