

MARKETBEAT

INDUSTRIAL SNAPSHOT



BIRMINGHAM, AL

A Cushman & Wakefield Alliance Research Publication

Q4 2011



OVERVIEW

The Birmingham industrial market experienced 288,410 square feet (sf) of direct positive absorption during the fourth quarter of 2011. Year-to-date absorption increased to 730,127 sf, a significant change from negative 172,307 sf absorbed in 2010. The year-end direct occupancy rate for 2011 was 84.0%, up from 78.9% at the end of 2010. However, sublease space had a significant effect on the market and the overall occupancy rate for the Birmingham industrial market, when including sublease space was 79.3%, still a positive trend from 76.3%, including sublease space, at the end of 2010.

SUBMARKETS

The Central submarket had the largest amount of positive absorption during the fourth quarter with 160,017 sf absorbed. This is a change from negative 79,791 sf absorbed in the third quarter. The majority of space absorbed was in bulk distribution space. The occupancy rate for this submarket increased to 86.2%, up from 82.4% in the third quarter. The Central submarket maintains the highest occupancy rate in Birmingham's industrial market.

The only submarket to experience negative absorption in the fourth quarter, which was minimal at negative 2,275 sf absorbed, was the Eastern submarket. Occupancy for the Eastern submarket decreased slightly to 80.4%, down from 80.6% in the third quarter.

The Oxmoor Valley submarket continued to see improvement in occupancy during the fourth quarter with an 82.5% occupancy rate, an increase from 81.1% at the end of the third quarter. Absorption for the Oxmoor Valley submarket during the fourth quarter was positive 38,197 sf.

The Southern submarket had positive absorption of 91,321 sf, with 92,900 sf of bulk distribution space absorbed. Direct occupancy for the Southern submarket increased to 86.1%, up from 83.8% in the third quarter. However, because this submarket contains the largest amount of sublease space with 590,016 sf available, the overall occupancy rate is 71.2%.

The Southwestern submarket experienced positive absorption of 1,150 sf in the fourth quarter of 2011. However, the Southwestern submarket had the most considerable changes in occupancy in 2011 with year-to-date absorption of 390,260 sf. Occupancy for this submarket rose to 80.0% up from 62.7% at the end of 2010.

OUTLOOK

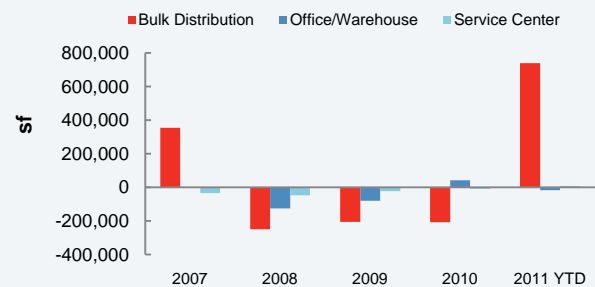
We anticipate that the Birmingham industrial market will continue to see improvement in overall occupancy in 2012. No new speculative development, interest in space spurred by the completion of Norfolk Southern's intermodal facility in 2012, and the supplier activity being created by automobile manufacturing should lead to better occupancy

statistics at the end of 2012. This activity will have a positive impact on the future landscape of Birmingham's industrial market.

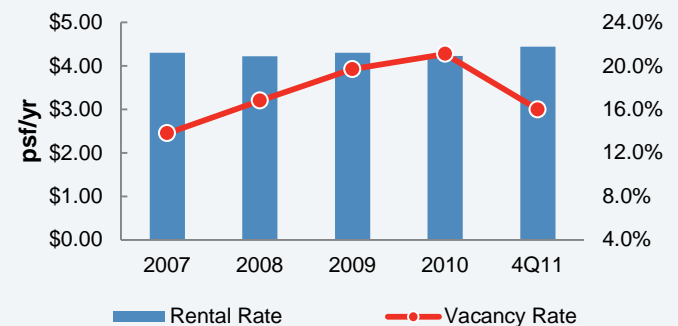
STATS ON THE GO

	4Q10	4Q11	Y-O-Y CHANGE	12 MONTH FORECAST
Direct Vacancy	21.1%	16.0%	5.1pp	▲
YTD Direct Absorption (sf)	(172,307)	730,127	76.4%	▲
Direct Asking Rents (psf/yr)	\$4.23	\$4.44	4.72%	◄►

