



# INDUSTRIAL MARKET OVERVIEW

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**Graham & Co**



## KEY FACTS: NORTH AL INDUSTRIAL MARKET

- At year end '23, Huntsville's Industrial Vacancy Rate was 5.64%, slightly down from '22's 5.94%.
- Former Remington, Navistar and Cinram/Technicolor plants (~2.5mm sqft) leased in 2023 which made up nearly all vacancies between Jetplex & Chase Industrial Park.
- New Construction delivered over 1.0mm sqft to the market in 2023 (majority in Greenbrier)
- Construction Starts tapered off 2<sup>nd</sup> half of 2023 (probably a good thing)
- Average Rents continue to climb albeit at a slower pace
- Industrial fundamentals continued to normalize to their pre-pandemic figures in Q1 of 2024.





# HSV INDUSTRIAL MARKET AT A GLANCE

Huntsville Industrial Market:

**33,825,285 Total SF**

6,470,617 SF (Multi-Tenant)

27,354,668 SF (Single Tenant)

Current Industrial Available

1,908,825 SF

Overall Vacancy Rate

5.64%

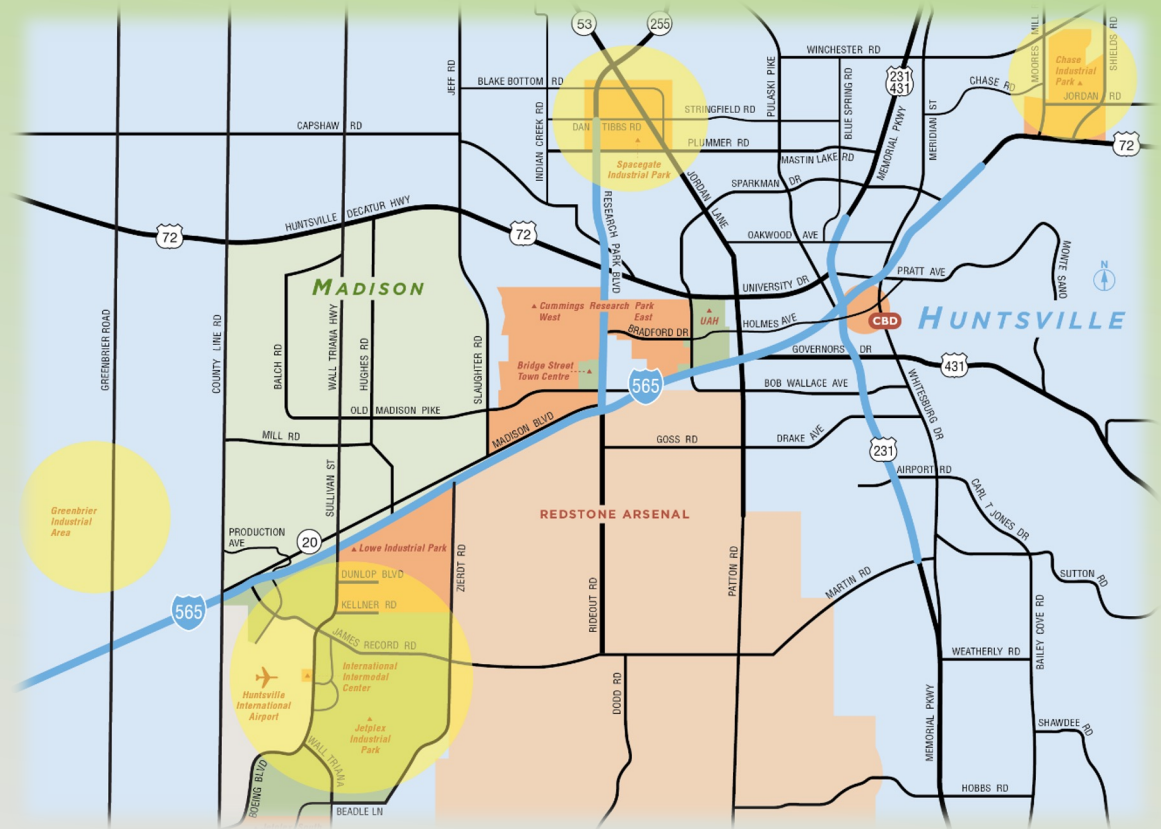
Comprised of 4 submarkets:

