



MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.8% Vacancy Rate	▼	▼
68K YTD Net Absorption, SF	▲	▲
\$7.22 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
570.3K Birmingham-Hoover Employment	▲	▲
3.0% Birmingham-Hoover Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

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

ECONOMIC OUTLOOK

Alabama’s economy held steady through Q1 2025 amid the current uncertainty surrounding the national trade policy. The state’s seasonally adjusted unemployment rate stood at 3.3% in February, outperforming the national average of 4.1%. Recent announcements point to continued growth across Birmingham and Alabama’s industrial real estate markets. Governor Kay Ivey’s 2024 New & Expanding Industry Announcements Report cited \$7 billion in new capital investment across 224 projects, generating over 8,500 new jobs statewide. Locally, Truckworx announced the expansion of its corporate operations with a new \$6.8 million headquarters in Birmingham, bringing 52 high-paying jobs to the area. Birmingham was also ranked a Top 10 Tier 1 Metro for corporate facility investments per capita by *Site Selection* magazine for the first time, reflecting increased investor confidence.

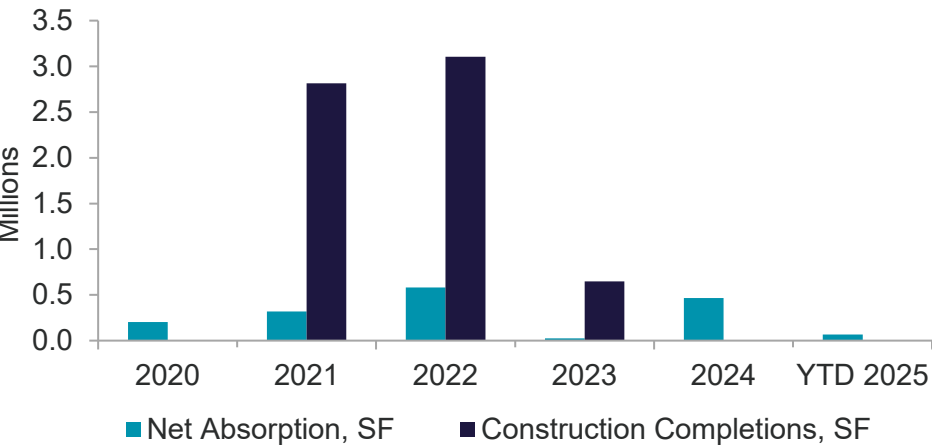
SUPPLY AND DEMAND

Birmingham’s multi-tenant industrial market remained on solid footing in Q1 2025. The quarter closed with overall net absorption of 68,247 square feet (sf), continuing the positive momentum from Q4 2024. Overall vacancy, which includes sublease space, fell to 8.8%, the lowest rate since Q4 2022, and an encouraging sign compared to an increasing national vacancy rate, which inched up to 7.0%, its highest since 2014. Leasing activity totaled 275,596 sf in Q1 2025, primarily driven by a 225,496-sf lease at Shelby Commerce Park IV in the Southern submarket. On the development side, construction continued at 1 McAshan Drive (Building 3), a new 275,000-sf speculative project in Jefferson Metropolitan Park. Core sectors such as automotive, manufacturing, and aerospace remain strong across the state and are expected to support continued market stability in Birmingham’s industrial market throughout 2025.

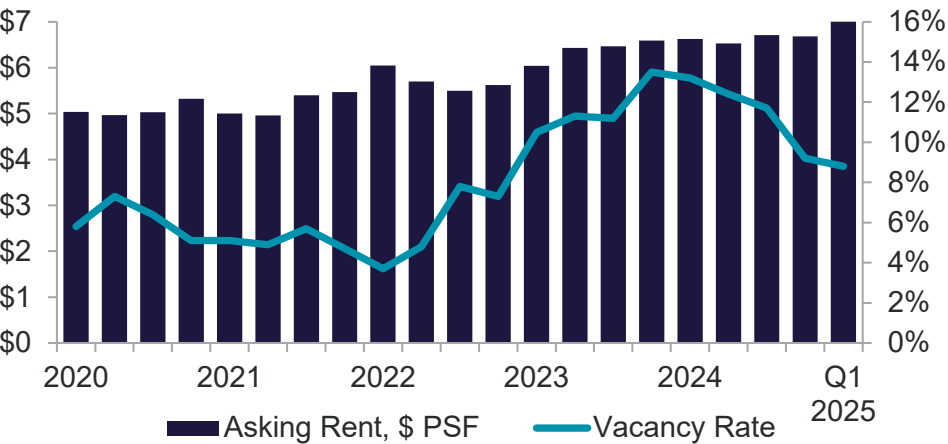
PRICING

Birmingham’s industrial rental rates continued to increase in Q1 2025. The overall average weighted net asking rate across all industrial property types rose to \$7.22 per square foot (psf), up from \$6.68 psf at the end of 2024. Office Service Centers led the market at \$11.69 psf, followed by Warehouse/Distribution properties at \$7.03 psf. With limited new inventory and healthy market fundamentals, modest rent growth is expected to continue in the quarters ahead.

