

Industrial Q3 2021

YoY Chg 12-Mo. Forecast

1.0%

Vacancy Rate



7.8M

YTD Net Absorption, SF



\$5.30

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

192.4K

Savannah Employment



3.6%

Savannah Unemployment Rate



5.2%

U.S. Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW: Continued Stability

The Savannah regional economy continues to experience rapid expansion and strong absorption 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 2020 the local economy began to rebound led by significant rebound in the total twenty-foot equivalent unit ("TEU") throughput at the Georgia Ports Authority ("GPA") to pre-COVID-19 and record levels which have continued well into 2021 with an all-time record throughput in fiscal year 2021 of 5.3 M TEU's and setting course to surpass the 6 M TEU mark this fiscal year.

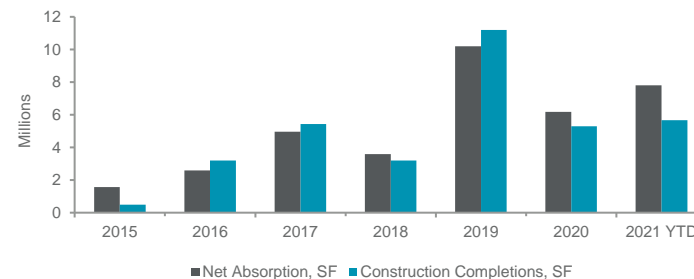
SUPPLY AND DEMAND: Another Year of Record-Low Vacancy

Savannah's industrial sector, once again, maintained a near record-low vacancy rate of 1%, representing the seventh consecutive year with a vacancy below 4.0% despite an overall market inventory increase of 34.8 million square feet (msf) since fourth quarter 2014. The long-term outlook for the GPA remains favorable with continued commitment to invest in new infrastructure in excess of \$2.5B before the end of this decade. This continued investment will ensure the GPA is able to maintain capacity well above the expected 8M TEU throughput expected in 2030. The operational efficiency offered by the GPA is one of the key drivers in the growth of the GPA and Savannah's industrial market and a key contributor to its ability to maintain that efficiency the past few months while the throughputs were approaching levels not expected until 2026 and beyond. Several notable leases were signed in Q3 posting contributing to a net absorption of 7.8 msf year-to-date. Currently, there is a total of 19.3 msf of new construction underway and scheduled for completion by year-end 2022. Less than 55.0% of this inventory is being built on a speculative basis and will likely lease prior to completion. Notable transactions in 2021 include Invesco's acquisition of a 1.1 msf crossdock at Georgia International Trade Center as well as several notable leases in excess of 500,000 sf signed by McKesson, Lowe's, NFI and others.

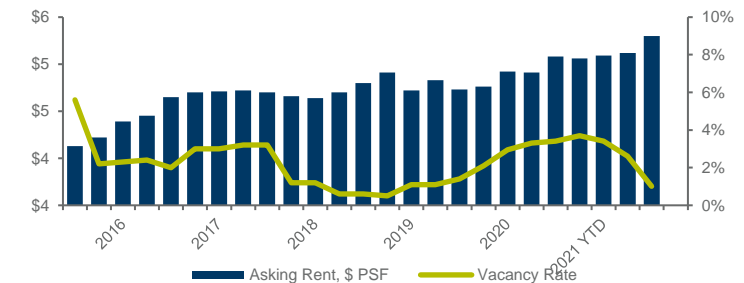
OUTLOOK: Continued Momentum

The outlook for the balance of 2021 is very favorable thanks to the continued recovery at the GPA after several months of reduced throughput in early 2020 and record months posted 2021. Several significant lease transactions are pending and expected to sign before year-end 2021 that would absorb in excess of 3.0 msf of 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 – Q3 2021

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF) YTD 2021	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown/Eastside	3,302,474	22,250	1.0%	0	0	\$8.45	\$5.75
Port Corridor	24,769,409	7,260	0.1%	1,122,900	0	\$8.50	\$6.00
Crossroads / Dean Forest	28,240,105	375,000	1.3%	6,817,873	895,692	\$9.75	\$5.15
Southside / Highway 17	3,718,598	327,209	8.6%	0	0	\$9.00	\$5.09
Westside	13,618,934	102,020	0.7%	3,946,200	93,000	\$10.00	\$5.50
Highway 21	4,085,145	0	0.0%	3,725,037	667,090	N/A	\$5.00
I-16 West	4,049,400	0	0.0%	1,157,333	518,400	N/A	\$4.95
I-95 South	4,132,784	0	0.0%	1,426,000	1,199,900	N/A	\$4.35
Jasper County	479,000	0	0.0%	810,546	0	N/A	\$4.75
SAVANNAH TOTALS	86,395,849	833,739	1.0%	19,005,889	3,374,082	\$9.07	\$5.18

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

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
850 Interstate Centre Parkway	I-16 West	McKesson	700,000	Direct
1000 Old River Road	I-16 West	MerchSource	518,400	Direct
2000 Trade Center Boulevard	Highway 21 Corridor	Lowe's	416,450	Direct
235 Jimmy Deloach Parkway	Crossroads/Dean Forest	Estes	250,600	Direct
300 Telfair Road	Crossroads/Dean Forest	Spohn Global	142,668	Direct