ABSORPTION TRENDING



DIRECT RENTAL VS. VACANCY RATES



BIRMINGHAM, AL

SUBMARKET	INVENTORY	DIRECT AVAILABLE SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	AVAILABLE SUBLEASE SF	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE	
									OS	W/D
Central	4,197,328	578,027	13.8%	13.9%	6,400	0	0	80,226	\$6.51	\$3.39
Eastern	1,247,100	244,377	19.6%	19.6%	0			(17,995)	\$6.88	\$3.58
Oxmoor Valley	2,666,564	465,317	17.5%	20.5%	80,199	0	0	57,873	\$6.61	\$5.22
Southern	3,947,937	548,893	13.9%	28.8%	591,016	0	0	219,763	\$7.30	\$4.80
Southwestern	2,248,677	449,135	20.0%	20.0%	0	0	0	390,260	\$7.00	\$3.71
TOTALS	14,307,606	2,294,499	16.0%	20.7%	676,615	0	0	730,127	\$6.66	\$4.14

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT 2011 LEASE TRANSACTIONS

	SUBMARKET	TENANT/BUYER	PROPERTY TYPE	SQUARE FEET
Former Meadowcraft building	Eastern	Maintenance Plus	Warehouse/Distribution	280,000
Jeff Mett Distribution Center	Southwestern	Caterpillar Logistics	Warehouse/Distribution	160,160
Perimeter Industrial Park	Southwestern	Shaffer Sports Events*	Warehouse/Distribution	144,000
Jeff Mett Distribution Center	Southwestern	Beauty Alliance, Inc.	Warehouse/Distribution	100,100
Moody Commerce Park	Eastern	Jones Stephens Plumbing	Warehouse/Distribution	80,000
Birmingham Food Terminal	Central	Adam's Produce*	Warehouse/Distribution	67,395
501 31 st Street North	Central	Roofing Supply	Warehouse/Distribution	60,000
Birmingham Food Terminal	Central	Mill Steel Birmingham, LLC	Warehouse/Distribution	56,977
Shelby West Commerce Center	Southern	JanPak, Inc.	Warehouse/Distribution	47,300
Shelby West Commerce Center	Southern	Kauffman Tire	Warehouse/Distribution	47,300
Shelby West Distribution Center	Southern	AGC Automotive	Warehouse/Distribution	33,750
Oxmoor South Industrial Park	Oxmoor Valley	Merit Brass Co.	Warehouse/Distribution	33,000
Shades Creek Business Park	Oxmoor Valley	Mygrant Glass Co., Inc.	Warehouse/Distribution	32,214
480 28 th Street North	Central	R.E. Michael Co.	Warehouse/Distribution	30,669
Birmingham Food Terminal	Central	M&A Supply Company	Warehouse/Distribution	30,625

SIGNIFICANT 2011 SALE TRANSACTIONS

	SUBMARKET	BUYER	PURCHASE PRICE	SQUARE FEET
Parkwest Distribution Center	Southwestern	MBC United	\$8,200,000	208,000
3968 Valley East Industrial Drive	Eastern	Glass Forms	\$2,500,000	60,000
Flowers Baking Co., 800 Daniel Payne Dr	Central	Undisclosed	\$1,700,000	8,870
200 Parker Drive	Southern	Sea Crocs, LLC	\$1,300,000	130,000
15 Wellborn Street	Southern	Mid-South Steel	\$1,300,000	165,780

SIGNIFICANT 2011 CONSTRUCTION COMPLETIONS

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
N/A				
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
Dollar General	Oxmoor Valley	Dollar General	1Q12	1,000,000
Alabama Crown	Southern	Alabama Crown	1Q12	250,000
Norfolk Southern Intermodal	Southwestern	Norfolk Southern	4Q12	180 Acres

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS