

	YoY Chg	12-Mo. Forecast
<b>6.2%</b> Vacancy Rate	▲	▼
<b>86.4 K</b> YTD Direct Absorption SF	▼	▲
<b>\$23.26</b> Asking Rent, PSF	▬	▬

(Overall, All Property Classes)

**ECONOMIC INDICATORS Q2 2023**

	YoY Chg	12-Mo. Forecast
<b>200.3K</b> Savannah Employment	▲	▲
<b>2.9%</b> Savannah Unemployment Rate	▲	▲
<b>3.6%</b> U.S. Unemployment Rate	▬	▲

Source: BLS

**ECONOMIC OVERVIEW: Modest But Sustained Growth Continues in Regional Economy**

According to Georgia Southern University's latest Savannah Economic Monitor, the slower growth of the Savannah metro economy over the last six quarters is being offset by continued growth in the regional logistics industry and the ramping up of the Hyundai EV plant and supportive same-day suppliers. The GPA shipping terminal continues to be a major regional economic generator, handling 1.5 million TEUs in Q1 2023. The Savannah tourism and hospitality sectors have surpassed pre-pandemic heights with 2022 having generated 9.7 million annual overnight visitors, visitor spending in excess of \$4.4 billion, and 27,000 hospitality related jobs. The opening of a \$5.5 billion Hyundai EVM plant in Ellabell and \$929 million Hyundai Mobis plant in Richmond Hill by Q2 2025 are projected to generate 9,600 direct jobs and 5,000 indirect jobs among same-day suppliers. The near-term prospects for continued growth in the metro Savannah economy are favorable given the continued strength in tourism, the Georgia Port Authority and supportive logistics industry, and continued land development and associated construction activity. The favorable impacts of the Hyundai plants are expected to offset any contraction in the regional and/or national economies over the next 12 to 24 months.

**SUPPLY AND DEMAND: No Immediate Changes in Terms of New Inventory**

The proposed 80,000 square foot (sf) Class A building for the Eastern Wharf has not yet landed any tenants. The exodus of tenants from the Central Business District (CBD) continues and there are three to four tenants in the 20,000 to 35,000 sf range looking to relocate into new Class A space. Office tenants are vacating the Manger and Johnson Square Financial Center buildings. The developer of the 22,000 sf Class A building at Downtown East plans to break ground in the 3<sup>rd</sup> Quarter of 2023 and the developer of a multi-tenant building planned for the SW Quadrant of Forsyth Park is pursuing permits for a groundbreaking in 2024 with total sf to be determined. Given current construction costs and rental rates, no other sizable office buildings are proposed for development at this time. However, we anticipate additional Class A space being delivered in the southern portion of the CBD over the next 18 to 36 months.

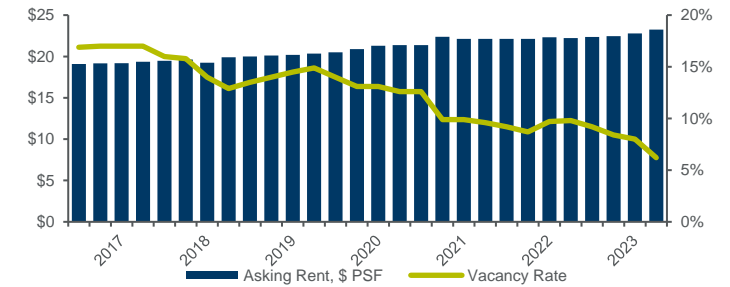
**PRICING: Asking Rents Remain Relatively Steady**

Savannah's overall vacancy rate decreased from 8.0 % in Q1 2023 to 6.2% in Q2 2023. This decrease is primarily attributable to several expansions/relocations of sizable tenants within the banking, financial services and legal sectors. The overall gross average asking rental rate increased from \$22.79 per square foot (psf) in Q1 2023 to \$23.26 psf in Q2 2023, as free rent and overall concessions remained largely unchanged. Effective rental rates and overall occupancy should remain essentially unchanged for the balance of 2023 as many corporate office tenants resume normal operations and, most likely, no speculative office buildings deliver additional space.

**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	1,267,759	6.3%	43	0	\$25.14	\$25.77
Southside	1,171,630	7.0%	68	0	\$21.21	\$25.31
Westside	1,117,587	5.9%	50	0	\$21.95	\$25.73
Midtown	189,099	8.8%	13	0	\$23.56	\$30.00
Islands	204,508	3.0%	13	0	\$24.43	\$27.25
<b>MSA TOTAL</b>	<b>3,950,583</b>	<b>6.2%</b>	<b>187</b>	<b>0</b>	<b>\$23.26</b>	<b>\$25.86</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
200 Stephenson Avenue	Southside	N/A	\$31.50	New Lease
24 Drayton Street	CBD	Gateway Terminals LLC	\$29.00	New Lease
6001 Chatham Center Drive	Westside	Steam Logistics	\$26.00	New Lease

## KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/PSF
4451 Paulsen Street	Midtown	Plan B Savannah, LLC / Gateway Community Service Board	15,388	\$279.44
19 Barnard Street	CBD	Mmh 19 Barnard LLC / Noorfam Ventures, LLC	5,181	\$386.03
11 Habersham Street	CBD	Timothy Joseph Burke / Ron & Ricardo, LLC	2,320	\$452.59

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