

	YoY Chg	12-Mo. Forecast
12.6% Vacancy Rate	▲	▲
5.7K Net Absorption, SF	▼	▼
\$21.38 Asking Rent, PSF	▬	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
159.8K Savannah Employment	▼	▲
15.0% Savannah Unemployment Rate	▲	▼
13.0% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW: Significant Slowdown in Regional Economy Due to Pandemic

According to Georgia Southern University's latest Savannah Economic Monitor, the Savannah metro economy experienced a fall in seven out of eight major economic indicators in Q1 2020 largely as a result of the pandemic. Tourism had a significant decline as evidenced by respective decreases of 17% in airplane boardings, 13% in rental car receipts and a 35% in the number of visitors taking guided tours. After a record year in 2019 with a volume in excess of 4.6 million TEUs passing through the Port of Savannah, the Georgia Ports Authority has experienced its first decline over the last decade in Q1 and Q2 2020 due to the pandemic. However, the GPA's long term forecasts for continued exponential growth have not been impacted by this short-term pandemic as the favorable effects of the Mason Mega Rail Project, which will double the Port's rail capacity, and its recent acquisition of 145-acres for expansion of the Garden City terminal will be experienced. Overall economic conditions are expected to improve during the second half of 2020 with a more robust recovery in 2021, most notably in the port and tourism sectors.

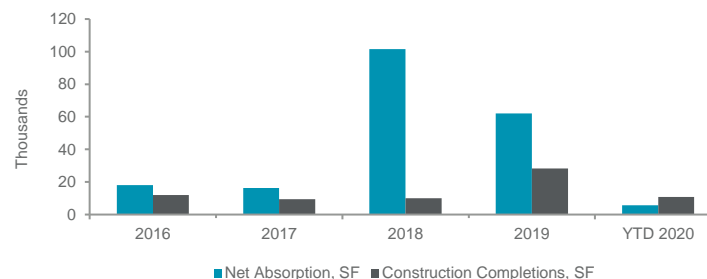
SUPPLY AND DEMAND: Leasing Activity is Unchanged

There has been no groundbreaking on the 27,190-square foot (sf) Class A building planned for 110 Park of Commerce, the 80,000-sf Class A building proposed for the Eastern Wharf or the 20,000-sf Class A building under design for the Downtown East project as no anchor Tenants have committed. Several developers continue to target the development of medical office buildings in Pooler, proximate to the new Candler/St. Joseph's micro-hospital, but no projects have broken ground or been formally announced. The Savannah Economic Development Authority has begun demolition and extensive renovation of its new headquarters building fronting Forsyth Park in the CBD.

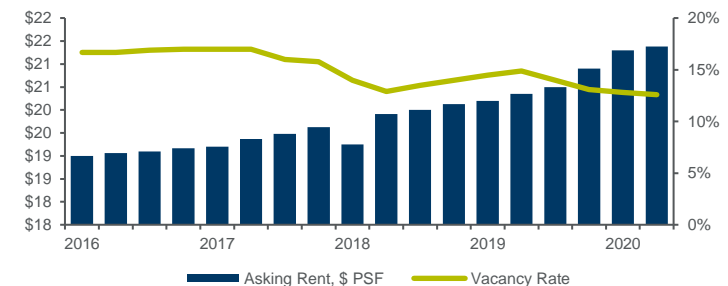
PRICING: Asking Rents Post Very Slight Increase

Savannah's overall vacancy rate decreased from 13.1% in Q4 2019 to 12.6% in Q2 2020. The overall gross average asking rental rate increased from \$21.29 per square foot (psf) in fourth quarter 2019 to \$21.38 psf in Q2 2020, as free rent and overall concessions remained largely unchanged. The Southside submarket experienced a slight uptick in the overall vacancy rate due to the loss of several relatively large Tenants. Effective rental rates and overall occupancy should remain essentially unchanged for the second half of 2020 as most corporate office Tenants resume normal operations and, most likely, no speculative office buildings break ground.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	NO. OF BUILDINGS	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD – Historic Downtown	1,171,930	12.1%	39	0	\$23.42	\$24.38
Southside	917,221	13.1%	40	0	\$21.13	\$24.00
Westside	874,845	14.3%	37	10,800	\$21.81	\$25.75
Effingham County	229,004	11.2%	24	0	\$18.82	N/A
Bryan County	173,396	9.9%	17	0	\$20.16	\$22.75
Islands	156,334	8.3%	9	0	\$22.92	\$27.00
MSA TOTALS	3,522,730	12.6%	166	10,800	\$21.38	\$24.78

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7001 Chatham Center Drive	Westside	GSA/ICE	9,985	New Lease
4 Skidaway Village Square	Islands	Truist Bank	5,478	Renewal*
5 E. Perry Street	CBD	Bay Street Realty Group	5,123	New Lease
24 Drayton Street	CBD	JE Dunn Construction	3,084	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
906 Drayton Street	CBD	John S Reese/Savannah Economic Development Auth.	14,270	\$5M / \$350
325 Tatnall Street	CBD	325 Tatnall, LLC/325 Tatnall Street, LLC	5,905	\$1.25M / \$212

LOCAL MARKET RESEARCH LEAD

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