

MARKETBEAT INDUSTRIAL SNAPSHOT

BIRMINGHAM, AL

A Cushman & Wakefield Alliance Research Publication

Q1 2013



OVERVIEW

The Birmingham Industrial Market experienced 60,677 sf of positive absorption in the first quarter of 2013, a significant change from the negative 111,117 sf of negative absorption that occurred in the fourth quarter of 2012. The direct occupancy rate increased slightly to 83.6%, up from 83.1%. The overall occupancy rate, which factors in available sublease space, was 80.3% at the end of the first quarter of 2013.

SUBMARKETS

The Central submarket ended the first quarter with 22,700 sf of positive absorption, a significant reversal from the 73,477 sf of negative absorption at year-end. The direct occupancy rate increased slightly to 81.0%, up from 80.5%, due in part to SaddleCreek Logistics' expansion into an additional 23,000 sf at BN Park, and several new lease transactions in the area.

The Eastern submarket experienced 10,000 sf of negative absorption, a continued trend from the 12,650 sf of negative absorption in the fourth quarter of 2012. The direct occupancy rate decreased slightly from 82.7% in 2012 to 81.9% in the first quarter of 2013.

The area that experienced the greatest improvement in occupancy during the first quarter of 2013 was the Oxmoor Valley submarket with a direct occupancy rate of 80.9%, an increase from 78.3% at year-end. Absorption during the first quarter was positive 70,431 sf, which includes 48,405 sf of absorption in bulk distribution space.

The Southern submarket ended the first quarter with negative absorption of 67,454 sf, compared to 52,409 sf of positive absorption that occurred in the 4th quarter of 2012. This can be attributed to several bulk distribution spaces returning to the market, the largest being a 20,000 sf space vacated by CWD. This absorption brings the occupancy rate to 89.1%, down from 90.8% in the fourth quarter of 2012. However, this is still a dramatic increase from 79.6% at the end of the first quarter 2012.

The Southwestern submarket continued to experience growth with positive absorption of 45,000 sf in the first quarter of 2013. The occupancy rate also improved to 82.6%, up from 80.6% at year-end. Notable transactions include Intertec System's lease of 123,631 sf at 5950 Greenwood Parkway and TekPak's lease of 40,000 sf at Perimeter Industrial Park.

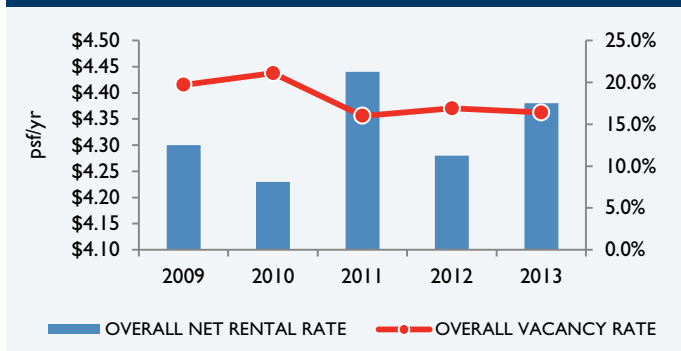
OUTLOOK

Despite the slow overall growth of the U.S. economy, Birmingham's Industrial Market experienced modest growth during the first quarter of 2013. Alabama's automotive manufacturing industry remains strong and continues to have a positive impact on the market as a whole. As Alabama's economy continues to improve, businesses will move forward with manufacturing and distribution projects that have long been hold, resulting in an increase in leasing activity and more stabilized occupancy levels. With the exception of build-to-suit construction projects, no new speculative development is expected in 2013.

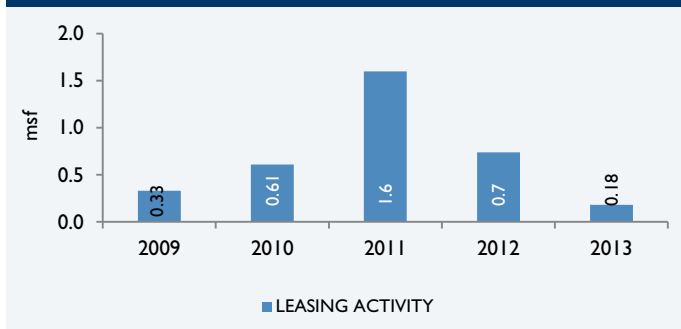
STATS ON THE GO

	Q1 2012	Q1 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	20.4%	19.7%	-0.7 pp	▼
Direct Asking Rents (psf/yr)	\$4.44	\$4.38	-1.4%	▼
YTD Leasing Activity (sf)	249,367	181,452	-27.2%	▼

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY



BIRMINGHAM, AL

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
									HT	MF	OS	W/D
Central	4,180,504	19.0%	61,450	N/A	N/A	N/A	22,700	22,700	N/A	N/A	\$6.27	\$2.97
Eastern	1,247,100	18.1%	0	N/A	N/A	N/A	(10,000)	(10,000)	N/A	N/A	\$6.00	\$4.17
Oxmoor Valley	2,666,564	19.1%	80,002	N/A	N/A	N/A	70,431	70,431	N/A	N/A	\$7.00	\$5.24
Southern	3,948,003	10.9%	0	N/A	N/A	N/A	(67,454)	(67,454)	N/A	N/A	\$7.50	\$5.24
Southwestern	2,248,677	17.4%	40,000	N/A	N/A	N/A	45,000	45,000	N/A	N/A	\$7.00	\$3.81
TOTALS	14,290,848	16.4%	181,452	N/A	N/A	N/A	60,677	60,677	N/A	N/A	\$6.80	\$4.08

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF = MANUFACTURING OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

Significant IQ 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
5950 Greenwood Parkway	Southwestern	Intertec Systems	Bulk Warehouse	123,631
4905-4983 Perimeter Parkway	Southwestern	TekPak	Bulk Warehouse	40,000
3969 Valley East Industrial Drive	Eastern	Hose Power USA	Bulk Warehouse	25,216
2500 13 th Street West	Central	Saddle Creek Logistics	Bulk Warehouse	23,000
1030 London Drive	Oxmoor	GSA	Light Industrial	20,554
500-512 28 th Street South	Central	Trim Tab Brewing	Flex/RD	19,500
240-264 Oxmoor Court	Oxmoor	Express Courier	Bulk Warehouse	18,480
1016 Powder Plant Road	Southwestern	Central Conveyor	Light Industrial	16,400
102-263 Distribution Drive	Oxmoor	Tell Manufacturing	Bulk Warehouse	14,375
1209 1 st Avenue South	Central	Undisclosed	Light Industrial	11,900
Significant IQ 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
1143 1 st Avenue South	Central	1143 First Avenue South Co	\$2,500,000 / \$21.72	115,075
2630 5 th Avenue South	Eastern	Shaffer Sports and Events	\$1,650,000 / \$17.93	92,000
200 Kilsby Circle	Southwestern	Deshazo Crane Co LLC	\$2,100,000 / \$25.95	80,937
3350 Ball Street	Central	PTT Properties LLC	\$790,000 / \$11.24	70,268
2331 1 st Avenue South	Central	Fairway Investment Real Estate	\$570,000 / \$26.33	42,000
3959 Valley East Industrial Drive	Eastern	JADD LLC	\$350,000 / \$30.93	21,650
Significant IQ 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Hibbett Sports	Southern	Hibbett Sports	Fall 2013	412,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS