MARKETBEAT

BIRMINGHAM, AL

INDUSTRIAL Q3 2026



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MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.6% Vacancy Rate (Overall)	▲	▼
-890K YTD Net Absorption, SF	▼	▲
$7.47 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
571.1K Birmingham-Hoover Employment	▲	▲
3.3% Birmingham-Hoover Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate (September 2026)	▼	▲

Source: BLS, Moody's Analytics
2026 Q3 data are based on latest available data.

ECONOMIC OUTLOOK

Alabama's economy remains fundamentally healthy, supported by a strong business climate and continued investment across key industries. The state's preliminary August unemployment rate held at 3.4%, up from 2.8% one year ago, but remains below the national rate of 4.2%. Alabama moved to No. 7 in *Area Development* magazine's 2026 Top States for Doing Business rankings, earning high marks for its property tax environment, overall cost of doing business and labor cost competitiveness. The state also ranked sixth nationally for skilled trades employment growth, which increased 11.3% from 2019 to 2025, outpacing all neighboring Southeastern states. Together, these advantages strengthen the state's industrial base, creating a favorable backdrop for industrial growth across Birmingham's industrial market.

SUPPLY AND DEMAND

Birmingham's multi-tenant industrial market softened in Q3 2026, with overall net absorption reaching negative 324,495 square feet (sf), compared with negative 80,287 sf in Q2. Direct vacancy rose to 8.3% from 7.1% last quarter, while overall vacancy increased to 10.6% from 8.7%. Sublease availability reached 392,007 sf, contributing to the widening gap between direct and overall vacancy. Leasing activity slowed considerably in Q3, bringing the year-to-date leasing volume to 469,669 sf. While below the pace of the last two years, leasing activity continues amid a more limited supply of available space. Despite softer demand, development and investment activity continued, reflecting ongoing investor confidence in our region. Amazon signed a lease for a build-to-suit on a 30.8-acre site located in the Central submarket, where a 245,440-sf warehouse is planned. Additionally, a 10.5-million-square-feet (msf) Southeast industrial portfolio was sold and financed, including 14 industrial buildings totaling approximately 2.6 msf in the Birmingham market.

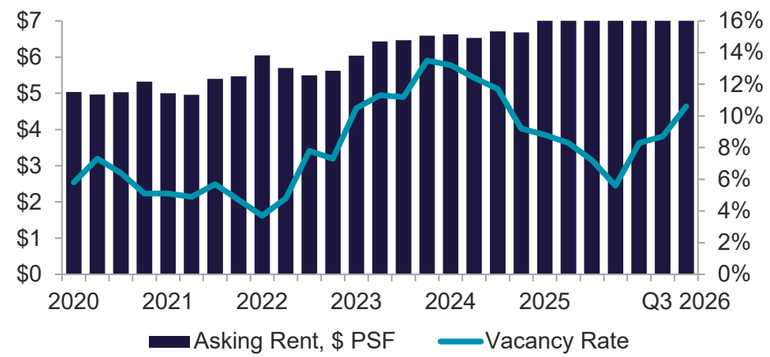
PRICING

Industrial asking rents remained relatively stable in Q3 2026 despite rising vacancy. The overall average weighted net asking rate for the Birmingham market ended the quarter at $7.47 per square foot (psf), down slightly from $7.57 psf in Q2 but up from $7.40 psf one year ago. Service Center properties continued to command the highest rents at $11.36 psf, up from $11.18 psf last quarter. Office/Warehouse rates eased to $10.93 psf from $11.07 psf, while Bulk Distribution rates edged up to $7.13 psf from $7.07 psf in Q2.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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

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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	488,232	10.4%	-147,050	-215,516	250,000	300,000	n/a	$12.00	$6.83
Eastern	2,588,906	98,450	3.8%	-89,600	-40,600	0	0	n/a	$10.00	$7.11
Oxmoor Valley	3,046,211	224,100	7.4%	17,900	-49,153	0	115,000	n/a	$12.34	$8.24
Southern	4,164,319	312,140	7.5%	-25	-77,190	0	0	n/a	$10.05	$7.05
Southwestern	3,120,128	343,718	11.0%	-105,720	-507,853	0	275,000	n/a	$7.00	$7.79
BIRMINGHAM TOTALS	**17,602,298**	**1,466,640**	**8.3%**	**-324,495**	**-890,312**	**250,000**	**690,000**	**n/a**	**$11.36**	**$7.32**

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

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4401 Coalburg Road	Central	Amazon	245,440	New
144 Industrial Drive	Oxmoor Valley	H&H Sales Associates, LLC	67,480	New
208 Oxmoor Court	Oxmoor Valley	Safelite	39,680	Renewal*
280 Oxmoor Court	Oxmoor Valley	Parkline South, LLC	33,000	New
2501 1st Avenue South	Central	Undisclosed	16,340	New
516 35th Street North	Central	Division 7 Supply	15,276	New
Airport Highway Park	Central	Undisclosed	12,700	New
4485 Pinson Valley Parkway	Eastern	NA	12,500	New
524 35th Street North	Central	Mondelez International	11,770	New
Valleydale Business Center	Southern	Shaw Industries	10,000	Renewal*
Avondale Commerce Park, Building 1	Central	Air Hydro Power	7,200	New
8 Belcher Drive	Southern	Air Repair AL	7,000	New