Greenbrier

Jetplex

North/Central

Chase



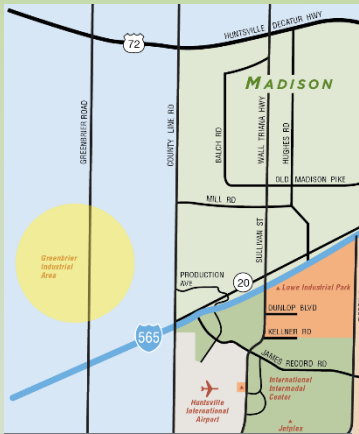


# INDUSTRIAL MARKET BY THE NUMBERS

	Total SF	Available SF	2023 Vacancy	2022 Vacancy	2021 Vacancy	2020 Vacancy	2019 Vacancy
<b>Multi Tenant</b>	6,407,617	1,118,681	17.29%	6.20%	1.77%	1.89%	9.40%
<b>Single Tenant</b>	27,354,668	790,144	2.89%	4.65%	11.23%	5.70%	5.0%
<b>Total Industrial Market</b>	<b>33,825,285</b>	<b>1,908,825</b>	<b>5.64%</b>	<b>5.94%</b>	<b>9.5%</b>	<b>4.98%</b>	<b>5.84%</b>



# INDUSTRIAL MARKET COMPARISON



**GREENBRIER**  
 9.84 million +/- SF

