

YoY Chg 12-Mo. Forecast

12.4%
Vacancy Rate



-83K
YTD Net Absorption, SF



\$6.53
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

YoY Chg 12-Mo. Forecast

574.1K

Birmingham-Hoover Employment



2.8%

Birmingham-Hoover Unemployment Rate



4.1%

U.S. Unemployment Rate



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

2024 Q2 data are based on latest available data. U.S. Unemployment rate updated July 5th to reflect June's rate.

ECONOMIC OVERVIEW

At the close of Q2 2024, Alabama's economy remained stable and continued to progress in a positive direction. According to the Alabama Department of Labor, the state's unemployment rate fell to 2.9% in June, down slightly from May's revised rate of 3.0%. Alabama was recently awarded a Silver Shovel Award from *Area Development* magazine, recognizing a banner year of economic development project announcements in 2023. Additionally, *CNBC* named Alabama the "Most Improved State to do Business," highlighting a surging workforce, particularly in tech-rich Northern Alabama, and the state's strong initiative to provide shovel-ready sites for business expansion. These accolades demonstrate confidence in our state's economic stability and growth potential, which positively impacts Birmingham's industrial market as well.

DEMAND AND SUPPLY

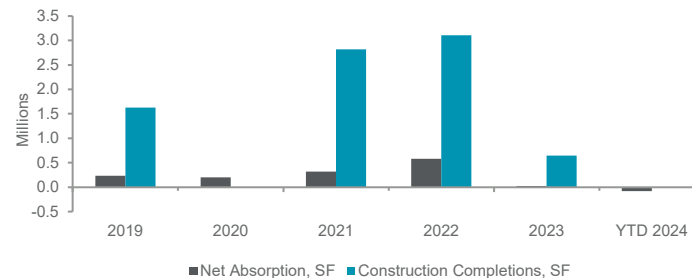
Birmingham's multi-tenant industrial market experienced a lackluster second quarter, recording overall negative absorption of 137,773 square feet (sf), a reversal from the positive 54,993 sf absorbed in Q1 2024. Despite this negative absorption, overall vacancy, which includes sublease space, improved slightly, ending Q2 2024 at 12.4%, down from 13.2% in Q1 2024. Leasing activity slowed with 58,310 sf leased during Q2 2024, but steady tenant touring activity suggests healthy leasing prospects for the latter half of 2024. No new speculative construction projects are planned primarily due to the current interest rate environment.

Although leasing velocity in Birmingham's industrial market has been soft, several significant investment projects were announced or broke ground in Q2 2024, showcasing confidence in Birmingham's seven-county region. Notable projects include Allied Mineral Products's \$23 million, 200,000-sf plant expansion and Douglas Manufacturing's new \$11.7 million idler plant, both of which are in St. Clair County, and Coca-Cola UNITED's new \$330 million corporate HQ and warehouse complex in Jefferson County, collectively promising job creation and economic growth in the area.

PRICING

In line with some other markets nationwide, industrial asking rents in the Birmingham market experienced a decline during Q2 2024. Overall average weighted net asking rents for all property types ended Q2 2024 at \$6.53 per square foot (psf), a slight decrease from \$6.63 psf in the previous quarter, yet still above the \$6.43 psf rate recorded at the same time last year. It is expected that rental rate growth will continue to stabilize for the remainder of 2024.

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	547,777	11.7%	-40,000	-41,125	0	0	n/a	\$7.35	\$6.10
Eastern	2,588,906	0	0.0%	5,000	0	0	0	n/a	\$10.00	\$5.36
Oxmoor Valley	3,069,885	324,888	10.6%	-53,733	-61,708	0	0	n/a	\$11.00	\$7.59
Southern	4,164,319	580,608	13.9%	31,460	131,903	0	0	n/a	\$13.56	\$5.83
Southwestern	2,845,128	423,750	14.9%	-80,500	-111,850	0	0	n/a	\$7.00	\$6.94
BIRMINGHAM TOTALS	17,350,972	1,877,023	10.8%	-137,773	-82,780	0	0	n/a	\$10.37	\$6.46

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

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

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Valleydale Business Center**	Southern	Scholastic Book Fairs	25,000	Renewal*
Commerce Square Business Park**	Eastern	EIS	16,000	Renewal*
Lorna Lane 3427-3431	Southern	Hijaz Trading	16,000	New
Trace Crossings Warehouse	Southern	PharMerica	10,620	New

*Renewals not included in leasing statistics

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KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
100 Airpark Industrial Road	Southern	South Hall Self-Storage / Ironvest Partners	87,000	\$3.75M / \$43
120 County Shop Road	Eastern	Mohr Acquisitions Capital**/ James R. Johnson	36,696	\$2.92M / \$80
101 25 th Street South	Eastern	DIW/GT LLC / Connor & Walker LLC 67	23,897	\$2.2M / \$92

**Represented by Cushman & Wakefield / EGS

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