



**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>8.3%</b> Vacancy Rate (Overall)	▼	▼
<b>-486K</b> YTD Net Absorption, SF	▼	▲
<b>\$7.62</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>571.8K*</b> Birmingham-Hoover Employment	▲	▼
<b>2.7%</b> Birmingham-Hoover Unemployment Rate (March 2026)	▼	▲
<b>4.3%</b> U.S. Unemployment Rate (March 2026)	▲	▲

Source: BLS, Moody's Analytics  
 \*Q42025 Data

**ECONOMIC OUTLOOK**

Alabama's economy remained stable through Q1 2026, supported by steady employment and continued wage growth. The state's preliminary February unemployment rate held at 2.7%, unchanged from January. Average weekly wages rose to a record high of \$1,175.01, reflecting a year-over-year increase of \$62.71 and one of the fastest growth rates nationally. The manufacturing sector remains a key driver of economic growth across the state, as evidenced by several major Q1 announcements. These include Mercedes-Benz's planned \$4 billion investment in its Vance operations, Associated MetalCast's \$6.24 million expansion in Oxford, and a \$430 million automotive supplier project at the former Gadsden steel mill site. Together, these investments highlight Alabama's competitive position in advanced manufacturing and are expected to support continued demand across Birmingham's industrial real estate market.

**SUPPLY AND DEMAND**

Birmingham's multi-tenant industrial market experienced negative absorption of 485,530 square feet (sf) in Q1 2026, a reversal from the 282,593 sf of positive absorption recorded in Q4 2025. As a result, overall vacancy, including sublease space, increased to 8.3% from 5.6%, while direct vacancy rose to 6.7% from 5.0%. While these shifts suggest a softer quarter on the surface, the change was driven primarily by the delivery of a 275,000-sf speculative project in Birmingham's Southwestern submarket, the market's first speculative completion since 2023. Leasing activity totaled 172,238 sf in Q1 and consisted of several small to mid-size bulk distribution and service center transactions, primarily in the Central submarket. Despite a slower start to the year, Birmingham's industrial market fundamentals remain healthy. With no additional speculative construction expected in the near term and continued momentum across Alabama's automotive, manufacturing, and aerospace sectors, demand is expected to build throughout 2026.

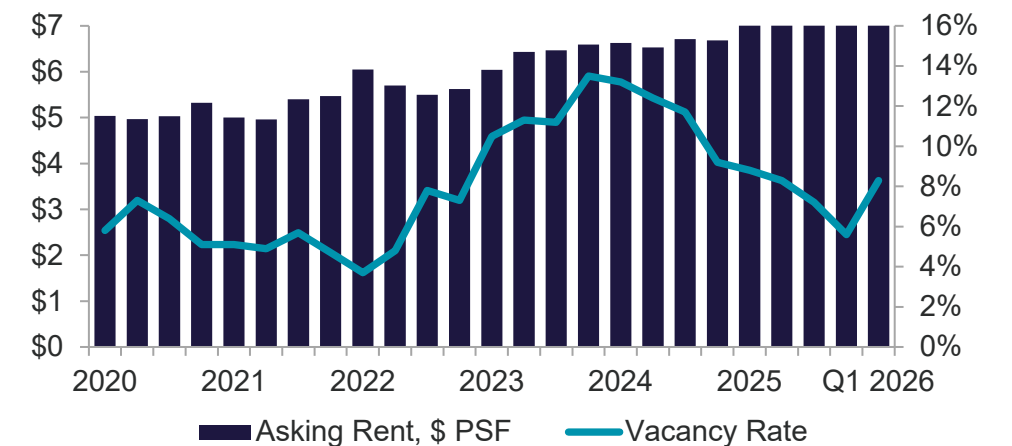
**PRICING**

Industrial asking rents in Birmingham increased in Q1 2026, reflecting stable fundamentals despite a temporary rise in vacancy. The overall average weighted net asking rate ended the quarter at \$7.62 per square foot (psf), up from \$7.40 psf in Q4 2025. Office Service Center properties continued to command the highest rents at \$11.37 psf, followed by Warehouse/Distribution properties at \$7.41 psf.

**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	282,465	6.0%	-9,749	-9,749	300,000	0	n/a	\$10.98	\$6.65
Eastern	2,588,906	64,750	2.5%	-6,900	-6,900	0	0	n/a	\$10.00	\$6.99
Oxmoor Valley	3,046,211	170,155	5.6%	4,792	4,792	115,000	0	n/a	\$12.53	\$8.68
Southern	4,164,319	309,615	7.4%	-71,540	-71,540	0	0	n/a	\$8.93	\$7.11
Southwestern	3,120,128	343,718	11.0%	-402,133	-402,133	0	275,000	n/a	\$7.00	\$7.79
<b>BIRMINGHAM TOTALS</b>	<b>17,602,298</b>	<b>1,170,703</b>	<b>6.7%</b>	<b>-485,530</b>	<b>-485,530</b>	<b>415,000</b>	<b>275,000</b>	<b>n/a</b>	<b>\$11.37</b>	<b>\$7.41</b>

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

**KEY LEASE TRANSACTIONS Q1 2026**

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2415 US Highway 78	Eastern	The Distribution Point	142,000	New
CenterState Logistics Park One	Central	Rexel USA	55,620	New
BN Park	Central	RM2	40,000	New
Birmingham Food Terminal, Building 16	Central	Hub Group	36,800	New
Cahaba Valley Business Park	Southern	The Salon Center	15,000	Renewal*
Avondale Commerce Park	Central	Batesville Logistics	10,800	Renewal*

