

MARKETBEAT



BIRMINGHAM INDUSTRIAL REPORT

3Q11

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Overview

The Birmingham industrial market experienced negative 384,599 square feet (sf) of direct absorption during the third quarter of 2011. While this is a significant change for the quarter, year-to-date absorption remains positive with 66,701 sf absorbed. This negative absorption affected the direct occupancy rate for the third quarter, causing it to slide to 79.4%, a decrease from 82.1% at the end of the second quarter. The amount of sublease space available in the market increased slightly from the previous quarter with 286,599 sf available in the third quarter. The overall occupancy rate for Birmingham's industrial market, including sublease space, is 77.4%, a decrease from 79% in the second quarter.

Submarkets

The Central submarket saw negative absorption of 82,103 sf, with most of it occurring in bulk distribution space. This is a change from positive 61,467 sf absorbed in the second quarter. The occupancy rate for this submarket decreased to 82.4%, down from 84.4%. However, this submarket maintains the highest occupancy rate in Birmingham's industrial market.

The Eastern submarket also experienced a decline in occupancy during the third quarter with an 80.6%

occupancy rate, reflecting a decrease from 85.8% at the end of the second quarter. Absorption for the Eastern submarket during the third quarter was negative 65,475 sf.

In Oxmoor Valley, the market experienced a slight increase with an occupancy rate of 81.1%, up from 80.0% in the second quarter. Absorption in the Oxmoor Valley submarket was a positive 30,350 sf.

The largest amount of negative absorption occurred in Birmingham's Southern submarket, which experienced negative absorption of 323,771 sf. Direct occupancy for the Southern submarket decreased to 74.3%, down from 82.5% in the second quarter. Because this submarket contains the largest amount of sublease space with 200,000 sf being available, the overall occupancy rate is 69.2%.

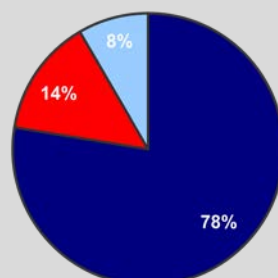
The Southwestern submarket, once the softest submarket in Birmingham, continued to see positive absorption. In the third quarter, 56,400 sf was absorbed. Occupancy in this submarket continues to rise with a current occupancy rate of 80.0%, up from 77.5% at the end of the second quarter.

Stats on the Go

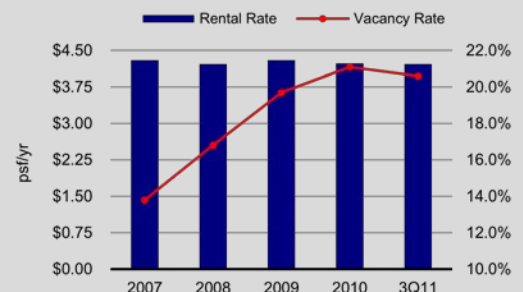
	3Q10	3Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	24.2%	22.6%	1.6 pp	▼
Direct Asking Rents	\$4.08	\$4.22	3.4%	◀▶
YTD Direct Absorption (SF)	(13,378)	66,701	20.1%	▲

3Q11 Available Space by Property Type

■ Bulk Distribution ■ Office Warehouse ■ Service Center



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	W/D
Central	4,197,328	17.6%	N/A	N/A	N/A	N/A	(79,791)	6,400	\$6.21	\$3.31
Eastern	1,247,100	19.4%	N/A	N/A	N/A	N/A	(15,720)	0	\$6.88	\$3.20
Oxmoor Valley	2,666,564	18.9%	N/A	N/A	N/A	N/A	19,676	80,199	\$6.50	\$5.24
Southern	3,947,937	25.7%	N/A	N/A	N/A	N/A	(246,574)	200,000	\$7.35	\$4.39
Southwestern	2,248,677	20.0%	N/A	N/A	N/A	N/A	389,110	0	\$7.00	\$3.65
TOTAL	14,307,606	20.6%	N/A	N/A	N/A	N/A	66,701	286,599	\$6.53	\$4.01

* Rental rates reflect asking Spsf/year.

OS = Office Service W/D = Warehouse/Distribution

Market Highlights

SIGNIFICANT 3Q11 LEASE TRANSACTIONS

BUILDING	SUBMARKET	TENANT	SQUARE FEET	BUILDING CLASS
200 Citation Court	Oxmoor Valley	John R. White Company	61,195	Warehouse/Distribution
Birmingham Food Terminal	Central	Mill Steel Birmingham, LLC	56,977	Warehouse/Distribution
Shelby West Distribution Center	Southern	AGC Automotive	33,750	Warehouse/Distribution
Shades Creek Business Park	Oxmoor Valley	Mygrant Glass Co., Inc.	32,214	Warehouse/Distribution
Oxmoor South Industrial Park	Oxmoor Valley	Express Courier International	29,074	Warehouse/Distribution
165 W. Oxmoor Road	Oxmoor Valley	Yale Carolinas, Inc.	25,000	Warehouse/Distribution
Oxmoor South Industrial Park	Oxmoor Valley	Johnson Wholesale Floors*	23,070	Warehouse/Distribution
Avondale Commerce Park	Central	The Sherwin-Williams Company*	21,000	Warehouse/Distribution
Shades Creek Business Park	Oxmoor Valley	Redi-Floors, Inc.	21,646	Warehouse/Distribution
Valleydale Business Center	Southern	Higdon Paper & Packaging	20,000	Warehouse/Distribution
Birmingham Food Terminal	Central	Dixieland Produce, Inc.*	19,000	Warehouse/Distribution
7500 Crestwood Blvd.	Eastern	Red Mountain Motor Sports	18,800	Service Center

* Renewal – not included in Leasing Activity Statistics

SIGNIFICANT 3Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
3968 Valley East Industrial Dr.	Eastern	Glasforms	60,000	\$2,500,000
200 Parker Drive	Southern	Sea Crocs, LLC	130,000	\$1,300,000
550 Elm Street	Southern	TBB Dispersions, LLC	35,000	\$615,000

SIGNIFICANT 3Q11 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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