**Renewals not included in leasing statistics.*

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Alabama Industrial Portfolio (14 Bldgs)	BHM (multiple)	EQT Real Estate/LBA Realty	2,633,947	Pending Verification
1090 – 1100 Industrial Boulevard	Southwestern	Special Shapes Refractory Co/Modular Connections LLC	218,855	$9.1M / $41
2000 3rd Avenue North	Central	Omni Foods/John Parks	57,000	$1.5M / $27
120 County Shop Road	Central	James Johnson/Kevin Carville	35,885	$3.1M / $86

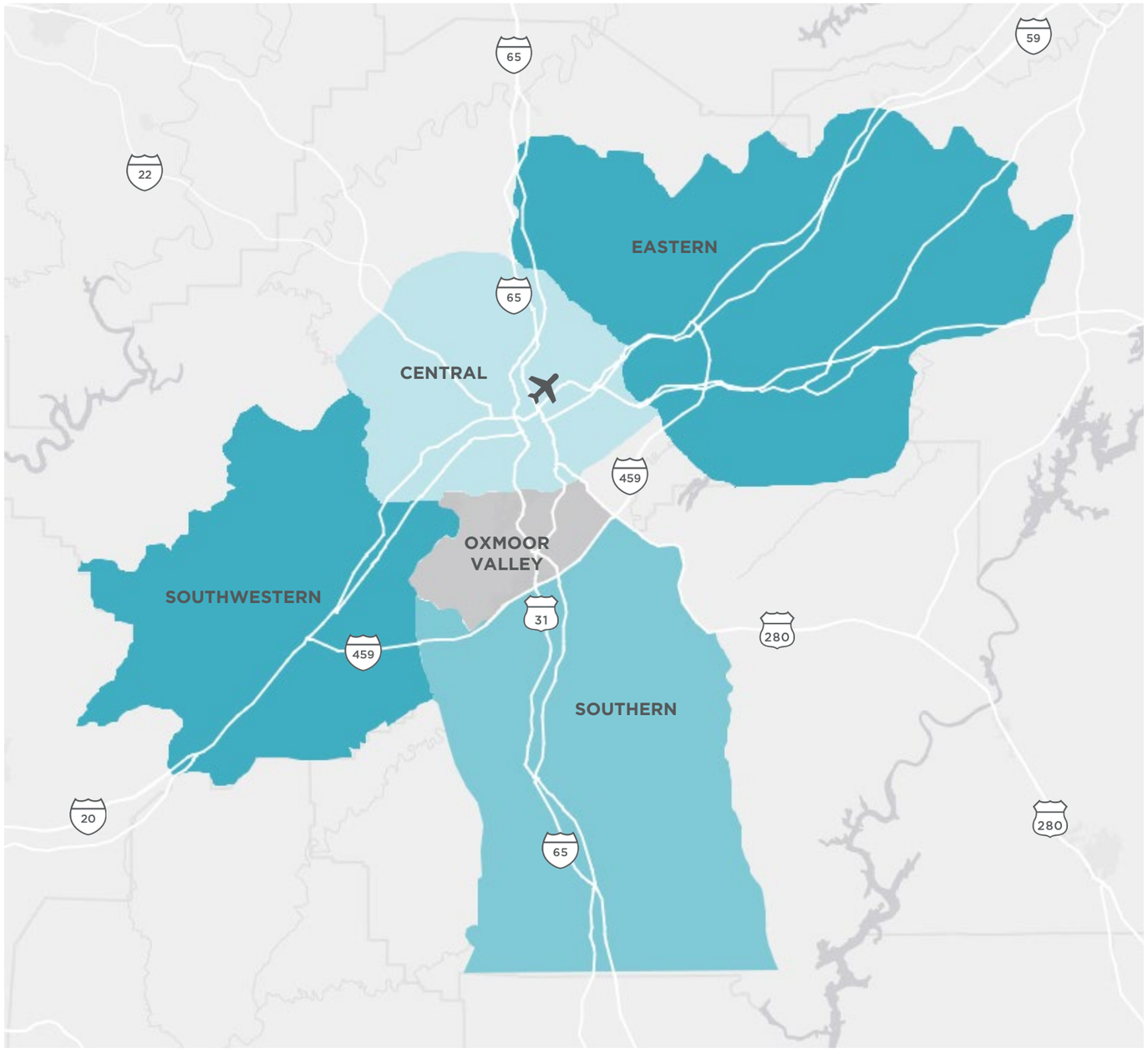
PROJECTS UNDER CONSTRUCTION Q3 2026

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER/DEVELOPER
4401 Coalburg Road	Central	Amazon	225,440	SunCap Property Group

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INDUSTRIAL SUBMARKETS



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