

YoY Chg 12-Mo. Forecast

7.3%
Vacancy Rate



581K
YTD Net Absorption, SF



\$5.62
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

YoY Chg 12-Mo. Forecast

557K
Birmingham-Hoover Employment



2.4%
Birmingham-Hoover Unemployment Rate



3.7%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, www.madeinalabama.com; Birmingham Business Alliance; CoStar, Real Capital Analytics

2022Q4 data are based on latest available data.

ECONOMIC OVERVIEW

Market fundamentals remained steady throughout Alabama despite ongoing economic uncertainties. At the close of 2022, Alabama's unemployment rate held steady at 2.7% in November, which is well below November 2021's rate of 3.1% and below the U.S. rate of 3.7%. On a local level, the Birmingham Business Alliance recently announced that 2022 brought over \$183 million in capital investments, resulting in nearly 1,500 jobs in the Birmingham metro area. Significant investment activity and expansion announcements by companies such as The Kroger Co., Home Depot, Utz, O'Neal Steel, and Energy Pipe & Supply reflect the ongoing confidence in the Birmingham region.

DEMAND AND SUPPLY

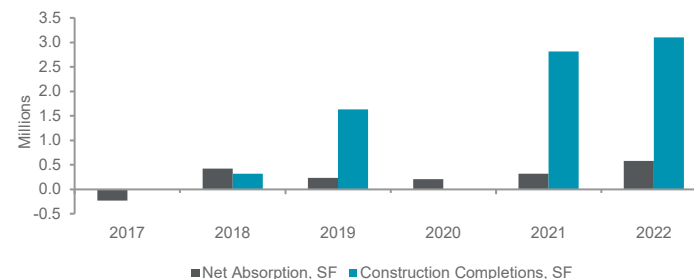
Birmingham's multi-tenant industrial market ended the year with 581,491 square feet (sf) of overall absorption, a continued positive trend from the 318,949 sf recorded in 2021. Leasing activity slowed during fourth quarter, however year-to-date leasing activity totaled 1.2 million square feet (msf), exceeding 1.0 msf leased for the second year in a row.

Development activity remained strong with over 3.1 msf of new industrial product completed throughout Birmingham's seven-county region in 2022. Given these new construction deliveries, coupled with several existing industrial buildings being added to the multi-tenant inventory in 2022, overall vacancy increased to 7.3% at year-end, up from 4.7% at the end of 2021. At the close of fourth quarter, there was 650,000 sf of industrial product under construction with an anticipated delivery date of 2023. Areas with significant industrial development include the I-65 corridor in North Birmingham off Daniel Payne Drive in the Central Submarket, as well as in McCalla off McAshan Drive and Jefferson Metropolitan Parkway in Birmingham's Southwestern submarket.

PRICING

The overall average weighted net asking rate for all property types increased to \$5.62 per square foot (psf), up from \$5.47 psf at the end of 2021. Bulk distribution/warehouse space continues to be the most desired of all product types, ending the year with an average overall asking rate of \$5.52 psf, up from \$5.15 psf in 2021. It is expected that rates will continue to increase modestly as supply tightens and new product delivers in 2023.

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) | YTD CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|--------------------------|-------------------|---------------------|----------------------|---|---------------------------------|------------------|-----------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Central | 4,131,734 | 366,300 | 8.9% | 29,782 | 182,542 | 225,000 | 512,000 | n/a | \$8.32 | \$4.89 |
| Eastern | 2,588,906 | 1,950 | 0.1% | 0 | 84,000 | 0 | 0 | n/a | \$10.00 | \$5.35 |
| Oxmoor Valley | 3,069,885 | 417,686 | 7.5% | 19,195 | 137,925 | 0 | 187,000 | n/a | \$6.50 | \$7.33 |
| Southern | 3,948,003 | 379,760 | 9.6% | 6,015 | -171,726 | 0 | 379,000 | n/a | \$9.88 | \$5.02 |
| Southwestern | 2,421,245 | 14,400 | 0.0% | 31,350 | 348,750 | 424,220 | 2,027,000 | n/a | \$7.00 | \$5.06 |
| BIRMINGHAM TOTALS | 16,159,773 | 1,180,096 | 7.3% | 86,342 | 581,491 | 649,220 | 3,105,000 | n/a | \$9.70 | \$5.52 |

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

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

KEY LEASE TRANSACTIONS 2022

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|------------------------------------|---------------|-------------------------|---------|--------------------|
| 1532 Midfield Industrial Boulevard | Oxmoor Valley | Dollar General | 307,200 | New |
| 1840 Corporate Woods Drive** | Southern | BARJAS (Liquid Bidding) | 116,563 | New |
| 500 Eagan Road | Central | Utz | 109,120 | New |
| Shelby West Commerce Center** | Southern | US Venture | 106,700 | Renewal*/Expansion |
| 531 Eagan Road | Central | Chadwell Supply | 93,000 | New |

*Renewals not included in leasing statistics **Represented by Cushman & Wakefield / EGS

KEY SALES TRANSACTIONS 2022

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|------------------------------|---------------|--|---------|-----------------|
| 1840 Corporate Woods Drive** | Southern | SWIE II / Highline Real Estate Partners | 250,000 | \$18.25M / \$79 |
| 3501 First Avenue North | Eastern | Damsky Paper Co. / Stout Operating Firm LLC | 239,000 | \$13.25M / \$55 |
| 36 – 126 Barber Court | Oxmoor Valley | Prairie Farms Dairy, Inc. / Milo's Tea Company | 239,000 | \$10.1M / \$49 |
| 7600 Crestwood Boulevard | Central | Stonemont Financial Group / Stonepeak Partners | 202,044 | \$81.6M / \$404 |
| 511 Vulcan Drive | Oxmoor Valley | Irondale Warehouse LLC / Farra LLC | 166,618 | \$5.9M / \$36 |
| 175 Airview Lane** | Southern | SWIE I / Highline Real Estate Partners | 154,000 | \$10.43M / \$68 |
| 3242 Moody Parkway | Eastern | Jones Stephens Properties, LLC / Edwin Lumpkin Jr. | 105,726 | \$10.9M / \$103 |

**Represented by Cushman & Wakefield / EGS

KEY CONSTRUCTION COMPLETIONS 2022

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|--------------------------------|--------------------------|---------------------------|-----------|------------------------------------|
| Lowes Distribution Center | Southwestern | Lowe's Corp. | 1,200,000 | Polygon Bessemer LLC / Clayco |
| Mercedes Benz US International | Southwestern (Vance, AL) | MBUSI | 530,000 | Monmouth Real Estate |
| 1 McAshan Drive - Bldg C | Southwestern | Lear Corp | 327,000 | AMR REIT Inc./Prestige Development |
| Calera Commerce Park | Southern | Sunbelt Paper & Packaging | 216,000 | Graham & Company |

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