

YoY
Chg 12-Mo.
Forecast**3.7%**

Vacancy Rate

**6.2M**

YTD Net Absorption, SF

**\$5.06**

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q4 2020YoY
Chg 12-Mo.
Forecast**181.3K**Savannah
Employment**4.7%**Savannah
Unemployment Rate**6.7%**U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW: Continued Stability

The Savannah regional economy continues to experience stability and momentum in the industrial sector. The continued expansion of Savannah's well-grounded market can be attributed to the region's economic diversity centered around the Georgia Ports and local Tourism. Savannah is home to the nation's third largest and fastest growing container port, a strong base of manufacturing and distribution employment, the military complexes at Fort Stewart and Hunter Army Airfield, two regional hospitals, and more than 40,000 local area college students along with a continued influx of retirees and pre-retirees. Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. By the middle of Q3 the local economy began to rebound led by significant rebound in the total TEU throughput at the Port of Savannah to pre-COVID-19 and record levels which continued through the end of 2020.

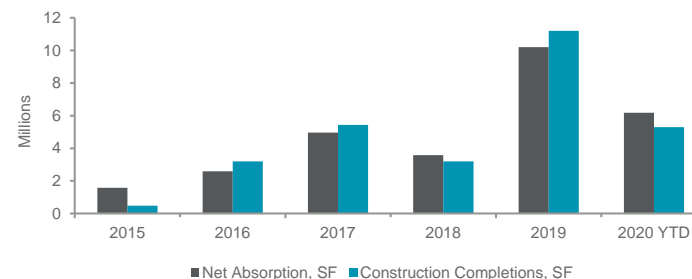
SUPPLY AND DEMAND: Another Year of Record-Low Vacancy

Savannah's industrial sector, once again, maintained a near record-low vacancy rate of 3.7%, representing the sixth consecutive year with a vacancy below 4.0% despite an overall market inventory increase of 28.9 million square feet (msf) since fourth quarter 2014. 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 Georgia Ports remains favorable, with the recent completion of the Panama Canal Expansion Project and pending completion of the Savannah Harbor Deepening Project. Over 5.2 msf of new construction delivered in 2020 with more than 85.0% leased prior to completion. Additionally, several notable leases totaling 3.1 msf were signed in the Q4 2020 to include a 798,560 sf build-to-suit for Hooker Furniture at Tradeport East. Currently, there is a total of 9.5 msf of new construction underway and scheduled for completion by year-end 2021. Less than 41.0% of this inventory is being built on a speculative basis and will likely lease prior to completion. Notable transactions in Q4 included SLM Warehousing's acquisition of a 166,400 sf rear-load at the entrance to CenterPoint Intermodal Center and Lexington's acquisition of a 419,667 sf distribution center located in Georgia International Trade Center at a record low 5.1% cap rate.

OUTLOOK: Continued Momentum

The outlook for 2021 is very favorable thanks to the continued recovery at the Georgia Ports Authority after several months of reduced throughput in early 2020 and record months posted during the second half of the year. Several significant lease transactions are pending and expected to sign before end of Q1 2021 that would absorb in excess of 1.2 msf of existing vacant or speculative product that is under construction and continuing the six-year trend with market demand outpacing delivery of speculative product.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS – Q4 2020

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|--------------------------|-------------------|---------------------|----------------------|------------------|-------------------------|------------------------------------|-------------------------------------|
| Downtown/Eastside | 3,302,474 | 32,250 | 1.0% | 0 | 0 | \$8.45 | \$5.00 |
| Port Corridor | 23,769,409 | 288,727 | 1.2% | 2,122,900 | 0 | \$8.50 | \$5.55 |
| Crossroads / Dean Forest | 27,883,230 | 914,510 | 3.3% | 1,078,814 | 232,000 | \$9.75 | \$5.08 |
| Southside / Highway 17 | 3,718,598 | 459,489 | 12.4% | 0 | 0 | N/A | \$4.91 |
| Westside | 12,999,002 | 1,224,124 | 9.4% | 1,994,200 | 280,000 | \$10.00 | \$4.84 |
| Highway 21 | 3,418,055 | 0 | 0.0% | 1,832,515 | 998,400 | N/A | \$4.45 |
| I-16 West | 2,831,000 | 0 | 0.0% | 1,218,400 | 0 | N/A | N/A |
| I-95 South | 2,648,732 | 0 | 0.0% | 1,000,000 | 0 | N/A | N/A |
| Jasper County | 150,000 | 94,000 | 62.7% | 329,000 | 0 | N/A | \$5.25 |
| SAVANNAH TOTALS | 80,720,500 | 3,013,100 | 3.7% | 9,575,829 | 1,510,400 | \$9.09 | \$4.84 |

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

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

KEY LEASE TRANSACTIONS Q4 2020

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE* |
|--------------------------------------|------------------------|-------------------------|---------|--------|
| 500 Islands Highway – Tradeport East | I-95 South | Hooker Furniture | 798,560 | Direct |
| 1 Knowlton Way | Crossroads/Dean Forest | Outsource Logistics | 784,000 | Direct |
| 307 International Trade Parkway | Port Corridor | Shaw Industries | 420,640 | Direct |
| 4601 McCall Road | Highway 21 | Bissell | 388,400 | Direct |
| 175 Portside Court | Crossroads/Dean Forest | Supply Chain Management | 322,500 | Direct |
| 100 Brampton Road | Port Corridor | DSI Logistics | 317,880 | Direct |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|--------------------------|------------------------|-----------------------------|---------|---------------|
| 8 Sonny Perdue Boulevard | Crossroads/Dean Forest | Strategic / SLM Warehousing | 166,400 | \$17.3M/\$104 |

KEY CONSTRUCTION COMPLETIONS Q4 2020

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|-----------------------------|------------------------|-----------------|---------|-----------------|
| 4601 McCall Road | Highway 21 | A&R Logistics | 998,400 | Broe |
| 400 Morgan Lakes Industrial | Westside | WDS | 280,000 | Northpoint |
| 8 Sonny Perdue Boulevard | Crossroads/Dean Forest | SLM Warehousing | 166,400 | SLM / Strategic |
| 421 Armstead Avenue | Crossroads/Dean Forest | Rolls-Royce | 65,600 | Rolls-Royce |

LOCAL MARKET RESEARCH LEAD

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