

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



1Q10

AT A GLANCE

- The Birmingham industrial market experienced 34,748 square feet (sf) of positive direct absorption in the first quarter of 2010, an increase from negative absorption of 104,542 sf at the end of 2009. The occupancy rate for the market was 80.5%.
- Compared to the poor performance of the Southern submarket in the past several quarters, this submarket had a significant amount of absorption, primarily in bulk distribution and office/warehouse space, with 119,307 sf absorbed.
- The Oxmoor Valley submarket continued to experience a drop in occupancy, reporting an 81.1% occupancy rate in the first quarter, down from 82.9% at the end of 2009. Absorption for this submarket during the first quarter was negative 47,130 sf.
- Sublease space continues to increase in the Birmingham industrial market with 614,307 sf available at the end of the first quarter. This is an increase from 583,733 sf at the end of the fourth quarter of 2009. While this is a challenging time for landlords, this is an opportune time for tenants seeking value in the Birmingham market.

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.4%	2.8%	3.7%
CPI Growth	-0.3%	1.9%	2.1%
Regional			
Unemployment	10.5%	10.7%	10.1%
Employment Growth	-3.3%	-5.0%	-2.6%

Source: Moody's | Economy.com

BEAT ON THE STREET

“Overall activity during the first quarter was very modest, reflected by the nominal change in occupancy rates. Despite the current challenges in the market, we anticipate a slow recovery and look to see improvement in the market during the latter part of 2010.”

- Mark D. Byers, SIOR
Executive Vice President



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MARKET HIGHLIGHTS

SIGNIFICANT 1Q10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Shelby Commerce Park	Joshen Paper	65,000	W/D
Cahaba Valley Business Park	NSORO	15,000	W/D
340 Industrial Drive	Community Coffee	11,200	W/D
Cahaba Valley Business Park	ATK	10,000	W/D
Cahaba Valley Business Park	Diebold, Inc.	6,000	W/D

SIGNIFICANT 1Q10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Airport Industrial Center	Birmingham Airport Authority	500,000	\$ 7,000,000
1904 16th Street North	Burlington Northern Santa Fe Railway	156,562	\$ 3,000,000
Former 84 Lumber	Eagle Fence	66,000	\$ 400,000

SIGNIFICANT 1Q10 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Spartan Building/Shelby West	Fresenius Medical Care	120,000	1/10
Old Dominion Freight Terminal	Old Dominion Freight	40,000	1/10

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

MARKET STATISTICS

MARKET/ SUBMARKET	DIRECT VACANCY RATE	YTD DIRECT ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	16.3%	(1,754)	N/A	N/A	\$6.68	\$2.91
Eastern	13.6%	(37,975)	N/A	N/A	\$7.19	\$4.25
Oxmoor Valley	18.9%	(47,130)	N/A	N/A	\$6.63	\$4.68
Southern	16.2%	119,307	N/A	N/A	\$6.85	\$4.81
Southwestern	35.5%	2,300	N/A	N/A	N/A	\$3.93
TOTAL	19.5%	34,748	N/A	N/A	\$6.68	\$4.02

*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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