

MARKET FUNDAMENTALS

	YOY Chg	Outlook
9.2% Vacancy Rate	▼	▼
465K YTD Net Absorption, SF	▲	▲
\$6.68 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
575.9K Birmingham-Hoover Employment	▲	▲
2.8% Birmingham-Hoover Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMIC OUTLOOK

Alabama's economy remained stable throughout 2024, bolstered by its business-friendly environment and strategic economic development efforts. The state's preliminary, seasonally adjusted unemployment rate for December was 3.3%, slightly higher than November's rate of 3.1% but still below the current U.S. unemployment rate of 4.2%. Several major industrial investments reinforced the state's manufacturing sector. In the Birmingham area, J.M. Smucker Company opened its \$1.1 billion Uncrustables facility in McCalla — the largest single-line bakery in North America and Jefferson County's largest investment to date. Coca-Cola UNITED broke ground on a \$330 million headquarters and warehouse complex also in Jefferson County, while Diageo North America announced a \$415 million manufacturing hub in Montgomery. These developments position Alabama's industrial sector for continued growth in 2025.

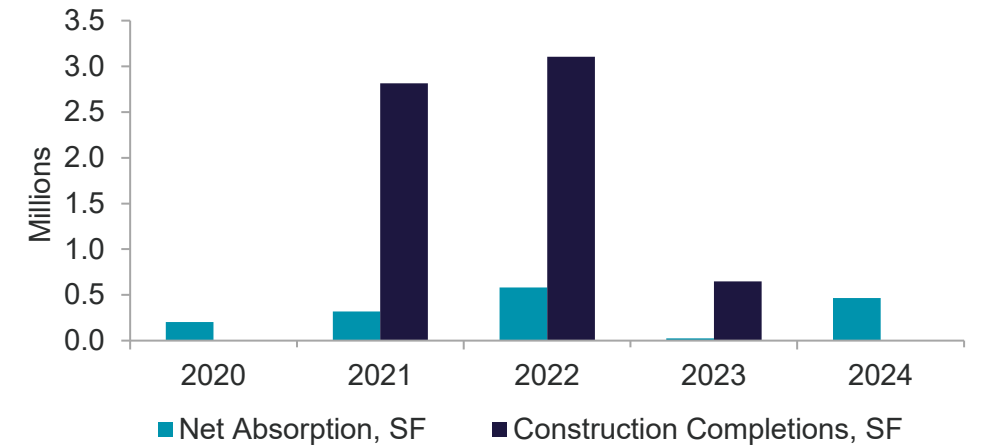
SUPPLY AND DEMAND

Birmingham's multi-tenant industrial market experienced modest growth in Q4 2024, with 431,316 square feet (sf) of positive absorption, a continued positive trend from Q3. Overall vacancy, which includes sublease space, dropped from 11.7% in Q3 to 9.2% — the lowest rate in two years. Quarterly leasing activity totaled 420,549 sf, bringing the year-to-date leasing figure to 1,036,932 sf, trailing 2023's volume by approximately 37%. While overall leasing activity slowed during 2024, manufacturing, automotive and aerospace activity remained strong across the state, positioning these industries as key drivers of growth for Birmingham and Alabama's industrial markets in 2025. In development news, construction began on a new 275,000-sf speculative project at 1 McAshan Drive in Jefferson Metropolitan Industrial Park, signaling confidence in overall market conditions.