*Renewals not included in leasing statistics

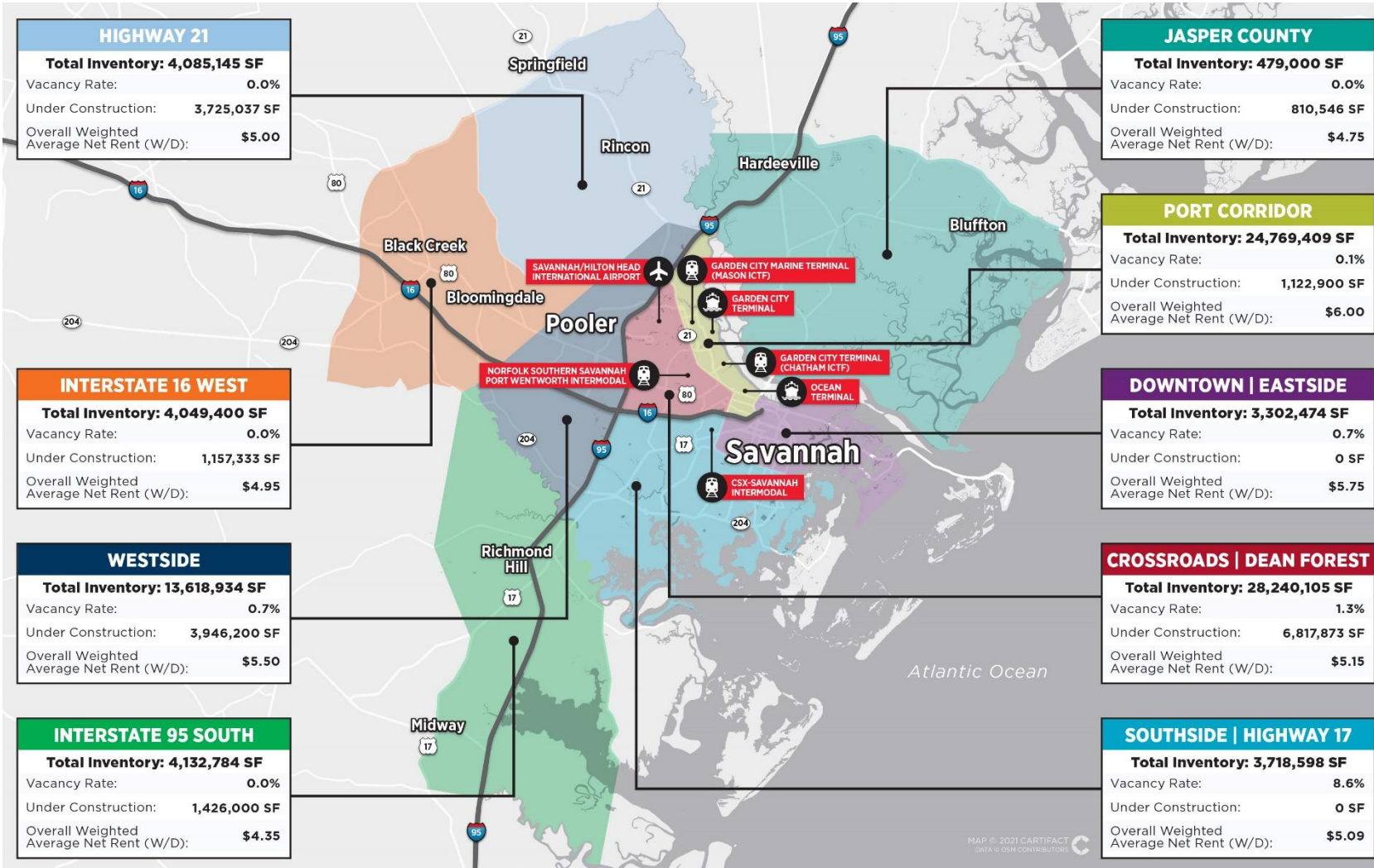
KEY SALES TRANSACTIONS 2021 YTD

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Morgan Lakes/Dist. Drive Portfolio	Westside/Crossroads	Link/Stockbridge	1,470,600	\$116M / \$79
2008 Trade Center Boulevard	Highway 21	Chesterfield-Stonemont / Invesco	1,067,674	\$92M / \$86
437 Telfair Road	Crossroads/Dean Forest	Citi-Mark / EQ Exeter	207,000	\$19M / \$92

KEY CONSTRUCTION COMPLETIONS 2021 YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Belfast Commerce Park	I-95 South	Medline	1,199,900	Medline/Medline
202 International Trade Parkway	Port Corridor	Anatolia Tile	1,000,000	Anatolia Tile / Solution Property Group
951 Interstate Centre Boulevard	I-16 West	McKesson	700,000	CRG/Clayco
100 Pinderpoint Road	Crossroads/Dean Forest	Road One	526,932	Northpoint Savannah
Savannah Portside International	I-16 West	Merchsource	518,400	Panattoni

INDUSTRIAL SUBMARKETS – Q3 2021



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