

	YoY Chg	12-Mo. Forecast
4.3% Vacancy Rate	▲	▼
166.4 K YTD Net Absorption SF	▼	▲
\$25.16 Asking Rent, PSF	▬	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
204.3 K Savannah Employment	▲	▲
2.9% Savannah Unemployment Rate	▲	▲
3.7% 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 Georgia Ports Authority ("GPA") continues to be a major regional economic generator handling 4.5 million twenty-foot equivalent ("TEU") units through November 2023 while increasing its share and handling 11.1% of the nation's imports. The Savannah tourism and hospitality sectors have surpassed pre-pandemic heights with 2022 having generated 9.7 million annual overnight visitors, visitor spending more than \$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 GPA 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.

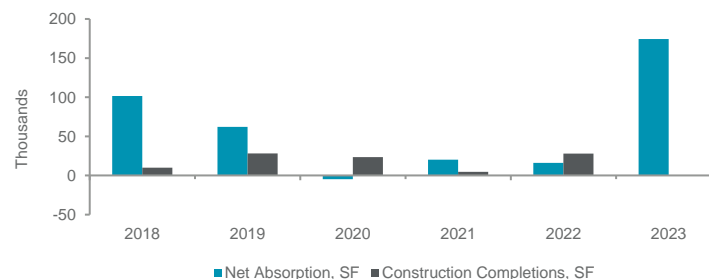
SUPPLY AND DEMAND: Historically Low Vacancy Rate in CBD Justifies New Construction

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 which are slated for conversion to hospitality and residential uses. The developer of the 22,000 sf Class A building at Downtown East broke ground in the 4th Quarter of 2023 and immediately leased 50% of the space. The developer of a multi-tenant building planned for the SW Quadrant of Forsyth Park is pursuing permits for a groundbreaking in 2024 with an estimated 100,000 rentable square feet. 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.

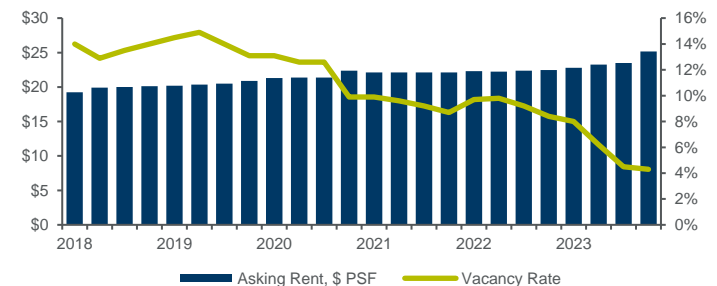
PRICING: Asking Rents Will Continue to Increase

Savannah's overall vacancy rate decreased from 4.5% in Q3 2023 to 4.3% in Q4 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 \$23.49 per square foot (psf) in Q3 2023 to \$25.16 psf in Q4 2023, as free rent and overall concessions decreased. Effective rental rates will increase, and overall occupancy should remain essentially unchanged for 2024 as many corporate office tenants resume normal operations and tenants continue to relocate from the Manager and Johnson Square Financial Center buildings.

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	1,149,428	2.2%	42	0	\$29.54	\$31.00
Southside	1,171,630	5.8%	68	0	\$24.14	\$26.31
Westside	1,117,587	4.2%	50	0	\$22.82	\$27.73
Midtown	189,099	3.2%	13	0	\$23.67	\$30.00
Islands	221,961	8.4%	13	0	\$25.64	\$30.17
MSA TOTAL	3,849,705	4.3%	186	0	\$25.16	\$28.59

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
120 Riverview Dr.	Islands	Sterling Seacrest Pritchard, Inc.	11,227	Direct
800 E 70th St	Southside	Fiesta Health, LLC	9,180	Direct
6602 Abercorn Street	Southside	Orthocircle North America, LLC	7,602	Direct

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/PSF
41 Park of Commerce Way	Westside	NDSS Plantation Center, LLC / BAB Ventures, LLC	2,508	\$235.25
605 W US-80 Hwy	Westside	Ameris Bank / Pooler Holdings Georgia, LLC	12,627	\$219.27
310 Eisenhower Dr	Southside	Keith Cannon Rouse Sr / TBD	3,870	\$180.88
33 Bull Street	CBD	Truist & BSA / 33 Bull Street, LLC	78,829	\$169.67

LOCAL MARKET RESEARCH LEAD

Harvey Gilbert, CRE

Managing Partner and Broker-in-Charge
+1 912 236 8992hgilbert@gilbertezelle.com*Independently Owned and Operated / A Member of
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