

MARKETBEAT

BIRMINGHAM, AL

INDUSTRIAL Q3 2025



MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.2% Vacancy Rate	▼	▼
347K YTD Net Absorption, SF	▲	▲
\$7.40 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
573K Birmingham-Hoover Employment	▲	—
2.8% Birmingham-Hoover Unemployment Rate	▼	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics
2025 Q3 data are based on latest available data.

ECONOMIC OUTLOOK

Alabama’s economy remained stable through Q3 2025, supported by steady employment and rising wages across key sectors. The state’s preliminary August unemployment rate was 2.9%, down from 3.0% in July and 3.1% one year ago. Average weekly wages climbed to their second-highest level on record, driven by gains in manufacturing and leisure and hospitality. Additionally, Alabama recently ranked among the Top 10 States for Doing Business by *Area Development* and earned multiple top honors in *Business Facilities’* 2025 Annual Rankings Report for aerospace, workforce training, and manufacturing strength. Major announcements such as Meta’s \$1.5 billion data center expansion in Montgomery, Wellborn Cabinet’s new \$28 million manufacturing facility in Oxford, and Glaukos Corp’s \$80 million high-tech facility in Huntsville further highlight the state’s economic vitality. These investments reinforce Alabama’s competitive position in manufacturing, logistics, and advanced industry investment and create a favorable backdrop for industrial growth across Birmingham’s industrial market.

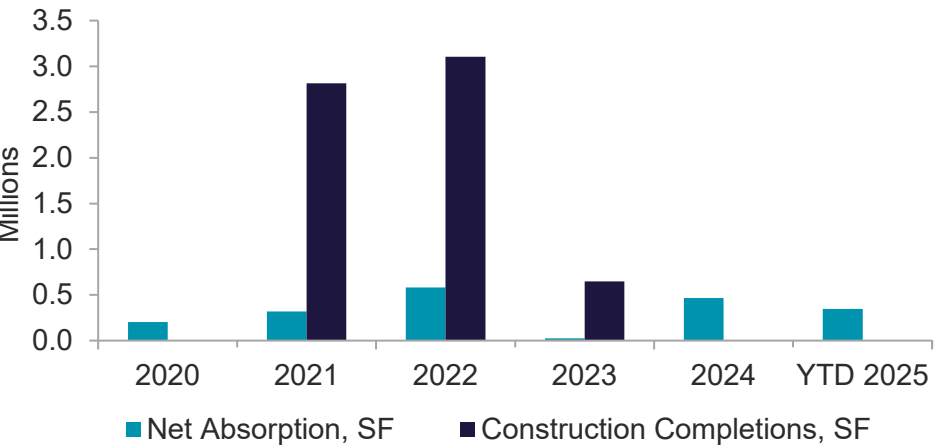
SUPPLY AND DEMAND

Birmingham’s multi-tenant industrial market continued its pattern of steady activity in Q3 2025, posting 187,076 square feet (sf) of positive absorption. Overall vacancy, which includes sublease space, fell to 7.2% in Q3 2025, down from 8.3% in Q2 2025, while direct vacancy fell to 6.5% down from 7.6%. Leasing activity remained moderate with 128,425 sf of transactions signed during the quarter, bringing the year-to-date volume to 575,891 sf. On the development front, construction is nearing completion at 1 McAshan Drive (Building 3), a 275,000-sf speculative project slated for Q4 2025 delivery that will add modern inventory to meet ongoing tenant demand.

