

YoY Chg 12-Mo. Forecast

11.3%

Vacancy Rate



135K

YTD Net Absorption, SF



\$6.43

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

560.9K

Birmingham-Hoover Employment



2.0%

Birmingham-Hoover Unemployment Rate



3.6%

U.S. Unemployment Rate



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

2023 Q2 data are based on latest available data.

ECONOMIC OVERVIEW

Alabama's economy remains stable and currently maintains a record-low unemployment rate of 2.2%. 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 2022. In Q2 2023, there were several announcements of significant investment and expansion in Alabama by companies such as Toyota Alabama, Kronospan, and Ultra Safe Nuclear Corporation, reflecting the ongoing confidence in the state's automotive, aerospace and manufacturing industries.

DEMAND AND SUPPLY

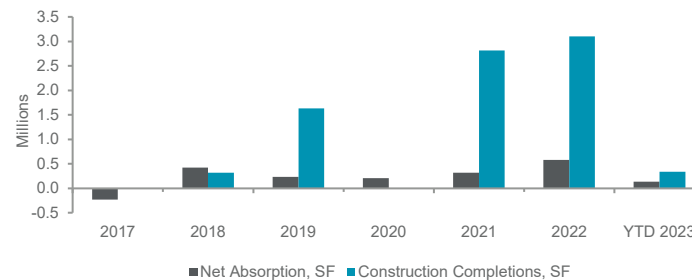
Birmingham's multi-tenant industrial market ended Q2 2023 with 69,184 square feet (sf) of overall absorption, a continued positive trend from Q1 2023. Overall vacancy, which includes sublease space, ended Q2 2023 at 11.3%, up from 10.5% in the previous quarter, as a result of sublease space inching slightly higher quarter-over-quarter. Direct vacancy ended the quarter at 7.9%. Leasing activity remained steady with 270,094 sf leased in Q2 2023, with the bulk of the activity occurring in the Central submarket.

In development news, construction was completed on CenterState Logistics Park One, a 225,000-sf class A multi-tenant speculative industrial warehouse in the Central submarket. There remains one speculative construction project under construction in Birmingham's Southwestern submarket with an expected delivery of Q3 2023. As demand normalizes, no new speculative construction starts are forecasted for the remainder of 2023.

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 \$6.43 per square foot (psf), up from \$6.04 psf at the end of Q1 2023. Bulk distribution/warehouse space continues to be the most desired of all product types, ending the quarter with an average overall asking rate of \$6.08 psf, up from \$5.66 psf in Q1 2023. It is expected that rates will continue to climb modestly as supply tightens throughout the remainder of the year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	DIRECT 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	4,682,734	647,516	13.8%	145,034	269,784	0	225,000	n/a	\$8.32	\$6.40
Eastern	2,588,906	3,900	0.2%	-94,450	-377,990	0	0	n/a	\$10.00	\$5.50
Oxmoor Valley	3,069,885	257,841	8.4%	-37,360	-30,013	0	0	n/a	\$9.50	\$7.40
Southern	4,164,319	322,056	7.7%	55,960	274,020	0	0	n/a	\$9.93	\$5.12
Southwestern	2,533,228	111,983	4.4%	0	0	311,900	111,983	n/a	\$7.00	\$7.00
BIRMINGHAM TOTALS	17,039,072	1,343,296	7.9%	69,184	135,801	311,900	336,983	n/a	\$9.69	\$6.43

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

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

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3221 1 st Avenue North (Sloss Docks)	Central	Chase Bays	104,534	New
Oxmoor South Industrial Park**	Oxmoor Valley	Ryder Integrated Logistics	59,400	Renewal*
Calera Commerce Park	Southern	Univ of Montevallo - AMSTI	54,370	New
Birmingham Food Terminal – Bldg 2	Central	Business Interiors	46,500	New
Oxmoor Logistics Center**	Oxmoor Valley	J.R. Simplot	33,750	Renewal*
Distribution Center	Oxmoor Valley	Alliance Exposition	30,000	New

*Renewals not included in leasing statistics

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KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Riverchase Business Park	Southern	Arcis Investments / RealtyLink Development	178,287	\$18.4M / \$103
201 Sunbelt Parkway	Vulcan / Oxmoor	Infinity Insurance Co / Hendrick Automotive Group	53,487	\$5.5M / \$103
7574 Commerce Circle	Eastern	Chase McMaster / Spoc Automation Inc	50,601	\$4.7M / \$93

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
CenterState Logistics Park One	Central	n/a	225,000	Cushman & Wakefield / EGS

PROJECTS UNDER CONSTRUCTION Q2 2023

PROPERTY	SUBMARKET	SF	TYPE	EXPECTED DELIVERY
Academy Logistics Center	Southwestern	311,900	Spec	Q3 23