

Savannah, GA



Quick Stats

76 msf

Inventory

3Q19 55.6 msf

4.9%

Vacancy

3Q19 5.4%

56,789 sf

Net Absorption

3Q19 280,125 sf

303,800 sf

Deliveries

3Q19 643,500 msf

4.3 msf

Under Construction

3Q19 8.6 msf

\$5.01 psf

Average Asking Rents

3Q19 \$5.42 psf

6.4%

Unemployment

3Q19 3.5%

The Savannah industrial market has endured these unprecedented times as it continues to post positive numbers heading into the end of the year. The industrial market held steady with positive net absorption of 56,789 sf. Additionally, leasing activity was strong in the quarter with 18 transactions completed for 1,612,000 sf. That is a 22% increase in leasing activity when compared to the third quarter of 2019. High leasing velocity decreased vacancies slightly in the third quarter of 2020 as the vacancy rate decreased from 6.2% in the second quarter to 4.9% in the third quarter.

Low vacancies and rent growth have continued to attract national and international investors to Savannah's industrial market. There were five sales transactions completed this quarter for a total of \$181 million. The largest transaction of the quarter comes from 2004 Trade Center Blvd, which was purchased in a portfolio sale of 5 buildings across the Southeast, by AGC Equity Partners from Stonemont Financial Group. The 778,050 sf distribution property is located in the Georgia International Trade Center and traded for \$85.5 million or roughly \$109.89 per square foot. Other notable transaction this quarter include Bixby Land Company's acquisition of a 564,489 sf two building portfolio at S.H. Morgan Parkway at a 5.6% cap rate, and Lexington Realty Trust's purchase of a 419,667 sf building at 1004 Trade Center Parkway at a 5.12% cap rate.

Construction remains robust in the Savannah market with six properties totaling over 4.3 million sf currently under construction. Over half of the under construction inventory is pre-leased, with the remaining expected to lease prior to completion. With market demand outpacing speculative delivery of space, developers remain bullish in the market.

The Georgia Department of Economic Development (GDED), announced more than 10,000 jobs were created across all regions of the state by economic development projects in Georgia during the first quarter of fiscal year 2021, generating more than \$3.71 billion in new investments. This represents

a 50% increase in new jobs created and an 85% increase in new investments compared to the same quarter in the previous fiscal year.

The stability and momentum of the state trickles down to Savannah's regional economy, due in large part to the ever-growing and forward-thinking Georgia Port Authority (GPA). The Port of Savannah handled 4.44 million twenty-foot equivalent container units (TEU's) in the 2020 Fiscal Year, which is down just 1% when compared to the Fiscal Year of 2019. This is remarkable considering the cargo volume reductions related to COVID-19. Fortunately for the GPA, those disruptions were offset by the strength of exports at record volumes that propelled the 2020 Fiscal Year into a great start. GPA experienced all-time record volumes in the month of August and September 2020.

Forward Air Corporation announced in the third quarter of 2020 that the company will introduce their less-than-truckload (LTL) service in Savannah. This move will improve freight options for businesses of every size in Savannah and is the third expansion Forward Air Corporation has done in Chatham County. HelloFresh, the nation's largest meal kit delivery service is bringing 750 new jobs to Coweta County. Although this move does not directly impact Savannah. This is huge for the Port of Savannah and the GPA as it further cements the Port's role in importing food and Savannah's advantage in cold storage.

Moves like this continue to be beneficial as they compound greatly for Savannah. High-paying jobs and new capital investments continue to draw attention of other top companies to the region. Georgia's competitive advantage in infrastructure, workforce training, and pro-business climate continues to drive attraction of foreign investments. With plenty of resources at hand, Savannah is poised to continue forward on its path of growth and expansion.

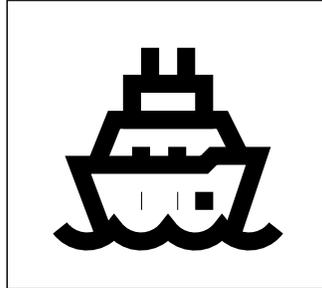
Underway

Currently the Savannah industrial market has 4.3 million square feet of new space under construction.



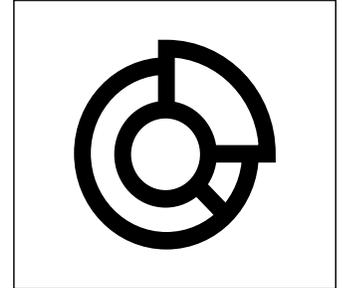
Making History

CMA CGM Brazil, which can hold up to 15,072-TEU's and is the largest ship to ever visit the East Coast, graced the Port of Savannah in late September of 2020.