*Overall Vacancy*  
 9.84%

*Multi-Tenant Vacancy*  
 62.97%

*Single Tenant Vacancy*  
 3.34%

Comprises 29.1% of the HSV  
 Industrial Market



**JETPLEX**  
 12.5 million +/- SF

*Overall Vacancy*  
 4.24%

*Multi-Tenant Vacancy*  
 6.50%

*Single Tenant Vacancy*  
 3.21%

Comprises 37% of the HSV  
 Industrial Market



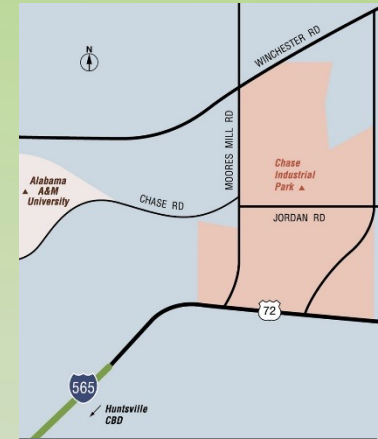
**NORTH/CENTRAL**  
 6.4 million +/- SF

*Overall Vacancy*  
 5.28%

*Multi-Tenant Vacancy*  
 13.75%

*Single Tenant Vacancy*  
 2.98%

Comprises 18.9% of the HSV  
 Industrial Market



