

YoY Chg 12-Mo. Forecast

13.2%

Vacancy Rate



55K

YTD Net Absorption, SF



\$6.63

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

570K

Birmingham-Hoover Employment



2.7%

Birmingham-Hoover Unemployment Rate



3.8%

U.S. Unemployment Rate



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

2024 Q1 data are based on latest available data. U.S. Unemployment rate represents March 2024.

Q1 24 Vacancy and Absorption Statistics not reflective of U.S. Industrial MarketBeat.

ECONOMIC OVERVIEW

Following a year of economic uncertainty, Alabama's economic climate remains stable and currently maintains an unemployment rate of 3.0%. Alabama's automotive industry continues to be a key driver for economic expansion across the state. In a significant milestone, Alabama most recently claimed the No. 1 spot among auto-exporting states for the first time. Additionally, Alabama companies exported goods and services worth over \$27.4 billion in 2023, setting a new annual record. Alabama's strong export performance, specifically across the automotive and aerospace sectors, is expected to stimulate growth and investment in Birmingham and Alabama's industrial markets throughout 2024.

DEMAND AND SUPPLY

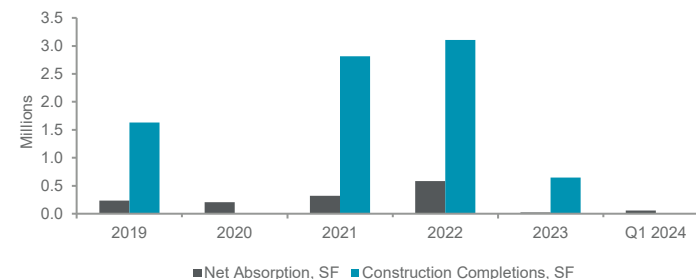
Birmingham's multi-tenant industrial market experienced modest growth during Q1 2024, recording 54,993 square feet (sf) of positive absorption. Overall vacancy, which includes sublease space ended the quarter at 13.2%, down slightly from 13.5% at year-end 2023. Leasing activity continued at a steady pace, recording 286,988 sf of transactions signed during Q1 2024. With the exception of SGI Logistics's 116,563-sf lease at Shelby West Distribution Center in the Southern submarket, new leasing activity consisted of smaller to mid-sized deals ranging in size from 5,000 sf to 65,000 sf.

The vacancy rates Birmingham experienced over the past two years are not typical of the city's historically healthy industrial market. Given the addition of 1.4 msf of bulk distribution space to the market since the beginning of 2022, vacancy rates have increased. At the same time, the addition of this new space is a positive for the Birmingham market as it is an indication of the confidence developers have in the Birmingham economy and offers multiple alternatives to prospects searching for space in the market. Based on vacancy trends in the area, as well as Birmingham's continuing broad-based economy, it is expected that this large addition of inventory will be gradually absorbed over the next 12 – 24 months. No new speculative construction projects are planned for the foreseeable future.

PRICING

While asking rents are starting to flatten on a national level, industrial asking rents in Birmingham continued to increase in Q1 2024. The overall average weighted net asking rate for all property types ended Q1 2024 at \$6.63 per square foot (psf), up from \$6.59 psf at year-end 2023. Additional rent growth is expected to continue in 2024, however, the rate of growth is expected to be moderate.

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 CONSTR 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	507,777	10.8%	-1,125	-1,125	0	0	n/a	\$7.35	\$6.30
Eastern	2,588,906	5,000	0.2%	-5,000	-5,000	0	0	n/a	\$10.00	\$9.00
Oxmoor Valley	3,069,885	277,455	0.9%	-7,975	-7,975	0	0	n/a	\$11.22	\$7.64
Southern	4,164,319	612,068	14.7%	100,443	100,443	0	0	n/a	\$9.04	\$5.93
Southwestern	2,845,128	343,250	12.1%	-31,350	-31,350	0	0	n/a	\$7.00	\$7.27
BIRMINGHAM TOTALS	17,350,972	1,745,550	10.1%	54,993	54,993	0	0	n/a	\$9.31	\$6.58

Rental rates reflect weighted net asking \$psf/year; Vacancy & Absorption Statistics not reflective of U.S. Industrial MarketBeat.

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

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Shelby West Distribution Center	Southern	SGL Logistics, Inc.	116,563	New
Shelby Commerce Park I	Southern	GVH Distribution	65,000	New
5500 Parkwest Drive	Southwestern	United Commerce Center	50,960	New
Shelby West Commerce Center	Southern	Georgia Crown Distributing Co.	47,300	New
Avondale Commerce Park Bldg 3	Central	Mashburn Delivery Service, Inc.	19,075	New

AUDRA WILLINGHAM

VICE PRESIDENT OF MARKETING

+1 205 314 5556 / awillingham@egsinc.com

SYDNEY SIMS

MARKETING COORDINATOR

+1 205 314 5511 / ssims@egsinc.com

egsinc.com | cushmanwakefield.com

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6700 Jefferson Metro Parkway (A)	Southwestern	AMR Capital / RJ Property Mgmt & Dev	303,730	\$32M / \$106
1 Golden Flake Drive	Central	UTZ Brands / Southeastern Salvage	283,310	\$6M / \$21
4251 Turin Drive	Southern	Graham & Co / Barber Companies	187,200	\$17M / \$90
3500 Pelham Parkway	Southern	ALTO Real Estate Funds / Specification Rubber Products	121,436	\$11.5M / \$95
6800 Jefferson Metro Parkway (B)	Southwestern	AMR Capital / Kessinger Hunter & Co	111,983	\$13M / \$116
110 Commerce Drive	Southern	Watson H Bryant / Alexander Family Trust	60,504	\$5.7M / \$94

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