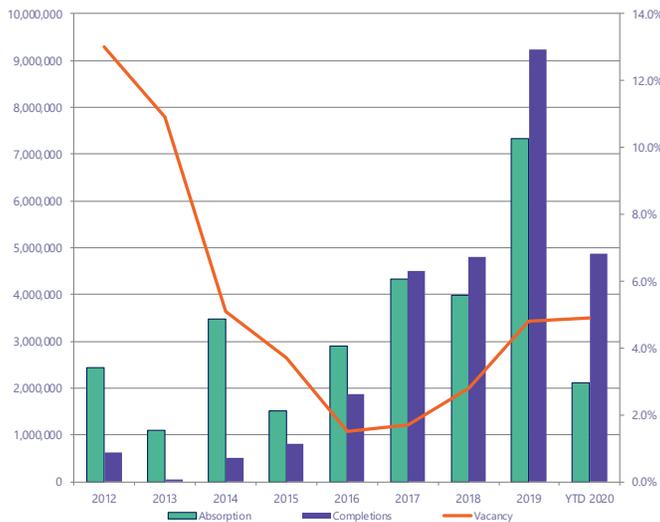
Georgia Ports Authority

Handled all-time record volumes in the month of August.



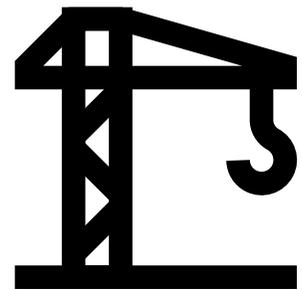
1.4 Million SF

traded in the Third Quarter for \$181 million \$78.30 per sf.



Construction update

Savannah industrial construction remains steadfast and robust. There have been 4.8 msf of new deliveries in 2020.

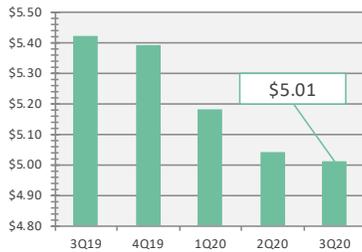


GPA Trending Positively

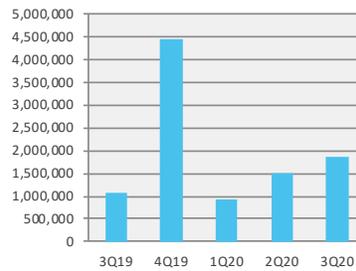
The Georgia Ports Authority handled all-time record volumes in the month of August and is on track to achieve another monthly record for the month of September, with expectations to move more than 400,000 twenty-foot equivalent container units.



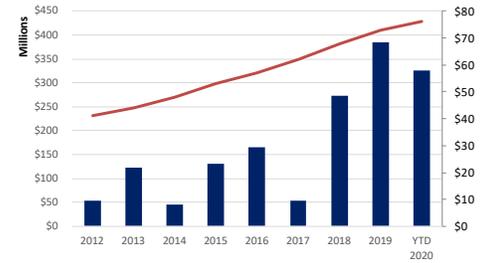
Average asking rental rate
(psf/year/NNN)



Savannah quarterly absorption



Industrial sales



Select 3Q 2020 Lease Transactions

Tenant	Address	Type	City	SF
Dorel	2008 Tade Center Blvd	Direct	Rincon	774,313
Undisclosed	605 Expansion Blvd	Direct	Port Wentworth	331,200
Cycle Up Supply Chain Services	300 Telfair Rd	Direct	Savannah	299,247
Savannah River Logistics	121 Morgan Lakes Industrial Blvd	Sublease	Pooler	54,000
Undisclosed	27 Artley Rd	Sublease	Savannah	37,500
Wesco	5250 Old Louisville Rd	Direct	Pooler	28,000
Undisclosed	1775 Benton Blvd	Direct	Savannah	19,200