**CHASE**  
 5 million +/- SF

*Overall Vacancy*  
 1.41%

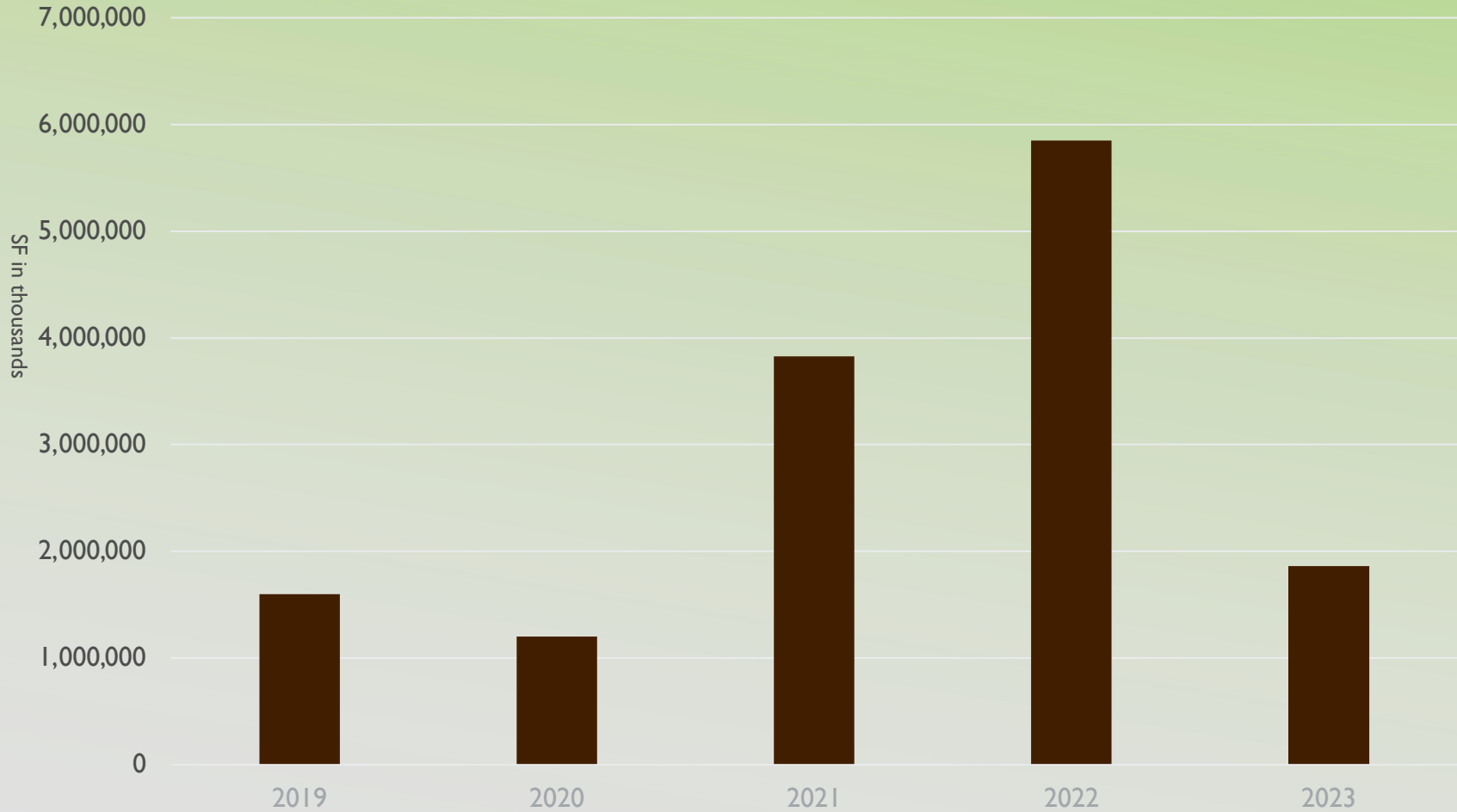
*Multi-Tenant Vacancy*  
 0%

*Single Tenant Vacancy*  
 1.44%

Comprises 15.0% of the HSV  
 Industrial Market

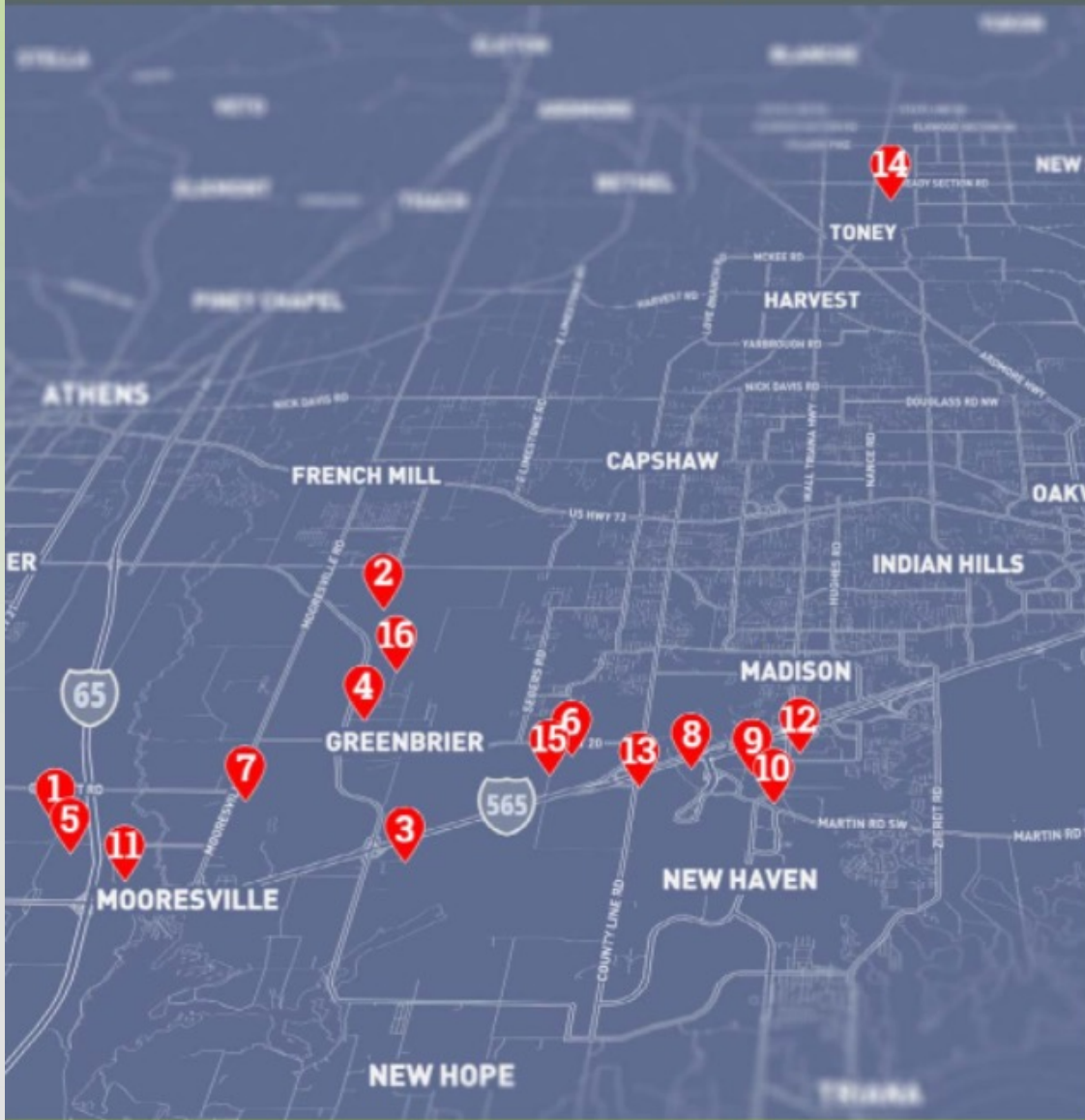


# HUNTSVILLE INDUSTRIAL ABSORPTION



Average absorption over last 5 years = 2.9 million sf per year

# HUNTSVILLE MSA | INDUSTRIAL CONSTRUCTION REPORT

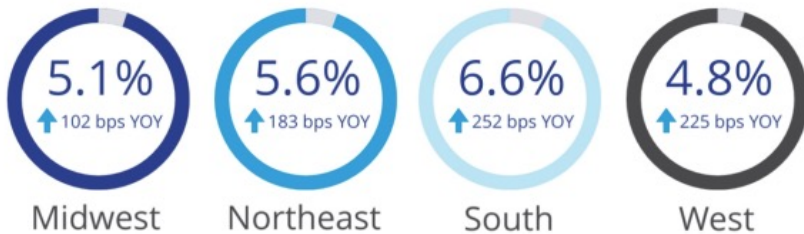
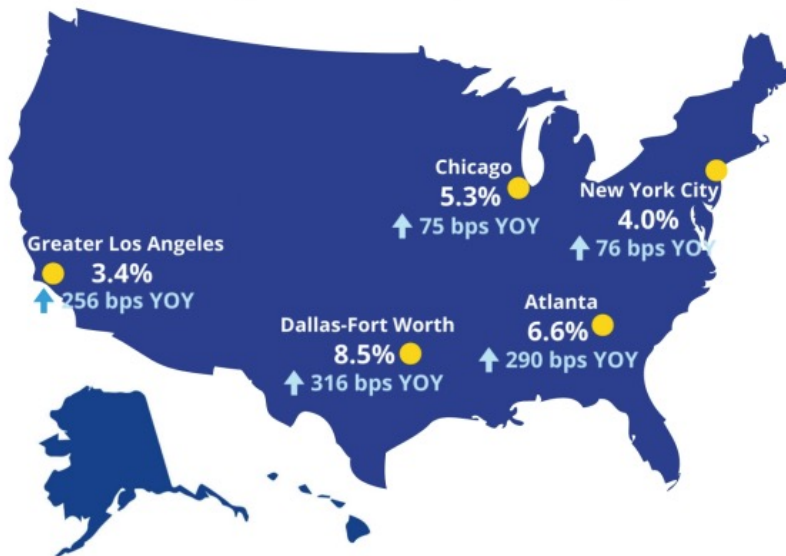


- 1 PARK 565
- 2 GREENBRIER DISTRIBUTION CENTER PHASE 1