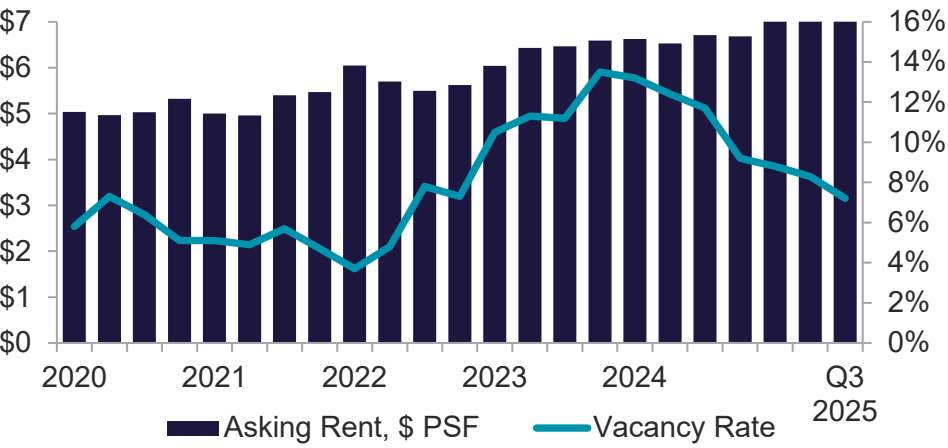
PRICING

Industrial asking rents in the Birmingham market experienced a slight increase during Q3 2025 as vacancy tightened and fundamentals remained solid. Overall average weighted net asking rents for all property types ended the quarter at \$7.40 per square foot (psf), up from \$7.14 psf in Q2. Office Service Centers continued to lead the market at \$11.82 psf, followed by Warehouse/Distribution properties at \$7.14 psf. With limited new supply and sustained demand for quality space, landlords have maintained modest pricing power, and steady rent growth is expected to continue throughout the remainder of 2025.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Source: AL Department of Labor, Birmingham Business Alliance, 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	379,516	8.1%	0	29,787	300,000	0	n/a	\$12.00	\$6.38
Eastern	2,588,906	69,750	2.7%	-2,000	-60,375	0	0	n/a	\$12.00	\$7.25
Oxmoor Valley	3,046,211	132,637	4.4%	108,576	76,447	115,000	0	n/a	\$12.36	\$8.66
Southern	4,164,319	236,575	5.7%	0	203,971	0	0	n/a	\$9.34	\$6.76
Southwestern	2,845,128	311,900	11.0%	80,500	96,700	275,000	0	n/a	\$7.00	\$7.75
BIRMINGHAM TOTALS	17,327,298	1,130,378	6.5%	187,076	346,530	690,000	0	n/a	\$11.82	\$7.14

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

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Perimeter Industrial Park, Building 2	Southwestern	Undisclosed	80,500	New
Oxmoor West Service Center II	Oxmoor Valley	Cisco Eagle	29,250	New
19 West Oxmoor Road	Oxmoor Valley	Millie Ray and Sons	24,151	New
3230 Messer Airport Highway	Central	Ferguson	24,000	New
Cahaba Valley Business Park - Building 285	Southern	LX Pantos	15,000	New
Distribution Center	Oxmoor Valley	Speed Xpress	11,250	New
Commerce Square Business Park, Building 3	Eastern	TEI Group	7,425	New

