

YoY Chg 12-Mo. Forecast

**4.8%**  
Vacancy Rate



**51K**  
YTD Net Absorption, SF



**\$5.70**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2022

YoY Chg 12-Mo. Forecast

**549.6K**  
Birmingham-Hoover Employment



**2.4%**  
Birmingham-Hoover Unemployment Rate



**3.6%**  
U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, [www.madeinalabama.com](http://www.madeinalabama.com); Birmingham Business Alliance; CoStar, Real Capital Analytics, 2022Q2 data are based on latest available data.

### ECONOMIC OVERVIEW

Market fundamentals in Alabama's economy continued to strengthen during the first half of 2022. According to the Alabama Department of Labor, Alabama's June unemployment rate fell to 2.6%, down from May's rate of 2.7%, and below June 2021's rate of 3.5%. The state's business-friendly economic climate continues to attract attention, and most recently helped Alabama earn the Silver Shovel award from *Area Development* magazine for its economic successes in 2021. There are number of major economic development projects currently underway in Alabama, reinforcing the strength of the state's automotive, aerospace and manufacturing industries, and creating overall momentum for Birmingham's commercial real estate market as a whole.

### DEMAND AND SUPPLY

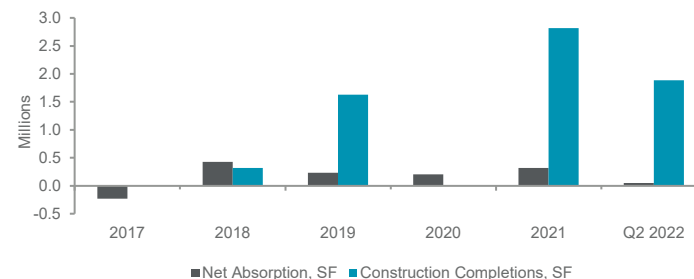
During second quarter of 2022, Birmingham's multi-tenant industrial market experienced overall negative absorption of 169,087 square feet (sf), compared to positive 220,325 sf in the first quarter of the year. The majority of this negative absorption occurred in the Southern submarket as a result of a large bulk/distribution space becoming available at Calera Distribution Center. As a result, overall vacancy increased slightly to 4.8%, up from 3.7% in first quarter. At the same time, leasing activity continued at a steady pace with 324,750 sf of transactions signed in second quarter, pushing the year-to-date total to 576,262 sf.

Developers continue to respond 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 over 800,000 sf of speculative space scheduled to deliver in 2022, the highest amount of speculative space under construction since 2007. In addition, construction continued on approximately 1.1 million square feet (msf) of build-to-suit space that includes Georgia Crown's 600,000-sf facility in the Southern submarket, Gulf Distributing's 163,000-sf warehouse facility in the Southwest submarket and a 300,000-sf manufacturing facility leased to Lear Corporation at Jefferson County Metropolitan Park in McCalla.

### PRICING

The overall average weighted net asking rate for all property types ended second quarter at \$5.70 per square foot (psf), which was slightly below the first quarter rate of \$6.05 psf, and above the \$4.96 psf rate recorded this same time last year. With only 698,174 sf of space available out of 15.0 msf, the market is positioned to see rental rates continue to escalate as landlords adjust their rates to meet the market demand and as new development comes to the market.

### 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 CNSTR 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	252,155	6.8%	-25,605	66,648	326,000	0	n/a	\$8.04	\$4.41
Eastern	2,588,906	3,900	0.2%	525	82,050	0	0	n/a	\$8.48	\$5.35
Oxmoor Valley	2,641,064	63,744	2.0%	65,721	63,046	0	187,000	n/a	\$10.50	\$11.00
Southern	3,948,003	358,940	9.1%	-195,328	-150,906	816,000	0	n/a	\$9.93	\$5.57
Southwestern	2,094,245	45,750	1.5%	-14,400	-9,600	774,900	1,700,000	n/a	\$7.00	\$6.50
<b>BIRMINGHAM TOTALS</b>	<b>14,972,952</b>	<b>724,489</b>	<b>4.8%</b>	<b>-169,087</b>	<b>51,238</b>	<b>1,916,900</b>	<b>1,887,000</b>	<b>n/a</b>	<b>\$9.76</b>	<b>\$5.57</b>

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

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

**KEY LEASE TRANSACTIONS Q2 2022**

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1840 Corporate Woods Drive**	Southern	BARJAS (Liquid Bidding)	116,563	New
230 W Valley Avenue	Oxmoor Valley	The Parts House	69,140	New
3610 Highway 31	Southern	N&B Industries	65,000	New
3400 Highway 31	Southern	Dwell & Décor Outdoor	65,000	New
5551 Parkwest Drive, Bldg 3**	Southwestern	CTDI	48,600	Renewal*
200 – 208 Oxmoor Ct*	Oxmoor Valley	HotHouse Holdings, Inc.	23,070	New

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**KEY SALES TRANSACTIONS Q2 2022**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
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
140 Citation Court	Oxmoor Valley	Edwin B. Lumpkin / Michael W. Silinsky	88,200	\$2.9M / \$33
3217 Messer Airport Highway	Central	Colonnade Property / 3217 Messer Airport Hwy LLC	76,250	\$3.5M / \$46
141 Industrial Drive	Oxmoor Valley	Dobbs Mgmt Service / Adams Beverages of NC	74,166	\$6.7M / \$91
101 39 <sup>th</sup> Street North**	Central	Avondale Commercial Park, LLP / STAG Industrial Holdings, LLC	67,174	\$7.8M / \$116

\*Renewals not included in leasing statistics

\*\*Represented by Cushman & Wakefield / EGS

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