- 3 565 LOGISTICS CENTER PHASE I & II
- 4 100 HUNTSVILLE WEST
- 5 RIVER & ROCKET
- 6 HUNTSVILLE LOGISTICS CENTER
- 7 HUNTSVILLE CROSSROADS INDUSTRIAL PARK PHASE I & II
- 8 TRADEPORT DISTRIBUTION CENTER II
- 9 RUNWAY DISTRIBUTION CENTER
- 10 JETPLEX CENTER
- 11 SOUTHPOINT BUSINESS PARK
- 12 9601 & 9603 KELLNER ROAD
- 13 1297 COUNTY LINE ROAD
- 14 FREEDOM INDUSTRIAL PARK
- 15 GREENBRIER COMMERCE CENTER
- 16 CONFIDENTIAL DEVELOPMENT

# US INDUSTRIAL MARKET

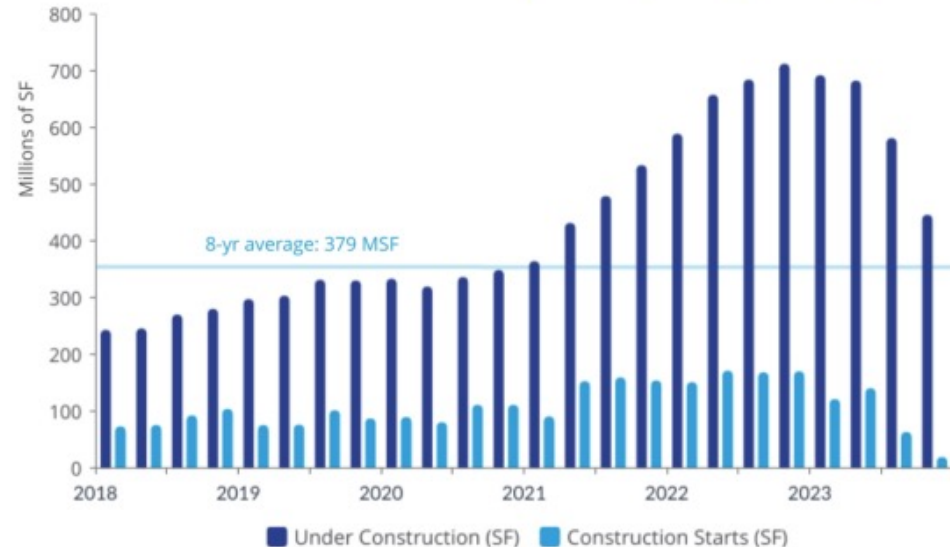
## Vacancy Rates Increased in Nearly All Markets and Regions