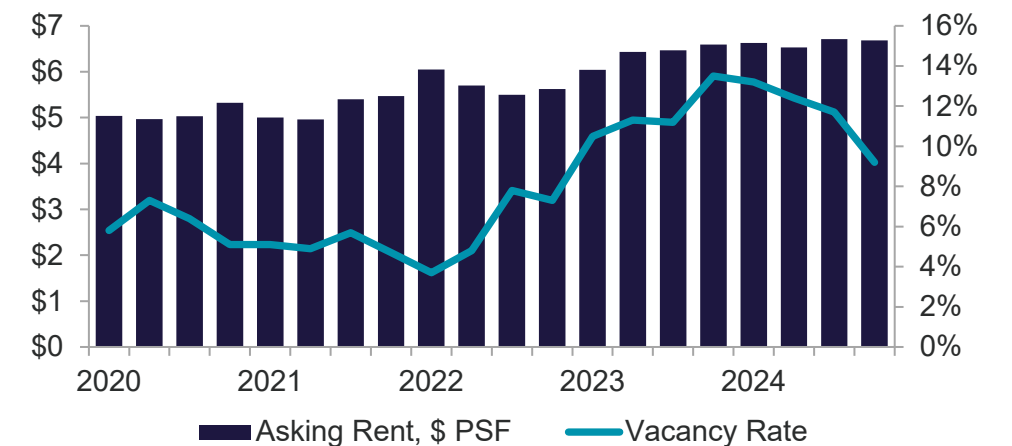
PRICING

Birmingham's industrial rental rates continued to climb steadily, with overall average weighted net asking rates ending 2024 at \$6.68 per square foot (psf), up from \$6.59 in 2023. Office service centers commanded the highest rates at \$11.47 psf, followed by warehouse/distribution properties at \$6.56 psf. Modest rent growth is anticipated throughout 2025, supported by sustained demand and healthy market fundamentals.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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

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	445,303	9.5%	65,192	121,349	0	0	n/a	\$12.00	\$6.27
Eastern	2,588,906	9,375	0.4%	93,025	-9,375	0	0	n/a	\$10.00	\$6.50
Oxmoor Valley	3,046,211	256,884	8.4%	204,697	200,122	0	0	n/a	\$12.00	\$7.51
Southern	4,164,319	441,926	10.6%	68,402	264,765	0	0	n/a	\$7.50	\$5.94
Southwestern	2,845,128	423,750	14.9%	0	-111,850	275,000	0	n/a	\$7.00	\$6.94
BIRMINGHAM TOTALS	17,327,298	1,577,238	9.2%	431,316	465,011	275,000	0	n/a	\$11.47	\$6.56

