

# RETAIL MARKET

## 2016 Year-in-Review

Birmingham, Alabama



### ECONOMIC INDICATORS

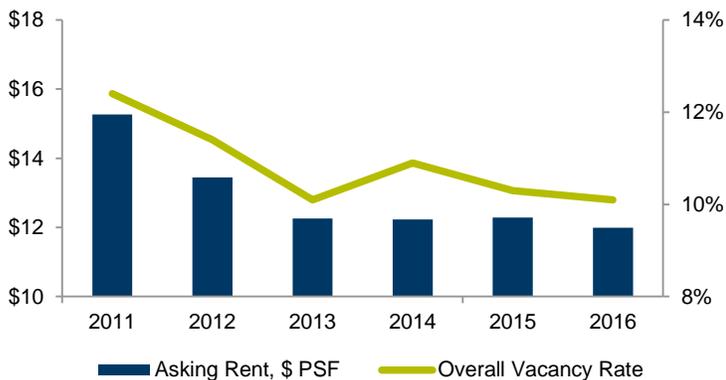
National	2015	2016*	12-Month Forecast*
GDP Growth	1.9%	1.8%	▲
CPI Growth	0.4%	1.6%	▲
Consumer Spending Growth	2.6%	2.8%	▼
Retail Sales Growth	2.0%	4.0%	▲

\*Forecast by Cushman & Wakefield

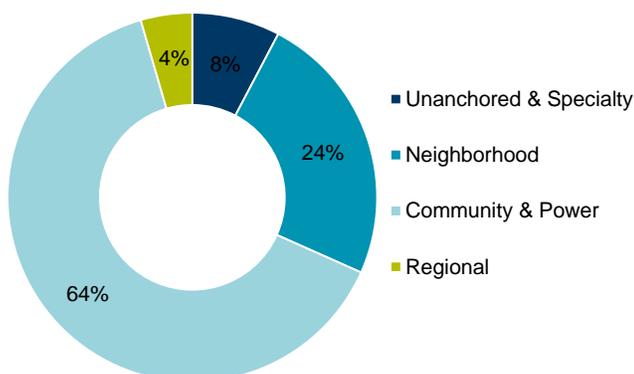
Regional	2015	2016	12-Month Forecast
Household Income	\$49,754	\$51,092	▲
Population Growth	0.4%	0.5%	▲
Unemployment	5.6%	4.4%	■

Source: Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The long-term trend in Alabama's unemployment rate remains positive. At the end of 2016, Alabama's unemployment rate fell to 6.2%, down slightly from 6.3% twelve months prior. As Alabama's economy continues to strengthen, and overall market indicators remain positive, consumer spending will increase resulting in more demand for the retail sector.

### Market Overview

Birmingham's retail market experienced modest growth in 2016. Year-end absorption totaled 57,323 square feet (sf), a continued positive trend from 2015. Total vacancy for Birmingham's retail market improved slightly to 10.1% in 2016, up from 10.3% in 2015. The US Highway 31 South submarket recorded the lowest vacancy at 3.9%, followed closely by the US Highway 280 and Hoover/Riverchase submarkets, both at 4.8%. The Eastwood/Irondale submarket recorded the highest vacancy marketwide at 24.2%. Average weighted rental rates for the overall market fell slightly from \$12.29 per square foot (psf), to \$11.99 psf at year-end. Several national chain store closures occurred during 2016 including K-Mart at Greensprings Shopping Center, Hancock Fabrics at Brook Highland Plaza, and The Limited at the Riverchase Galleria – all leaving large vacancies. However, despite these setbacks, the Birmingham market continued to attract several new retailers to the metro area in 2016 including Arhaus, Lizard Thicket, American Threads, Kinnucan's Specialty Outfitters, among others. Additionally, Publix Supermarket opened two new stores in the metro area in 2016, including the long-awaited location at 20 Midtown in downtown Birmingham.

### Outlook

While overall growth was modest throughout 2016, the outlook remains optimistic with continued moderate improvement expected in 2017. Several high-profile, mixed-use developments with retail components are nearing completion in downtown Birmingham, that will continue to build momentum for Birmingham's retail market as a whole. While there will be limited new development coming online in 2017, it is expected that overall leasing activity will continue at a modest pace throughout Birmingham's retail market, resulting in stable vacancy rates and rental rates for retail property owners.

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