

# MARKETBEAT

## BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



3Q10

### AT A GLANCE

- The Birmingham industrial market experienced negative 73,096 square feet (sf) of direct absorption in the third quarter of 2010. The direct occupancy rate for the market is 80.0%, down from 80.5% in the second quarter.
- The majority of the negative absorption which occurred in the market was in the Southern submarket, which ended the quarter with negative 58,725 sf. The negative absorption is primarily due to 119,000 sf of bulk distribution space which in previous quarters was reflected as sublease is now direct lease space.
- The amount of sublease space available in the market dropped to 513,699 sf in the third quarter, down from 675,032 sf at the end of the second quarter. Including sublease space, the overall vacancy rate for Birmingham is 76.4%.
- The Eastern submarket continues to be the most stable submarket with the highest occupancy rate at 86.8%. This submarket had very modest positive absorption in the third quarter with 3,300 sf of direct space absorbed.

### ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.6%	2.7%	3.1%
CPI Growth	-0.3%	1.6%	1.6%
Regional			
Unemployment	9.4%	10.0%	9.7%
Employment Growth	-5.9%	-2.4%	1.5%

Source: Moody's | Economy.com

### BEAT ON THE STREET

"While the lack of transactions paints a challenging picture for landlords in Birmingham's industrial real estate market, tenants should view this time as a unique opportunity to secure their long-term space needs at significantly reduced lease rates."

- Mark D. Byers, SIOR  
Executive Vice President

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### MARKET HIGHLIGHTS

#### SIGNIFICANT 3Q10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
Oxmoor South Industrial Park	TSF Sportswear, LLC	66,000	WD
Shelby Commerce Park	Stacks Furniture	52,000	WD
Shelby West Distribution Center	MailSouth, Inc.	33,750	WD
2790 Pelham Parkway - Virginia College	Wholesale Tire	18,000	SC
Wahouma Space Center	Laras Foods	10,516	WD
3515 Lorna Ridge Drive	Ivan Leonard Chevrolet, Inc.	10,000	WD
Cahaba Valley Business Park	NSORO	10,000	WD
Commerce Square Business Park	Preferred Surgical Products, LLC	9,900	WD
Parkwest Corporate Center	National HME, Inc.	6,600	WD

#### SIGNIFICANT 3Q10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
777 Clow Drive	American Lumber	98,000 sf	\$1,600,000
325 Carson Road	P&M Mechanical	84,720 sf	\$995,000

#### SIGNIFICANT 3Q10 CONSTRUCTION COMPLETIONS

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

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Synchronus Industrial Services	BLG Logistics	120,000	1Q2011

### MARKET STATISTICS

MARKET/ SUBMARKET	DIRECT VACANCY RATE	YTD DIRECT ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
Central	16.2%	1,150	N/A	N/A	\$6.61	\$2.93
Eastern	13.2%	(32,200)	N/A	N/A	\$7.17	\$3.88
Oxmoor Valley	18.7%	(42,533)	N/A	N/A	\$6.77	\$4.88
Southern	18.1%	41,505	N/A	N/A	\$7.41	\$4.80
Southwestern	35.4%	18,700	N/A	N/A	\$7.95	\$3.88
<b>TOTAL</b>	<b>20.0%</b>	<b>(13,378)</b>	<b>N/A</b>	<b>N/A</b>	<b>\$6.88</b>	<b>\$4.03</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

\*The market terms and definitions in this report are based on NAIOP standards.

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