MARKETBEAT

CUSHMAN & WAKEFIELD®

BIRMINGHAM INDUSTRIAL REPORT

2Q11

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Overview

The Birmingham industrial market experienced 230,622 square feet (sf) of positive direct absorption in the second quarter of 2011, a continued increase from 60,518 sf of positive absorption in the first quarter. The direct occupancy rate for the market was 81.0%, an increase from 79.3% at the end of the first quarter. The amount of sublease space available in the market continues to decrease with 275,174 sf available in the second quarter. The overall occupancy rate for Birmingham's industrial market, including sublease space, is 79.0%, an increase from 77.4% in the first quarter.

Submarkets

The Central submarket had positive absorption of 61,467 sf, with 52,905 sf of bulk distribution space absorbed. This is an increase from negative 59,155 sf in the first quarter. The occupancy rate for the Central submarket increased to 84.4%, up from 82.9%, and maintains one of the highest occupancy rates in Birmingham's industrial market.

The Eastern submarket continued to see improvement in occupancy during the second quarter with an 85.8% occupancy rate, an increase from 82.9% at the end of the first quarter. Absorption for the Eastern submarket during the second quarter was positive 37,007 sf.

The only submarket to experience negative absorption in the second quarter was the Oxmoor Valley submarket, which experienced had minimal negative 9,915 sf absorbed. The occupancy rate dropped slightly to 80.0%, a decrease from 80.4% in the first quarter.

The largest amount of positive absorption occurred in Birmingham's Southern submarket, which had positive absorption of 76,213 sf, with 47,300 sf of bulk distribution space absorbed. Direct occupancy for the Southern submarket increased to 82.5%, up from 80.6% in the first quarter. However, because this submarket contains the largest amount of sublease space with 209,600 sf available, the overall occupancy rate is 77.2%.

The Southwestern submarket experienced positive absorption of 65,850 sf in the second quarter of 2011, with 60,250 sf of bulk distribution space absorbed. Occupancy for this submarket continues to rise with a current occupancy rate of 70.3%, up from 67.4% at the end of the first quarter, and an increase from 64.3% at the end of the second quarter of 2010.

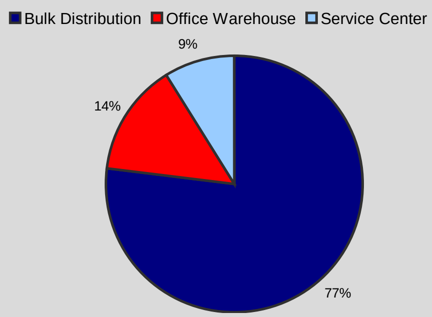
Outlook

As 2011 progresses, Birmingham's industrial market is continuing to see gradual improvements in occupancy across all submarkets. However, any new development activity will remain focused in built-to-suit projects until demand recovers and overall vacancy stabilizes.

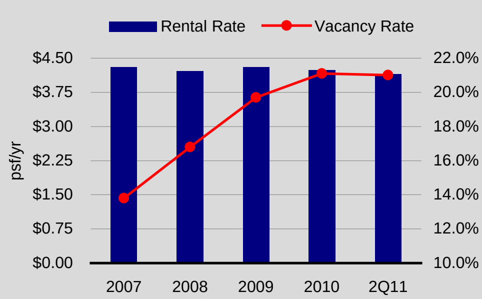
Stats on the Go

	2Q10	2Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	24.2%	21.0%	-3.2 pp	▼
Direct Asking Rents	$4.08	$4.15	1.7%	◀▶
YTD Direct Absorption (SF)	59,718	291,140	387.5%	▲

2Q11 Available Space by Property Type



Direct Rental vs. Vacancy Rates



Market/Submarket Statistics

Submarket	Inventory	Direct Vacancy Rate	YTD Leasing Activity	YTD User Sales Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	Available Sublease SF	Direct Weighted Average Net Rental Rate* OS	Direct Weighted Average Net Rental Rate* W/D
Central	4,197,328	15.6%	N/A	N/A	N/A	N/A	2,312	0	$6.08	$2.76
Eastern	1,247,100	14.2%	N/A	N/A	N/A	N/A	49,755	0	$7.38	$3.62
Oxmoor Valley	2,666,564	20.0%	N/A	N/A	N/A	N/A	(10,674)	65,574	$6.30	$4.89
Southern	3,947,937	17.5%	N/A	N/A	N/A	N/A	77,197	209,600	$7.52	$4.54
Southwestern	2,248,677	29.7%	N/A	N/A	N/A	N/A	172,550	0	$7.95	$3.84
TOTAL	**14,307,606**	**19.0%**	**N/A**	**N/A**	**N/A**	**N/A**	**291,140**	**275,174**	**$6.55**	**$3.93**

* Rental rates reflect asking $psf/year.

OS = Office Service W/D = Warehouse/Distribution

Market Highlights

SIGNIFICANT 2Q11 LEASE TRANSACTIONS

BUILDING	SUBMARKET	TENANT	SQUARE FEET	BUILDING CLASS
Former Meadowcraft Building	Eastern	Maintenance Plus	280,000	Warehouse/Distribution
Jeff Mett Distribution Center	Southwestern	Caterpillar Logistics	160,160	Warehouse/Distribution
Perimeter Industrial Park	Southwestern	Shaffer Sports Events*	144,000	Warehouse/Distribution
Moody Commerce Park	Eastern	Jones Stephens Plumbing	80,000	Warehouse/Distribution
Shelby West Commerce Center	Southern	JanPak, Inc.	47,300	Warehouse/Distribution
Perimeter Industrial Park	Southwestern	Trinity Design Group	40,000	Warehouse/Distribution
Birmingham Food Terminal	Central	M&A Supply Company	30,625	Warehouse/Distribution
Old Leeds Distribution Center	Eastern	American Bottling Company	28,600	Warehouse/Distribution
Avondale Commerce Park	Central	Shook & Fletcher Insulation Co.	25,000	Warehouse/Distribution
Vann Place	Eastern	Baker Distributing Company	24,750	Warehouse/Distribution
Birmingham Food Terminal	Central	Park Transfer & Storage Co.	17,775	Warehouse/Distribution
Oxmoor South Industrial Park	Oxmoor Valley	TSF Sportswear (expansion)	13,200	Warehouse/Distribution

* Renewal – not included in Leasing Activity Statistics

SIGNIFICANT 2Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
ABB Building	Eastern	Glass Forms	60,000	$2.5 million
15 Wellborn Street	Southern	Mid-South Steel	165,780	$1.3 million

SIGNIFICANT 2Q11 CONSTRUCTION COMPLETIONS

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
N/A				

SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Dollar General	Oxmoor Valley	Dollar General	1,000,000	4Q11
Alabama Crown	Southern	Alabama Crown	250,000	4Q11
Norfolk Southern Intermodal	Southwestern	Norfolk Southern	180 acres	1Q12

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