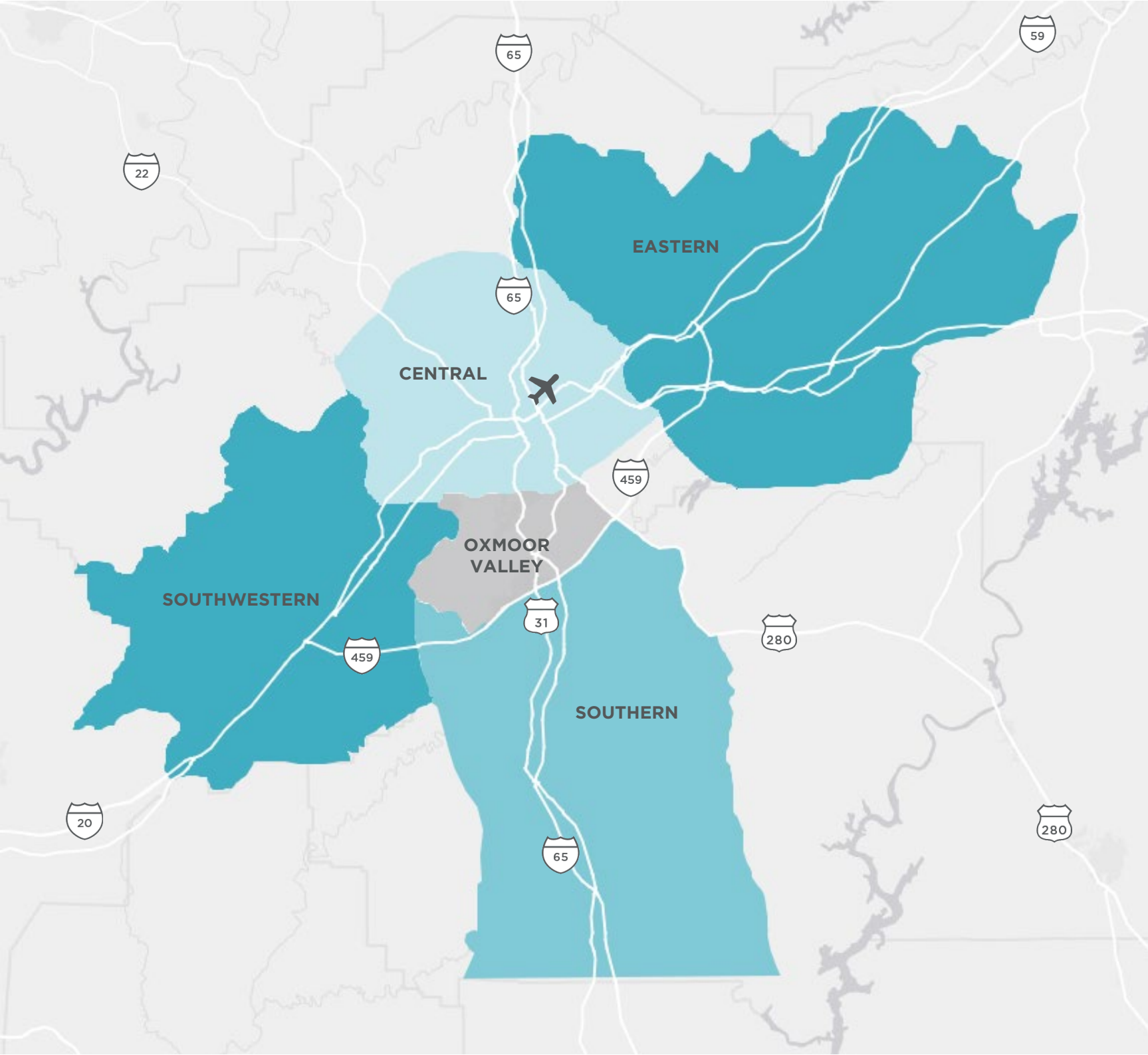
KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
511 Vulcan Drive	Central	Farra LLC / Atlas Real Estate Advisors	148,920	\$6M / \$40
34 West Oxmoor Road	Oxmoor Valley	Lumpkin Development / City of Birmingham	109,882	\$7M / \$64
1830 Powell Avenue South	Central	Alabama Power Company / Kulture City	80,105	\$11M / \$137
3217 Messer Airport Highway	Central	Own Alabama / Shamrock Investments	76,250	\$7.95M / \$105
4101 Coalburg Road	Central	Forestwood Farm Inc / Red Arts Capital	47,792	\$2.85M / \$60
316 33 rd Street North	Central	Own Alabama / Shamrock Investments	26.392	\$4.3M / \$163

PROJECTS UNDER CONSTRUCTION Q3 2025

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER/DEVELOPER
1101 40 th Street North	Central	Coca-Cola UNITED	300,000	Coca-Cola UNITED
1 McAshan Drive (Bldg 3)	Southwestern	N/A (Speculative Construction)	275,000	Prestige Development Partners
4336 Turin Drive	Oxmoor Valley	Community Food Bank of Central AL (CFBCA)	115,000	CFBCA

INDUSTRIAL SUBMARKETS



AUDRA WILLINGHAM
Vice President - Marketing
Tel: +1 205 314 5556
awillingham@egsinc.com

BRENTLEY WATSON
Marketing Coordinator
Tel: +1 205 314 5511
bwatson@egsinc.com

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