

YoY Chg 12-Mo. Forecast

7.8%

Vacancy Rate



495K

YTD Net Absorption, SF



\$5.50

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

555.7K

Birmingham-Hoover Employment



2.3%

Birmingham-Hoover Unemployment Rate



3.5%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics, AL Department of Labor, www.madeinalabama.com; Birmingham Business Alliance; CoStar, Real Capital Analytics, 2022Q3 data are based on latest available data. U.S. unemployment rate reflects September 2022.

ECONOMIC OVERVIEW

Market fundamentals in Alabama's economy remain steady. At the end of third quarter, Alabama's September unemployment rate remained at 2.6%, which is well below September 2021's rate of 3.2%. In more good news, significant investment activity and expansion announcements by companies such as O'Neal Manufacturing Services, Novelis, ISA Corp., Hyundai Mobis, and Beyond Gravity, 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

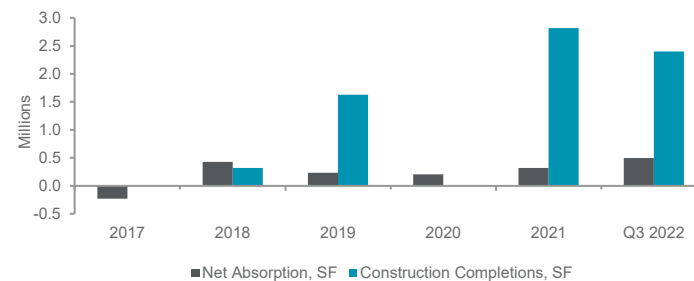
During third quarter of 2022, Birmingham's multi-tenant industrial market recorded overall positive absorption of 443,911 square feet (sf), a reversal from the negative 169,087 sf recorded in second quarter. Overall vacancy increased to 7.8%, up from 4.8% in second quarter, as a result of new construction deliveries and existing industrial buildings being added to the multi-tenant inventory. Leasing activity totaled 458,099 sf in third quarter, bringing the year-to-date total to 1,034,361 sf, a 15% increase from this same time last year.

The industrial construction pipeline continues to grow across Birmingham's seven county region. At the close of third quarter, the market recorded just under 2.0 million square feet (msf) of industrial product under construction. Of that 2.0 msf under construction, 1.2 msf is speculative space, which is the highest amount of speculative space under construction since 2007. Areas experiencing 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.

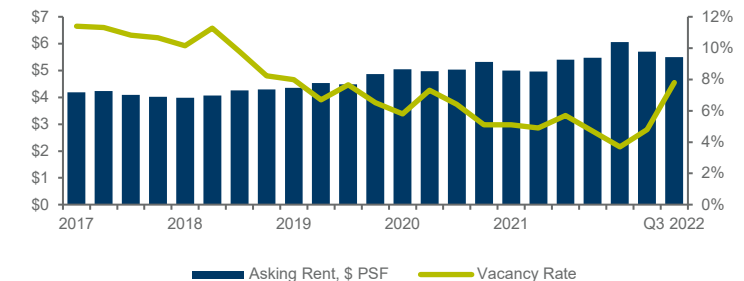
PRICING

The overall average weighted net asking rate for all property types ended third quarter at \$5.50 per square foot (psf), which was slightly below the second quarter rate of \$5.70 psf, and above the \$5.40 psf rate recorded this same time last year. The market is positioned to see rental rates continue to escalate modestly 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	4,131,734	396,082	9.6%	86,112	152,760	551,000	186,000	n/a	\$8.32	\$4.56
Eastern	2,588,906	1,950	0.1%	1,950	84,000	0	0	n/a	\$10.00	\$5.35
Oxmoor Valley	3,069,885	436,881	8.1%	55,684	118,730	0	187,000	n/a	\$9.19	\$7.16
Southern	3,948,003	385,775	9.8%	-26,835	-177,741	816,000	0	n/a	\$9.32	\$5.09
Southwestern	2,421,245	45,750	1.3%	327,000	317,400	587,220	2,027,000	n/a	\$7.00	\$6.50
BIRMINGHAM TOTALS	16,159,773	1,266,438	7.8%	443,911	495,149	1,954,220	2,400,000	n/a	\$9.39	\$5.43

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

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1532 Midfield Industrial Boulevard	Oxmoor Valley	Dollar General	307,200	New
Shelby West Commerce Center**	Southern	US Venture	106,700	Renewal*/Expansion
500 Eagan Road	Central	Utz	93,000	New
500 Eagan Road	Central	Home Depot	93,000	New
500 Eagan Road	Central	Chadwell Supply	93,000	New
280 Oxmoor Court**	Oxmoor Valley	John R. White Co.	33,000	New

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KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7600 Crestwood Boulevard	Central	Stonemont Financial Group / Stonepeak Partners	202,044	\$81.6M / \$404
3098 Pelham	Southern	MacLean Power, LLC / Summer Classics Properties, LLC	168,100	\$2.1M / \$12
511 Vulcan Drive	Oxmoor Valley	Irondale Warehouse LLC / Farra LLC	166,618	\$5.9M / \$36
150 Industrial Road	Southern	EBSCO Industries Inc. / AL Merchants Association	108,713	\$1.2M / \$11
3242 Moody Parkway	Eastern	Jones Stephens Properties, LLC / Edwin Lumpkin Jr.	105,726	\$10.9M / \$103

*Renewals not included in leasing statistics

**Represented by Cushman & Wakefield / EGS

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