

YoY Chg 12-Mo. Forecast

10.5%
Vacancy Rate



66K
YTD Net Absorption, SF



\$6.04
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

YoY Chg 12-Mo. Forecast

557.6K
Birmingham-Hoover Employment



2.5%
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

2023 Q1 data are based on latest available data.

ECONOMIC OVERVIEW

Following a year of economic uncertainty, Alabama's economy remained stable during the first quarter of 2023. According to the Alabama Department of Labor, Alabama's unemployment rate fell to 2.3% in March 2023, a new record low for the state, and also the lowest rate among other Southeast states. In economic development news, Alabama experienced a milestone year in 2022, generating \$10.1 billion in new capital investment. The automotive, aerospace and manufacturing industries continue to be the key drivers of economic growth in Alabama.

DEMAND AND SUPPLY

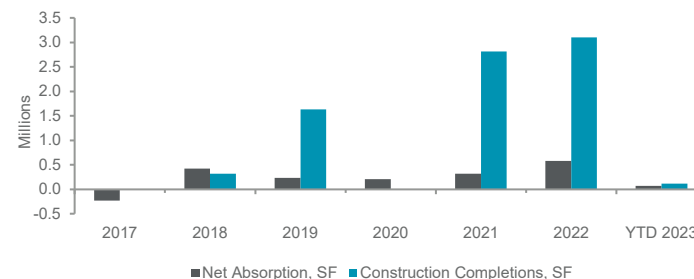
Birmingham's multi-tenant industrial market ended first quarter with 66,617 square feet (sf) of overall absorption, a continued positive trend from 2022. Overall vacancy ended first quarter at 10.5%, up from 7.3% since year-end 2022 as a result of several new construction deliveries being added to the multi-tenant inventory. Leasing activity started off strong, totaling 660,920 sf, with the bulk of the activity occurring in the Southern submarket.

In development news, construction is nearing completion on two new speculative industrial projects -- CenterState Logistics One, a 225,000-sf class A multi-tenant industrial warehouse in the Central submarket and Academy Logistics Center, a 311,900-sf class A multi-tenant industrial warehouse in the Southwestern submarket.

PRICING

Following the national trend, Birmingham's industrial rental rates continued to steadily increase. The overall average weighted net asking rate for all property types increased to \$6.04 per square foot (psf), up from \$5.62 psf at the end of 2022. Bulk distribution/warehouse space continues to be the most desired of all product types, ending the quarter with an average overall asking rate of \$5.66 psf, up from \$5.03 psf in 2022. 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 CNSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|--------------------------|-------------------|---------------------|----------------------|---|---------------------------------|------------------|----------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Central | 4,457,734 | 567,550 | 12.7% | 124,750 | 124,750 | 225,000 | 0 | n/a | \$8.32 | \$5.82 |
| Eastern | 2,588,906 | 1,950 | 0.1% | -283,540 | -283,540 | 0 | 0 | n/a | \$10.00 | \$5.50 |
| Oxmoor Valley | 3,069,885 | 220,481 | 7.2% | 7,347 | 7,347 | 0 | 0 | n/a | \$9.86 | \$7.08 |
| Southern | 4,164,319 | 378,016 | 9.1% | 218,060 | 218,060 | 0 | 0 | n/a | \$9.86 | \$5.43 |
| Southwestern | 2,533,228 | 111,983 | 4.4% | 0 | 0 | 311,900 | 111,983 | n/a | \$7.00 | \$6.50 |
| BIRMINGHAM TOTALS | 16,814,072 | 1,279,980 | 10.5% | 66,617 | 66,617 | 536,900 | 111,983 | n/a | \$9.88 | \$6.04 |

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

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

KEY LEASE TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|--------------------------------|---------------|----------------|---------|----------|
| Calera Distribution Center | Southern | Dwell Decor | 270,600 | New |
| 240 George Roy Parkway | Southern | AGC Automotive | 53,920 | New |
| Oxmoor South Industrial Park** | Oxmoor Valley | S&S Firestone | 46,200 | New |
| Cahaba Valley Business Park** | Southern | DMS | 36,052 | Renewal* |
| Daniel Payne Corporate Center | Central | Tire Hub, LLC | 30,000 | New |

*Renewals not included in leasing statistics

**Represented by Cushman & Wakefield / EGS

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KEY SALES TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|-----------------------------------|---------------|---|---------|----------------------|
| 400 Industrial Drive | Oxmoor Valley | Highridge Provender / StepStone Real Estate | 486,353 | \$50,585,352 / \$104 |
| 516 36 th Street South | Southwestern | Benerofe Properties / Coro Realty Advisors | 263,369 | \$21,041,683 / \$80 |
| 320 Fleming Road | Eastern | NRTC Alabama Inc. / Iron Gear II LLC | 105,180 | \$4,750,000 / \$45 |

KEY CONSTRUCTION COMPLETIONS Q1 2023

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|----------------------------|--------------|--------------|---------|--------------------------------------|
| One McAshan Drive – Bldg B | Southwestern | n/a | 111,983 | AMR REIT, Inc / Prestige Development |

PROJECTS UNDER CONSTRUCTION Q1 2023

| PROPERTY | SUBMARKET | SF | TYPE | EXPECTED DELIVERY |
|---------------------------|--------------|---------|------|-------------------|
| Academy Logistics Center | Southwestern | 311,900 | Spec | Q2 23 |
| CenterState Logistics One | Central | 225,000 | Spec | Q2 23 |

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