Five Largest U.S. Markets – Vacancy Rates & YOY Change



US Average Vacancy Rate = 5.6% at YE 2023  
(Increase of 1.95% YOY)

## U.S. Industrial Construction Pipeline Quickly Falling Off



Credit for the Charts:





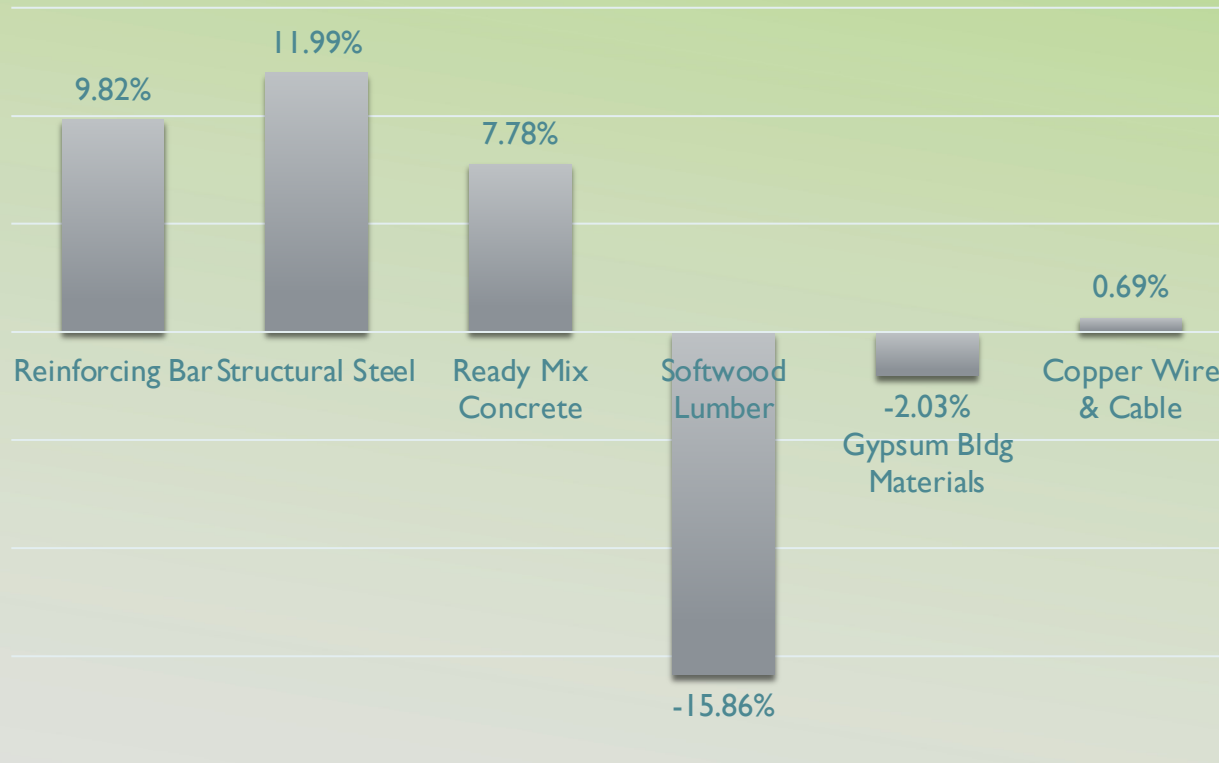


# KEY FACTS: US INDUSTRIAL MARKET

- The U.S. Industrial sector continues to cool after 2 years of tremendous growth coming out of the pandemic.
- Tenant demand slowed in 2023 and Q1 2024 but remains positive.
- As anticipated, the slowdown in pre-leasing and overall leasing, couple with higher-than average deliveries caused the vacancy rate to continue to inch up closer to 6% range, which remains below historical average of 7%.
- Rent growth is also trending down as Q1 2024 industrial rents grew 6% annually vs 10% in 2023 and 20% in 2022.
- Projected construction pipeline is thinning out quickly with new starts down 50% YOY.
- Demand is cooling but not crashing.
- Soft Landing? Vacancy is rising but at a controlled pace (largely due to new supply) and rent growth is slowing but solidly positive



## Annual Change in Materials Cost



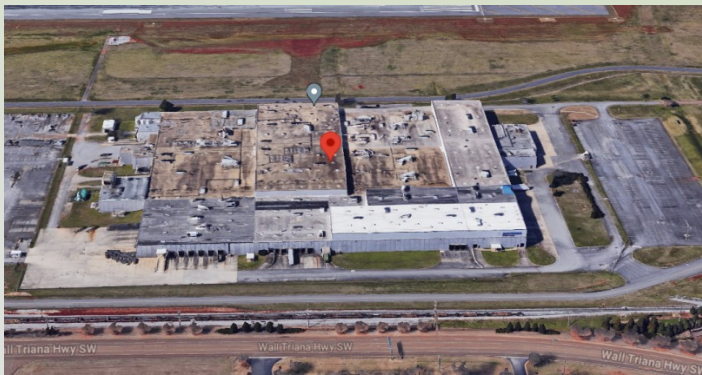
# TOP INDUSTRIAL LEASES



Greenbrier Distribution Center - 290,160 sqft  
Greenbrier Industrial Market



565 Logistics Center II - 229,500 sqft  
Greenbrier Industrial Market



646 James Record Rd – 659,099 sqft  
Jetplex Industrial Market