*\*Renewals not included in leasing statistics.*

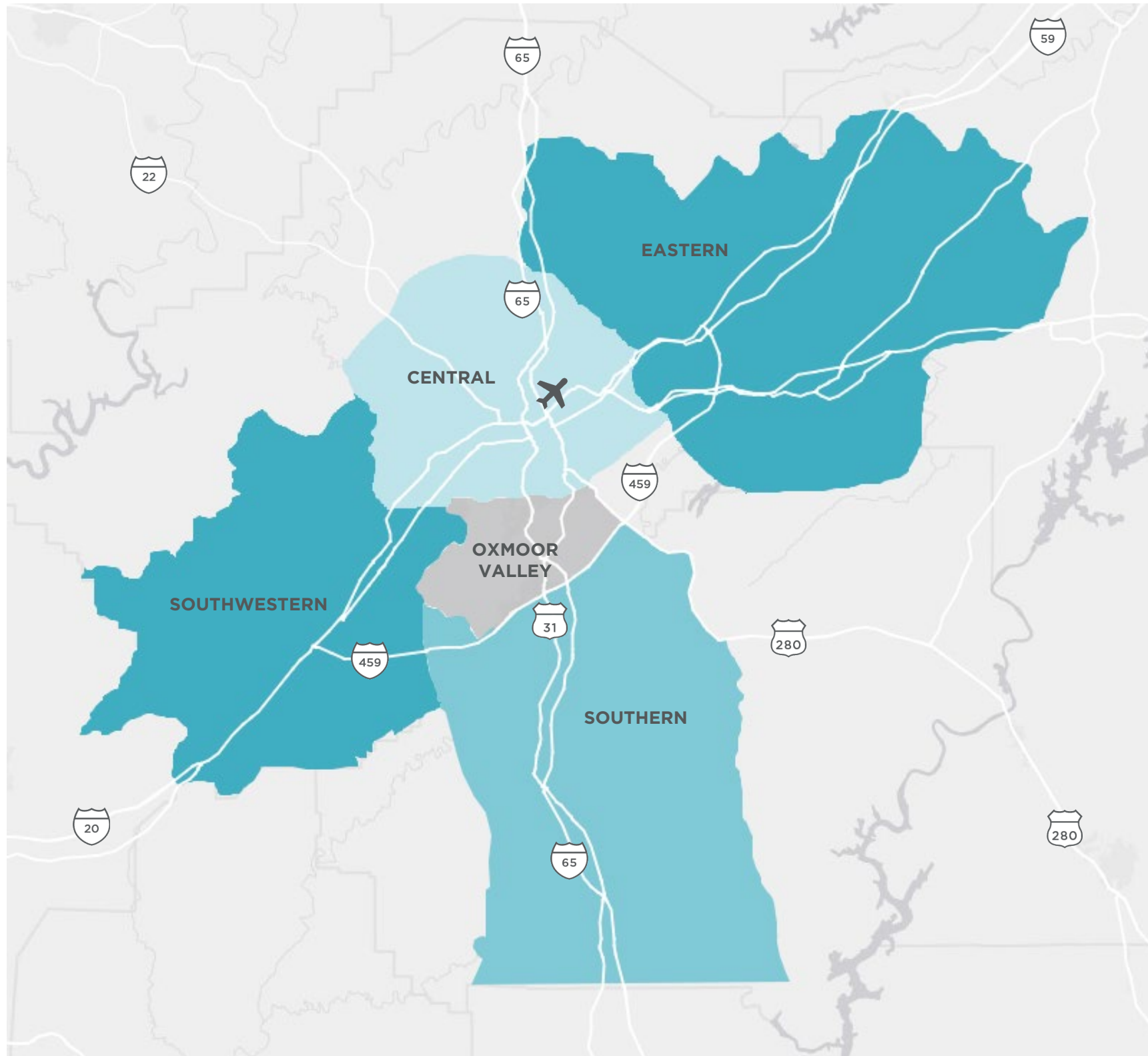
**KEY SALE TRANSACTIONS Q1 2026**

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3501 1 <sup>st</sup> Avenue North	Central	Stout Ventures / Coro Realty Advisors LLC	245,000	\$13.8M / \$56
440 Industrial Lane	Oxmoor Valley	Becknell Industrial / One Liberty Properties, Inc.	60,000	\$5.6M / \$93
2601 Commerce Blvd	Eastern	GCP Applied Technologies / Fluid Solutions LLC	49,000	\$2.15M / \$44
2700 19 <sup>th</sup> Street North	Fultondale	Trenton S.C. LLC / Tamarack Investments	48,336	\$2.15M / \$44
3995 Pine Lane SE	Southwestern	Power Grid Components, Inc. / Cantey Foundation Specialists	38,000	\$3M / \$79
8550 Parkway Drive	Eastern	Langston Investments LLC / Leeds Limited LLC	20,000	\$1.72M / \$86

**PROJECTS UNDER CONSTRUCTION Q1 2026**

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER/DEVELOPER
1101 40 <sup>th</sup> Street North	Central	Coca-Cola UNITED	300,000	Coca-Cola UNITED
4336 Turin Drive	Oxmoor Valley	Community Food Bank of Central AL (CFBCA)	115,000	CFBCA

**INDUSTRIAL SUBMARKETS**



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