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

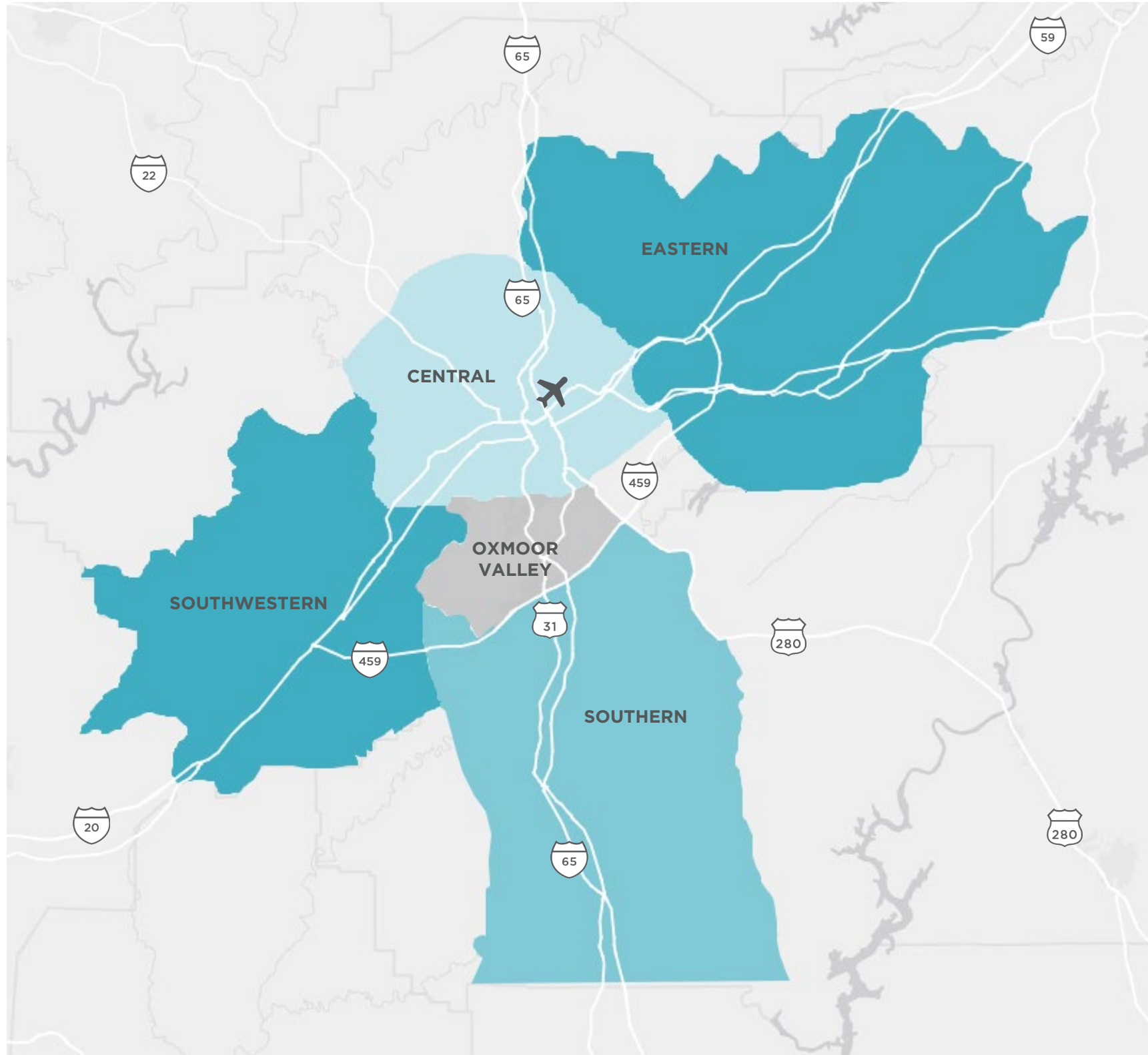
KEY LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4251 Turin Drive	Southwestern	Royal Switchgear Manufacturing Co.	187,200	Sublease
Calera Distribution Center	Southern	Black Friday Deals	150,900	New
Shelby West Distribution Center	Southern	SGL Logistics, Inc.	116,563	New
Shelby Commerce Park I	Southern	GVH Distribution	65,000	New
Shelby Commerce Park III	Southern	PRADCO Outdoor Brands	52,000	New
CenterState Logistics Park One	Central	Conklin Metal Industries	51,750	New
5500 Parkwest Drive	Southwestern	United Commerce Center	50,960	New
Shelby West Commerce Center	Southern	Georgia Crown Distributing Co.	47,300	New
Daniel Payne Corporate Center	Central	East Penn	40,000	New

KEY SALE TRANSACTIONS 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
3536 US 31 (SCP Bldg C)	Southern	Becknell Industrial JV UBS Realty Investors LLC / Tempus Realty Partners	248,042	\$15.35M / \$62
4251 Turin Drive	Southwestern	Graham & Co / Barber Companies	187,200	\$17M / \$90
3500 Pelham Parkway	Southern	ALTO Real Estate Funds / Specification Rubber Products	121,436	\$11.5M / \$95
2800 Messer Airport Highway	Central	Good Things LLC (IronVest Partners) / Evans Meats	116,600	\$2.73M / \$23
6800 Jefferson Metro Parkway (B)	Southwestern	AMR Capital / Kessinger Hunter & Co	111,983	\$13M / \$116
3230 Messer Airport Highway	Central	Berman AL Company Inc. / TruCore Investments LLC	96,000	\$5.8M / \$61
100 Airpark Industrial Road	Southern	South Hall Self-Storage / Ironvest Partners	87,000	\$3.75M / \$43
1300 7th Avenue North	Central	Airgas-South Inc / Darragh Company	75,000	\$3.3M / \$44

INDUSTRIAL SUBMARKETS



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