

YoY Chg 12-Mo. Forecast

**4.7%**

Vacancy Rate



**319K**

YTD Net Absorption, SF



**\$5.47**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

**545.5K**

Birmingham-Hoover Employment



**2.8%**

Birmingham-Hoover Unemployment Rate



**4.2%**

U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, AL Center for Business and Economic Research, [www.madeinalabama.com](http://www.madeinalabama.com); Birmingham Business Alliance; Q4 2021 data is the average of October and November employment figures.

### ECONOMIC OVERVIEW

The fourth quarter of 2021 brought positive news for Alabama's economy. According to the Alabama Department of Labor, Alabama's unemployment rate ended the year at 3.1%, down from 4.7% recorded this same time last year. In more good news, 2021 brought with it news of significant investment and expansion activity throughout Alabama by companies such as Amazon, Landing, FedEx, Lockheed Martin, KBR and Hanwha Cimarron. Most notable for the Birmingham market was The J.M. Smucker Co.'s announcement to invest \$1.1 billion in a new manufacturing facility and distribution center in the Birmingham region, which is expected to bring approximately 750 jobs to the area.

### DEMAND AND SUPPLY

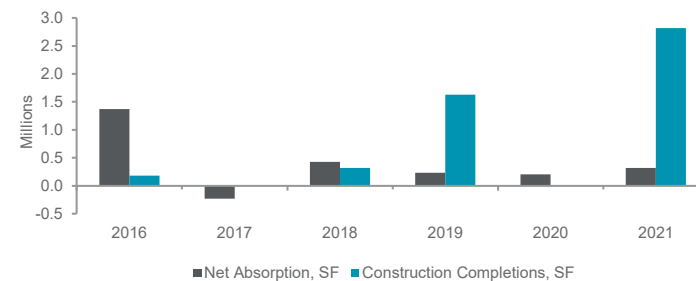
Birmingham's multi-tenant industrial market ended the year with 318,949 square feet (sf) of overall absorption, a continued positive trend from the 204,570 sf recorded in 2020. As a result, overall vacancy fell slightly to 4.7% at year-end, down from 5.1% the year prior. Leasing activity totaled 369,056 sf in the fourth quarter, bringing the year-to-date total to 1,268,759 sf, a 34% increase over 2020.

In development news, build-to-suit projects remain the driver of new construction activity in the area. During fourth quarter of 2021, Ferguson Enterprises completed construction on its new 68,000-sf warehouse in Birmingham's Central submarket, while construction continued on approximately 2.8 million square feet (msf) of build-to-suit projects in Birmingham's seven-county region. In addition, the first speculative warehouse building in the Birmingham market since 2018 broke ground in 2021, indicating sustained confidence in local market conditions.

### PRICING

The overall average weighted net asking rate for all property types increased to \$5.47 per square foot (psf), up from \$5.32 psf at the end of 2020. With only 656,627 sf of space available out of 15.1 msf, the market is positioned to see rental rates continue to increase as landlords slowly adjust their rates to meet the market demand. 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 in 2022.

### 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	256,943	6.7%	-16,952	-98,072	186,000	68,000	n/a	\$6.50	\$4.39
Eastern	2,651,406	85,950	3.2%	103,514	453,114	0	0	n/a	\$8.48	\$4.01
Oxmoor Valley	2,641,064	69,550	4.8%	20,967	36,465	187,000	0	n/a	\$8.07	\$6.71
Southern	3,948,003	208,034	5.3%	9,397	-76,408	600,000	0	n/a	\$9.93	\$5.95
Southwestern	2,094,245	36,150	1.7%	-4,800	3,850	2,000,000	0	n/a	\$7.00	\$6.57
<b>BIRMINGHAM TOTALS</b>	<b>15,165,984</b>	<b>656,627</b>	<b>4.7%</b>	<b>112,126</b>	<b>318,949</b>	<b>2,973,000</b>	<b>0</b>	<b>n/a</b>	<b>\$7.67</b>	<b>\$5.15</b>

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

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

### KEY LEASE TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
400 Industrial Drive	Oxmoor Valley	AFH Logistics Services	486,353	New
2415 Highway 78 East	Eastern	Landing	284,114	New / Expansion
41 North Industrial Drive	Southern	Crazy Cazboys	270,600	New
4700 Pinson Valley Parkway	Eastern	Southern Tire Mart	204,000	New

### KEY SALES TRANSACTIONS 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
10095 Brose Drive	Southwestern (Bibb County)	Rothschild Capital Partners & Niantic Partners / Highline Real Estate Partners	604,000	\$55M / \$91
2415 Highway 78 East	Eastern	Dunlap & Kyle Co / STAG Industrial	595,490	\$36M / \$60
4101 Lakeshore Parkway	Southwestern	JD Birmingham, LLC / MREIC Birmingham AL LLC	290,000	\$30M / \$104
4901 Alton Court	Eastern	Jones Birmingham LLC / Realty Income Corp	113,066	\$12.8M / \$113

### KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
NA Sales Hub / Global Service Parts Warehouse / Battery Plant	Southwestern (Bibb County)	Mercedes-Benz U.S. International (MBUSI)	1,900,000	MBUSI
Carvana Distribution Center	Southwestern	Carvana	200,000	Carvana
FedEX Ground Distribution Center	Oxmoor Valley	FedEX Ground	140,000	FedEx
Amazon Delivery Facility	Oxmoor Valley	Amazon	120,000	Amazon

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