

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q10

AT A GLANCE

- The Birmingham industrial market experienced 24,970 square feet (sf) of positive direct absorption in the second quarter of 2010. The direct occupancy rate for the market is 80.5%.
- While an increase in positive absorption is a step in the right direction, the amount of sublease space available in the market continued to rise in the second quarter. Sublease space increased by 60,000 sf to 675,032 sf, reflecting an overall vacancy rate of 75.8%.
- The Oxmoor Valley submarket absorbed 33,000 sf of bulk distribution space in the second quarter and experienced an increase in occupancy. The occupancy rate for the second quarter was 82.2%, up from 81.1% in the first quarter.
- The Southwestern submarket continues to show marked softness with an occupancy rate of 64.3%. As a result, there is a significant amount of bulk distribution inventory being marketed resulting in downward pressure on rental rates.

ECONOMIC INDICATORS

| National | 2009 | 2010F | 2011F |
|-------------------|-------|-------|-------|
| GDP Growth | -2.4% | 3.1% | 3.9% |
| CPI Growth | -0.3% | 1.8% | 2.1% |
| Regional | | | |
| Unemployment | 9.4% | 10.2% | 9.6% |
| Employment Growth | -5.9% | -1.9% | 2.6% |

Source: Moody's | Economy.com

BEAT ON THE STREET

“There is more positive dialogue in the marketplace as we talk with companies in the Birmingham community. Companies are gaining confidence, but there is still hesitancy to make any significant moves.”

- Mark D. Byers, SIOR
Executive Vice President



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EGS Commercial Real Estate, Inc.
505 N. 20th Street, Suite 700
Birmingham, AL 35203
(205) 939-4440

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MARKET HIGHLIGHTS

SIGNIFICANT 2Q10 NEW LEASE TRANSACTIONS

| BUILDING | TENANT | SF | PROPERTY TYPE |
|------------------------------|---------------------------|--------|---------------|
| Oxmoor South Industrial Park | TSF Sportswear, LLC | 66,000 | W/D |
| Continental Gin | Triton Stone | 50,000 | W/D |
| 1301 1st Ave South | Magma Granite Corporation | 21,400 | W/D |
| Cahaba Valley Business Park | Dynamic Tower Services | 6,975 | W/D |
| Birmingham Food Terminal | SNL Distribution Services | 5,000 | W/D |

SIGNIFICANT 2Q10 SALE TRANSACTIONS

| BUILDING | BUYER | SF | PURCHASE PRICE |
|--------------------------|---------|--------|----------------|
| 3101 Messer-Airport Hwy. | Nextran | 31,000 | \$ 1,160,000 |

SIGNIFICANT 2Q10 CONSTRUCTION COMPLETIONS

| BUILDING | MAJOR TENANT | SF | COMPLETION DATE |
|----------|--------------|----|-----------------|
| N/A | | | |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| BUILDING | MAJOR TENANT | SF | COMPLETION DATE |
|-----------|---------------|---------|-----------------|
| Posco BTS | Posco America | 150,000 | 3Q2010 |

MARKET STATISTICS

| MARKET/ SUBMARKET | DIRECT VACANCY RATE | YTD DIRECT ABSORPTION | DIRECT WEIGHTED AVERAGE NET RENTAL RATE* | | | |
|----------------------|---------------------------|-----------------------------|---|------------|---------------|---------------|
| | | | HT | MF | OS | W/D |
| Central | 16.2% | 550 | N/A | N/A | \$6.68 | \$2.93 |
| Eastern | 13.4% | (35,500) | N/A | N/A | \$7.19 | \$4.22 |
| Oxmoor Valley | 17.8% | (17,662) | N/A | N/A | \$6.63 | \$4.79 |
| Southern | 16.7% | 100,230 | N/A | N/A | \$7.06 | \$5.01 |
| Southwestern | 35.7% | 12,100 | N/A | N/A | \$7.95 | \$3.90 |
| TOTAL | 19.5% | 59,718 | N/A | N/A | \$6.80 | \$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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