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	416,066	8.9%	-6,763	-6,763	0	0	n/a	\$12.00	\$6.62
Eastern	2,588,906	69,325	2.7%	-59,950	-59,950	0	0	n/a	\$11.00	\$6.78
Oxmoor Valley	3,046,211	278,384	9.1%	-77,656	-77,656	0	0	n/a	\$12.02	\$7.55
Southern	4,164,319	227,930	5.5%	212,616	212,616	0	0	n/a	\$8.93	\$6.58
Southwestern	2,845,128	423,750	14.9%	0	0	275,000	0	n/a	\$7.00	\$7.39
BIRMINGHAM TOTALS	17,327,298	1,415,455	8.2%	68,247	68,247	275,000	0	n/a	\$11.69	\$7.03

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

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Shelby Commerce Park IV	Southern	IES Electrical	225,496	New
Shelby West Distribution Center	Southern	SGI	116,563	Renewal*
3401 1st Avenue North	Central	Bid Llama	43,201	New
3500 Messer Airport Hwy	Central	Southern Gas & Supply LLC	28,135	New
Republic Industrial Park	Central	Rite Rug	25,200	New
Cahaba Valley	Southern	Hackbarth Delivery	25,000	Renewal*
Avondale Commerce Park	Central	M&A Supply Company	25,000	Renewal*
Oxmoor South Industrial Park	Oxmoor Valley	Hothouse Holdings	23,070	Renewal*
Parkwest Corporate Center	Southwestern	Trillion	22,890	Renewal*

*Renewals not included in leasing statistics

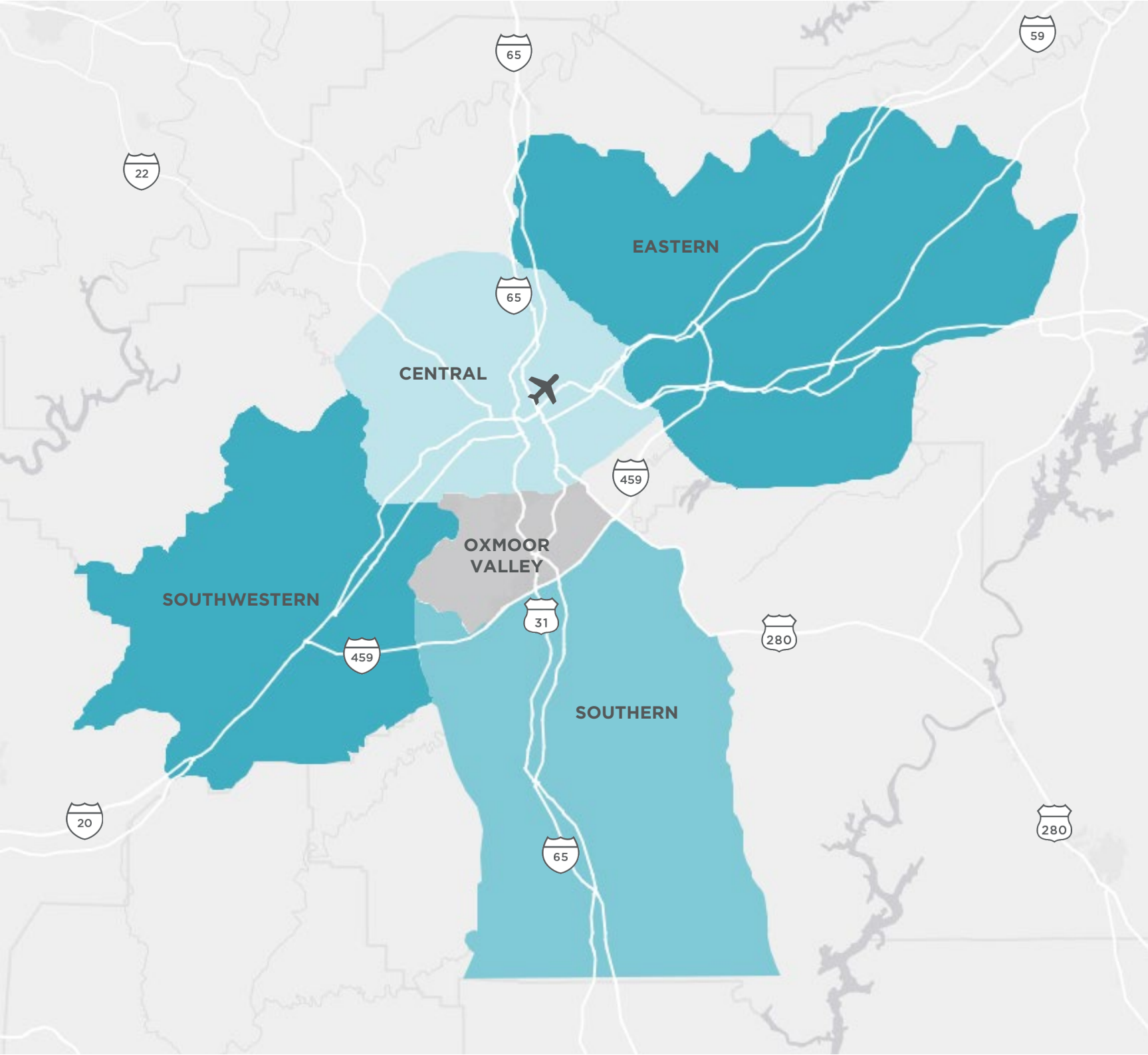
KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2608 Queenstown Road	Eastern	Wagstaff Taylor & Associates / Harris & Associates	36,146	\$2.97M / \$82
4871 Commerce Drive	Eastern	WT Capital / DNT, Inc.	28,281	\$3.25M / \$115

PROJECTS UNDER CONSTRUCTION Q1 2025

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER/DEVELOPER
1 McAshan Drive (Bldg 3)	Southwestern	N/A	275,000	Prestige Development Partners

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