

MARKETBEAT

BIRMINGHAM INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

4Q10

AT A GLANCE

- The Birmingham industrial market experienced negative 172,307 square feet (sf) of direct absorption in the fourth quarter of 2010. The direct occupancy rate for the market is 78.9%, down from 80.0% in the third quarter.
- The majority of negative absorption occurred in the Eastern submarket, which ended the quarter with negative 62,250 sf and negative 94,450 sf year-to-date. The negative absorption is primarily due to a single tenant vacating approximately 80,000 sf of bulk distribution space.
- The Central submarket was Birmingham's only industrial submarket to end the year with positive absorption. Direct absorption was a modest 23,842 sf, an increase from negative 65,899 sf at the end of 2009. The central submarket also has the highest occupancy rate at 84.3%.

ECONOMIC INDICATORS

National	2009	2010	2011F
GDP Growth	-2.6%	2.8%	2.8%
CPI Growth	-0.3%	1.6%	1.5%
Regional			
Unemployment	9.3%	9.2%	7.8%
Employment Growth	-5.9%	-2.6%	0.5%

Source: Moody's | Economy.com

BEAT ON THE STREET

"Birmingham's industrial market saw modest activity in 2010. There was little expansion from companies already in the Birmingham market and even less expansion from companies into the Birmingham market. The primary activity taking place in 2010 was simply the renegotiation and renewal of leases, as tenant continued to take a defensive posture. As 2011 begins, we are optimistic that Birmingham's industrial market will see a gradual improvement and overall occupancy will increase as the market recovers."

-Mark D. Byers, SIOR
 Executive Vice President



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MARKET HIGHLIGHTS

SIGNIFICANT 2010 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Oxmoor South Industrial Park	TSF Sportswear	66,000	W/D
Shelby Commerce Park	Joshen Paper	65,000	W/D
Shelby Commerce Park	Stacks Furniture	52,000	W/D
Continental Gin	Triton Stone	50,000	W/D
Shelby West Distribution Center	MailSouth, Inc.	33,750	W/D

SIGNIFICANT 2010 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Airport Industrial Center	Birmingham Airport Authority	500,000	\$7,000,000
1904 16 th Street N	Burlington Northern Santa Fe Railway	156,562	\$3,000,000
777 Clow Drive	American Lumber	98,000	\$1,600,000
325 Carson Road	P&M Mechanical	84,720	\$995,000
Former 84 Lumber	Eagle Fence	66,000	\$400,000
3101 Messer-Airport Hwy.	Nextran	31,000	\$1,160,000

SIGNIFICANT 2010 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Posco BTS	Posco America	150,000	10/2010
Spartan Building/Shelby West	Fresenius Medical Care	120,000	1/2010
Old Dominion Freight Terminal	Old Dominion Freight	40,000	1/2010

MARKET STATISTICS

SUBMARKET	DIRECT VACANCY RATE	YTD DIRECT ABSORPTION	DIRECT WTD. AVG CLASS A GROSS RENTAL RATE	
			OS	WD
Central	15.7%	23,842	\$6.52	\$2.87
Eastern	18.2%	(94,450)	\$7.38	\$3.97
Oxmoor Valley	19.6%	(66,627)	\$6.81	\$4.83
Southern	19.5%	(10,972)	\$7.35	\$4.55
Southwestern	37.3%	(24,100)	\$7.95	\$3.83
TOTAL	21.1%	(172,307)	\$6.90	\$3.96

*Rental rates reflect \$psf/year

**High-Tech & Manufacturing inventory does not exist in this market

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

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