Huntsville West Bldg 100 – 201,000 sqft  
Greenbrier Industrial Market

# TOP INDUSTRIAL LEASES



Former Cinram Building – 1,361,882 sqft  
Chase Industrial Market

# TOP INDUSTRIAL SALES



201 Electronics Blvd - \$6mm (\$104/SF)  
57,844 SF  
Jetplex Industrial Market



500 Lanier Rd – \$9mm (\$63/SF)  
143,500 SF (3 Buildings)  
Jetplex/Madison Industrial Market



353 James Record Rd – \$5mm (\$109/SF)  
46,000 SF on 14 acres  
Jetplex Industrial Market



4000 Mem. Pkwy South – \$7,425,000 (\$42/SF)  
175,000 SF  
South Huntsville Market



# IMPACTS ON INDUSTRIAL MARKET

- Oversupply & High Interest Rates
- Rates skyrocketed in 2022 through 2023
- Q1 2024, marked the lowest construction completions in 5 quarters (positive?).
- Construction Pipeline stands at its lowest level since 2015.
- Sublease availability has surged, however; some of this increase is attributed to tenants listing their space online to gauge market response, seeking favorable market rates without the intention of giving up all their space.
- Much of the sublease availability is a direct result of consolidation efforts.
- Landlords are becoming more flexible with rents and offering concessions.
- What's in store for 2024/2025?
  - As vacancies continue to decrease (absorption increases) and rates decrease, construction pipeline likely picks back up.
  - 2025 might be another record year for new construction delivery.



# QUESTIONS?

