



SAVANNAH INDUSTRIAL

Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Savannah Employment	179k	179.8k	▲
Savannah Unemployment	4.9%	4.1%	▲
U.S. Unemployment	4.3%	3.8%	▼

Numbers above are quarterly averages

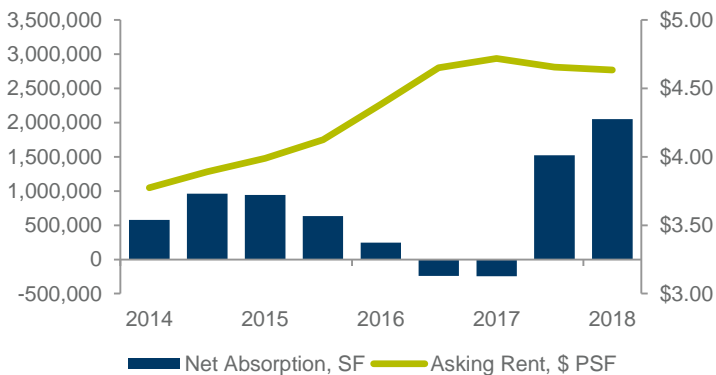
Market Indicators (Overall, All Product Types)

	Q2 17	Q2 18	12-Month Forecast
Overall Vacancy	3.2%	0.6%	▲
YTD Net Absorption	-111k	921k	▲
Under Construction	5.1M	10.5M	▼
Average Asking Rent*	\$4.69	\$4.65	▲

*Rental rates reflect net asking \$psf/year

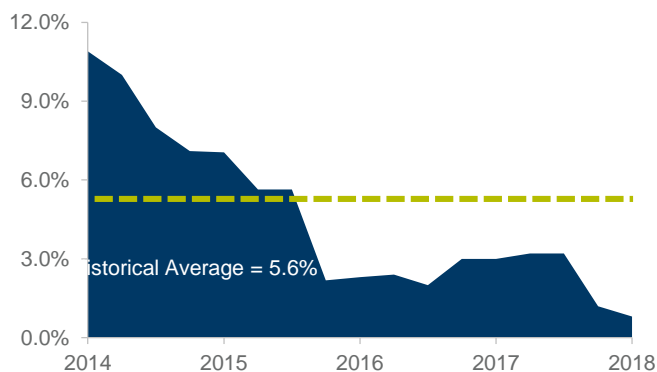
Net Absorption/Asking Rent

4-QTR TRAILING AVERAGE



*Rental rates reflect net asking \$psf/year

Overall Vacancy Rate



Economy

The Savannah regional economy continues to experience stability and momentum in employment, port activity, and tourism growth. This well-grounded expansion can be attributed to the region's economic diversity including the nation's fourth busiest container port (#2 on the East Coast), a strong base of manufacturing and distribution employment, the military complexes at Fort Stewart and Hunter Army Airfield, tourism, two regional hospitals, and the 40,000 plus area college students along with a continued influx of retirees and pre-retirees.

Market Overview

Savannah's warehouse/distribution sector reached a record-low vacancy rate of 0.6% in the second quarter of 2018, a 260-basis-point (bp) decrease year-over-year. The below-average vacancy rate can be attributed to another record-breaking year of throughput and expansion at the Georgia Ports Authority. The long-term outlook for the Ports of Savannah and Brunswick remains favorable, with the recent completion of the Panama Canal Expansion Project and approval of the Savannah Harbor Deepening Project. The market continues to maintain a vacancy rate well below the historical average, even after 4.4 million square feet (msf) of new construction was delivered in 2017, primarily consisting of build-to-suit projects in the 150,000-square-foot (sf) to 500,000-sf range. Currently, there is 10.5 msf of space scheduled for completion in 2019. Nearly 48% of this new construction is being built on a speculative basis. The anticipation is that the majority of space will lease up prior to completion. After these buildings are delivered, the vacancy rate is expected to remain in the 3.0% to 4.0% range. Notable new projects and build-to-suit deliveries in the first half of 2018 include Shaw Industries 1.0-msf building in Northport by CRG/Clayco and JLA Home/OA Logistics breaking ground on a 1.2-msf distribution center in the Savannah River International Trade Park. Three significant investment sales occurred year-to-date (YTD) in buildings ranging from 832,000 sf to 1.1 msf and cap rates in the 5.5% to 6.0% range.

Outlook

The outlook for the balance of 2018 is very favorable. After a seven-year period with limited construction activity, over 4.1 msf of product was brought online in 2016 and 4.4 msf in 2017. Despite the additional 3.8 msf that will deliver by the end of 2018, market demand will continue to outpace delivery of speculative product, as new tenants continue to enter the market and the Port increases throughput.

MARKETBEAT

Savannah, Georgia

Industrial Q2 2018



SUBMARKET	TOTAL BLDGS	INVENTORY	YTD LEASING ACTIVITY*	YTD USER SALES ACTIVITY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	DIRECT WEIGHTED AVG. NET RENT (OS)**	DIRECT WEIGHTED AVG. NET RENT (W/D)**
Downtown/Eastside	95	3,302,474	15,680	11,425	0.4%	40,468	0	\$8.10	N/A
Port Corridor	110	17,885,582	225,000	0	0.1%	195,000	5,880,757	\$8.25	\$4.68
Crossroads/Dean Forest	336	27,066,059	1,166,772	0	1.1%	284,400	241,875	\$8.36	\$4.15
Southside/Highway 17	56	2,327,432	0	0	0.5%	0	12,000	\$8.49	\$6.35
Westside	29	6,100,704	558,566	0	0.2%	401,000	4,414,018	\$8.88	\$4.25
SAVANNAH TOTALS	626	56,682,251	1,966,018	11,425	0.6%	920,868	10,548,650	\$8.29	\$4.23

*Leasing Activity does not include renewals

**Rental rates reflect asking \$psf/year

Statistics are calculated at mid-year and year-end.

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

Key Lease Transactions 2018

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
Morgan Lakes – Building A	401,066	Geodis	Warehouse/Distribution	Westside
602 Expansion Boulevard	400,000	JLA Home/OA Logistics	Warehouse/Distribution	Crossroads/Dean Forest
30 Sonny Perdue	224,147	DAMCO	Warehouse/Distribution	Westside
318 Grange Road	195,000	Supply Chain Management	Warehouse/Distribution	Port Corridor
122 Norwest Court	157,500	Keen Transport	Warehouse/Distribution	Westside
200 Logistics Way	144,000	PGS USA	Warehouse/Distribution	Crossroads/Dean Forest
200 Logistics Way	140,400	Logipia / Pactra Logistics	Warehouse/Distribution	Crossroads/Dean Forest
405 Expansion Boulevard	116,250	FNS Logistics	Warehouse/Distribution	Crossroads/Dean Forest
8 Aviation Court	49,500	East Coast Logistics	Warehouse/Distribution	Crossroads/Dean Forest

Key Sales Transactions 2018

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
445 Northport Parkway	1,001,508	CRG-Clayco / Griffin	Warehouse/Distribution	\$61,682,242 / \$62	Port Corridor
590 Northport Parkway	832,000	CRG-Clayco / Monmouth	Warehouse/Distribution	\$57,483,636 / \$69	Port Corridor
150 Portside Court	800,000	Duke Realty / GCP, LLC	Warehouse/Distribution	\$34,750,000 / \$43	Crossroads/Dean Forest

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