

YoY Chg 12-Mo. Forecast

3.7%
Vacancy Rate



220K
YTD Net Absorption, SF



\$6.05
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

544.1K
Birmingham-Hoover
Employment



2.9%
Birmingham-Hoover
Unemployment Rate



3.6%
U.S.
Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, AL Center for Business and Economic Research, www.madeinalabama.com; Birmingham Business Alliance; The U.S. unemployment rate reflects March's unemployment rate. MSA employment data reflects the average of January and February employment figures.

ECONOMIC OVERVIEW

Alabama's economy continued to strengthen during the first quarter of 2022. Alabama's March unemployment rate fell to 2.9%, down from February's rate of 3.0%, and below March 2021's rate of 3.7%. According to the Alabama Department of Labor, the March rate ties the all-time record low unemployment rate recorded in September 2019. In a report recently released by the Alabama Department of Commerce, economic development projects launched in 2021 will bring over 10,000 jobs and nearly \$7.7 billion in new capital investment, creating significant momentum for Birmingham's commercial real estate market as a whole.

DEMAND AND SUPPLY

Birmingham's multi-tenant industrial market started the year off in a positive direction with 220,325 square feet (sf) of absorption, a continued positive trend from 2021. Overall vacancy ended the quarter at 3.7%, down from 4.7% at year end. Developers are responding to the tightening industrial market conditions in Birmingham's seven-county region, as evidenced by the increase in new construction projects in the area. The current construction pipeline has 542,000 sf of speculative space scheduled to deliver in 2022, the highest amount of speculative space under construction since 2007. In addition, 1.7 million square feet (msf) of build-to-suit product was delivered in first quarter, with an additional 1.25 msf under construction. Notable build-to-suit projects under construction include Georgia Crown's 600,000-sf facility in the Southern submarket, Gulf Distributing's 163,000-sf warehouse facility in the Southeast submarket and a 300,000-sf manufacturing facility leased to Lear Corporation at Jefferson County Metropolitan Park in McCalla. Manufacturing, automotive and aerospace activity throughout Alabama will continue to serve as the key drivers of growth for Birmingham's industrial market throughout 2022.

PRICING

Following the national trend, Birmingham's industrial rental rates continue to steadily increase. The overall average weighted net asking rate for all property types increased \$0.58 to \$6.05 per square foot, a 10% increase from fourth quarter. With limited existing availabilities, it is expected that overall rental rates will continue to escalate throughout 2022 as the competition for quality space tightens.

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	3,700,734	226,550	6.1%	92,253	92,253	326,000	0	n/a	\$6.50	\$4.21
Eastern	2,588,906	4,425	0.2%	81,525	81,525	0	0	n/a	\$6.95	\$7.75
Oxmoor Valley	2,641,064	117,550	4.5%	-2,675	-2,675	187,000	0	n/a	\$8.07	\$9.13
Southern	3,948,003	163,612	4.1%	44,422	44,422	816,000	0	n/a	\$9.93	\$5.58
Southwestern	2,094,245	31,350	1.5%	4,800	4,800	463,000	1,700,000	n/a	\$7.00	\$6.50
BIRMINGHAM TOTALS	14,972,952	543,487	3.7%	220,325	220,325	1,792,000	1,700,000	n/a	\$7.66	\$5.75

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

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
30 West Oxmoor Road	Oxmoor Valley	Kroger Co.	50,000	New
Oxmoor South Industrial Park**	Oxmoor Valley	Safelite Fulfillment	39,680	Renewal*
Shades Creek Business Park**	Oxmoor Valley	J.B. Hunt Transport, Inc.	19,760	Renewal*
1800 Green Springs Hwy S	Oxmoor Valley	Granite Empire	12,000	New
Cahaba Valley Business Park**	Southern	Convergint Technologies	10,000	New

*Renewals not included in leasing statistics

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KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
175 Airview Lane**	Southern	Shelby West Industrial Enterprises / Highline Real Estate Partners	250,000	\$18.25M / \$79
1840 Corporate Woods Drive**	Southern	Shelby West Industrial Enterprises / Highline Real Estate Partners	154,000	\$10.43M / \$68
3540 27 th Avenue	Central	Gate City Steel Inc. / OCV Birmingham LLC	107,350	\$3.4M / \$32

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Lowe's Distribution Center	Southwestern	Lowe's Corp.	1,200,000	Polygon Bessemer LLC / Clayco
Mercedes Benz US International (MBUSI) Sequencing Facility	Southwestern (Vance, AL)	MBUSI	530,000	Monmouth Real Estate Investment Corp / Graham & Company

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