

YoY Chg 12-Mo. Forecast

5.0%

Vacancy Rate



10K

YTD Net Absorption, SF



\$5.00

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

530K

Birmingham-Hoover Employment



3.2%

Birmingham-Hoover Unemployment Rate



6.0%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, AL Center for Business and Economic Research, www.madeinalabama.com; Q1 2021 data is based on the latest available data.

ECONOMIC OVERVIEW

Alabama's economy showed signs of improvement during first quarter of 2021. According to the Alabama Department of Labor, Alabama's unemployment rate fell to 3.8% in March 2021, down slightly from February's rate of 4.0%, and below the national average of 6.0%. In more good news, significant investment activity and expansion announcements by companies such as Amazon, Bonnie Plants, Coca-Cola Bottling Co. UNITED, Polyplex USA, Valeo North America and ALDI reflect the ongoing confidence in the state's economy. Manufacturing, automotive and aerospace activity remains strong throughout the state and will continue to serve as the key driver of growth for Birmingham's industrial market.

DEMAND AND SUPPLY

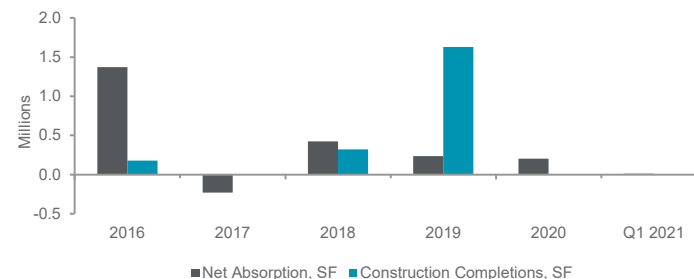
Birmingham's multi-tenant industrial market remained relatively flat in first quarter, recording 10,460 square feet (sf) of positive absorption. Overall vacancy fell to 5.0% in first quarter, down from 5.1% in 2020 and down from 5.8% this same time last year. Leasing activity continued at a steady pace, totaling 390,435 sf in first quarter, with the bulk of the activity occurring in the Southern submarket.

In development news, build-to-suit projects remain the driver of new construction activity in the area. The construction pipeline in Birmingham's seven-county region currently contains over 5.0 million square feet (msf) of build-to-suit product. Projects currently underway include Mercedes-Benz's \$1.0 billion expansion project in Bibb County, Carvana's 200,000-sf distribution and fulfillment center, Lowe's Home Improvement's 1.2 million square foot (msf) facility, and FedEx Ground's \$40.6 million, 300,000-sf facility, all three of which are in Jefferson County.

PRICING

The overall average weighted net asking rate for all property types decreased slightly to \$5.00 per square foot (psf) at the end of first quarter, down from \$5.32 psf at the end of fourth quarter 2020. With only 726,327 sf of space available out of 14.6 msf, quality options remain limited for tenants seeking new space. Supply constraints are expected to push rental rates, property values and land prices higher, which may again spur limited development of new industrial product in the near future.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Central	3,831,266	150,951	3.9%	7,920	7,920	68,000	0	n/a	\$7.50	\$4.62
Eastern	2,056,060	252,475	12.3%	2,475	2,475	388,000	0	n/a	\$8.48	\$3.78
Oxmoor Valley	2,641,064	125,535	4.3%	37,720	37,720	447,000	0	n/a	\$8.07	\$5.64
Southern	3,948,003	194,881	4.9%	(63,255)	(63,255)	600,000	0	n/a	\$9.45	\$5.31
Southwestern	2,094,245	14,400	0.7%	25,600	25,600	3,800,000	0	n/a	\$7.00	\$7.00
BIRMINGHAM TOTALS	14,570,638	738,242	5.0%	10,460	10,460	5,116,000	0	n/a	\$8.51	\$4.65

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Calera Distribution Center	Southern	Crazy Cazboys	270,600	New
3317 5 th Avenue South	Central	University of Alabama at Birmingham	22,075	New
285 Cahaba Valley Parkway North	Southern	BaseSix Systems	11,600	Renewal/Expansion
3800-3812 1 st Avenue North	Central	Batesville Logistics	10,800	New

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KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4500 1 st Avenue South	Central	UIRC / Postal Realty Trust	178,174	\$7.65M / \$43
1523 Midfield Industrial Blvd	Southwestern	BlueLinX Corporation / West End Capital Partners	123,750	\$1.88M / \$15
428 Industrial Lane	Vulcan/Oxmoor	ServisFirst Bank / Storyteller Overland	83,283	\$2.74M / \$33
1355 Industrial Blvd	Southwestern	Kloekner Metals Corp / Pinter Memorials	76,346	\$1.2M / \$16

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