

	YoY Chg	12-Mo. Forecast
<b>3.3%</b> Vacancy Rate	▲	▼
<b>3.3M</b> YTD Net Absorption, SF	▼	▲
<b>\$4.91</b> Asking Rent, PSF	▲	▬

*Overall, Net Asking Rent*

**ECONOMIC INDICATORS Q4 2019**

	YoY Chg	12-Mo. Forecast
<b>159.8K</b> Savannah Employment	▼	▲
<b>15.0%</b> Savannah Unemployment Rate	▲	▼
<b>13.0%</b> 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 Ga 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. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

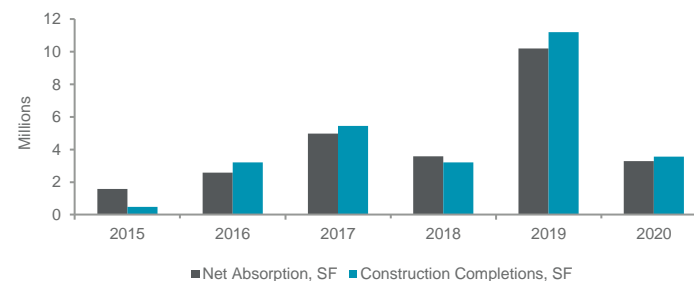
**SUPPLY AND DEMAND: Another Quarter of Record-Low Vacancy**

Savannah’s industrial sector, once again, maintained a near record-low vacancy rate of 3.3%, representing the sixth consecutive year with a vacancy below 3.5% despite an overall market inventory increase of 27.1 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 3.6 msf of new construction delivered the first half of 2020 with more than 85.0% leased prior to completion. Additionally, several notable leases totaling 496,585 sf were signed in Q2 . Currently, there is a total of 3.9 msf of new construction scheduled for completion by year-end 2020. Less than 12.0% of this inventory is being built on a speculative basis and will likely lease prior to completion. Notable transactions in Q2 included Lexington’s acquisition of a 444,030 sf two-building portfolio on Dean Forest Road at a 5.6% cap rate and Dewell Container Shipping’s acquisition of a 154,550 sf distribution center located in Georgia International Trade Center. Several significant investment sales are pending and expected to close prior to year-end with cap rates in the 5.0% to 5.5% range.

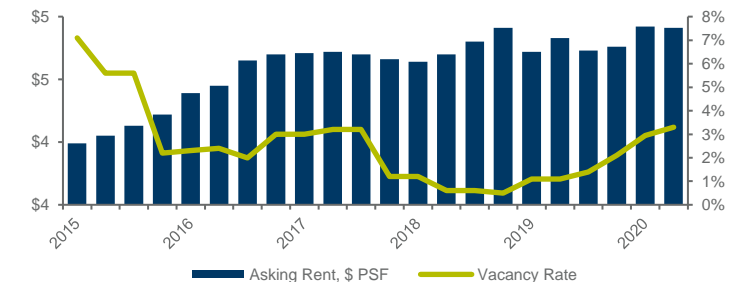
**OUTLOOK: Continued Momentum**

The outlook for the remainder of 2020 is very favorable thanks to the continued recovery at the Georgia Ports Authority after several months of reduced throughput from March through May. Several significant lease transactions are pending and expected to sign before year-end that would absorb in excess of 1.9 msf of existing vacant product on the market and pushing vacancy below back 3% and continuing the five-and-a-half-year trend with market demand outpacing delivery of speculative product.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



### MARKET STATISTICS – Q2 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	13,550	0.4%	0	0	\$8.70	N/A
Port Corridor	23,651,739	288,727	1.2%	2,240,570	0	\$8.50	\$5.55
Crossroads / Dean Forest	27,551,230	208,120	0.8%	858,932	0	\$9.75	\$5.55
Southside / Highway 17	3,407,389	0	0.00%	0	285,527	N/A	N/A
Westside	12,719,002	1,200,244	9.4%	2,558,800	641,280	\$10.00	\$4.80
Highway 21	2,419,655	774,313	32.0%	667,090	1,641,180	N/A	\$4.45
I-16 West	2,831,000	0	0.0%	700,000	406,000	N/A	N/A
I-95 South	2,648,732	0	0.0%	0	0	N/A	N/A
Jasper County	150,000	150,000	100.0%	0	150,000	N/A	\$5.25
<b>SAVANNAH TOTALS</b>	<b>78,681,221</b>	<b>2,634,954</b>	<b>3.3%</b>	<b>7,025,392</b>	<b>3,123,987</b>	<b>\$9.07</b>	<b>\$4.56</b>

\*Rental rates reflect weighted net asking \$psf/year OS = Office Service/Flex W/D = Warehouse/Distribution

### KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
1004 Trade Center Parkway	Highway 21	Sunland Logistics	149,415	Direct
500 Morgan Lakes, Building B	Westside	Alto Systems	137,500	Direct
200 Crossgate Road	Port Corridor	Amazon Last Mile	117,670	Direct
2300 Tremont Road, Building A	Southside/Highway 17	Shinsho Logistics	40,000	Direct

### KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Morgan Lakes – UNIS	Westside	Northpoint / Lexington	499,200	\$34.6M / \$70
1315 Dean Forest Road	Southside / Highway 17	North Signal / Lexington	444,030	\$39.5 / \$89
110 Little Hearst Parkway	Port Corridor	Crane / Exeter	281,467	\$19.6M / \$70
1000 Trade Center Parkway	Highway 21	Chesterfield-Stonemont / DeWell	154,550	\$15.2 / \$98

### KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
2008 Trade Center Boulevard	Highway 21	Shaw	1,067,040	Chesterfield - Stonemont
401 Morgan Lakes Industrial	Westside	UNIS	499,200	Northpoint
1004 Trade Center Parkway	Highway 21	Geodis/Sunland	419,590	Chesterfield - Stonemont
Old River Road	I-16 West	Americold	306,000	Americold
2375 Tremont Road	Southside / Highway 17	Frozen Assets	285,527	Bridge
1000 Trade Center Parkway	Highway 21	DeWell	154,550	Chesterfield - Stonemont
RiverPort Spec. #1	Jasper County	Spec.	150,000	North Signal

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