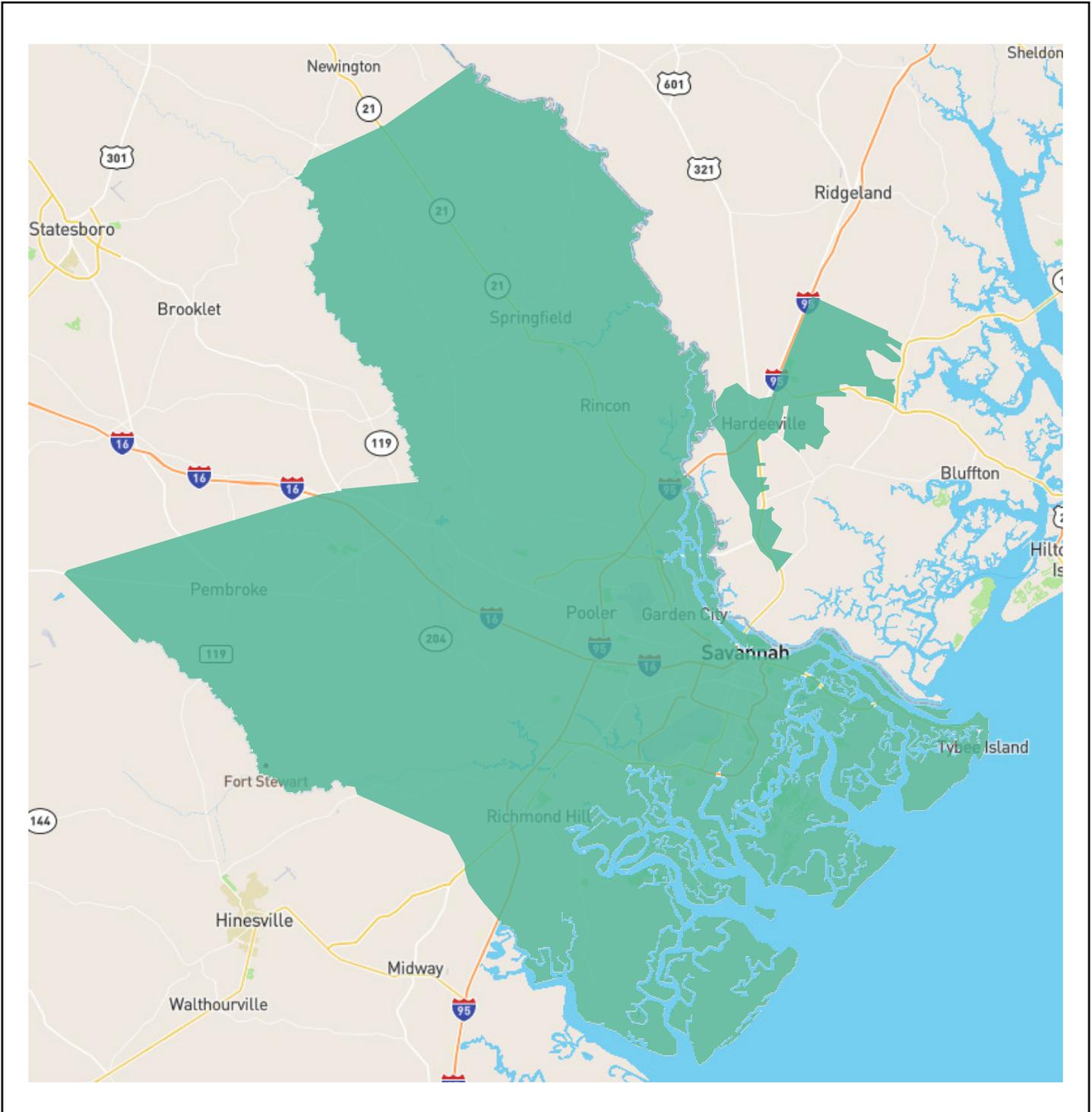
Select 3Q 2020 Sale Transactions

Property	City	Buyer	Total sf	Purchase price	Price/sf
2004 Trade Center Blvd	Rincon	ACG Equity Partners	778,050	\$85,503,298	\$109.89
1500 Crossgate Rd	Port Wentworth	Akerman	117,670	\$52,500,00	\$446.16
1004 Trade Center Pky	Rincon	Lexington Realty Trust	419,667	\$40,800,000	\$97.22
3190 Highway 80 W	Bloomington	Roy Gamble	20,000	\$1,560,000	\$48.54

Select Construction Projects

Property	City	Projected Completion	Total sf	Developer
300 Seabrook Pky	Pooler	Second Quarter 2021	1,135,680	Capital Development Partners
202 International Trade Pky	Savannah	Fourth Quarter 2020	1,000,000	Rooker
1338 Interstate Centre Blvd	Ellabell	First Quarter 2021	700,000	Clayco

Savannah Market Map



**Get more
market
information**

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