

Savannah

Tenants secure space as quickly as the port grows

- Savannah continued to break records with rapid deliveries and strong leasing activity and YTD absorption surpassed 2021's.
- Demand continued to be fueled in large part by the port and tenants raced to snap up product in a very tight market with only 1.3% vacant Class A space and zero vacant Class B and C space this quarter.
- Developers are delivering larger product sizes to keep up with warehousing demand in the market now making the new standard 500,000 s.f.

Savannah continued to experience rapid deliveries and strong absorption through the end of the year. YTD absorption was at 15.3 million s.f., surpassing 2021's total. By year end, vacancy remained below 1.0%, which pushed rents up by 27.7% year-over-year; continuously increasing rental rates was a trend seen throughout all of 2022. In terms of availability, only 12.5% of the market is up for grabs with little to none of that being existing Class A space. Only 1.3% of Class A space remains vacant, while no Class B or C space was vacant by the end of the fourth quarter.

With tenants racing to snatch up space at an extraordinary pace, developers showed no sign of stopping as the construction activity represented 21.8% of the total inventory. There were 7 buildings that delivered in Q4 totaling to 4.3 million s.f., all of which were preleased or build-to-suit. Another wave of under development product commenced totaling to 8.5 million s.f., 55.3% of which is preleased and all delivering within the first quarter of 2023.

As developers attempt to keep up with tenant demand, development sizes have significantly increased throughout recent years. The average building size from 2020-2022 was 1.5 times larger than they were pre-2020. The increase in demand made the average property go from 350,000 s.f. to the new standard being 500,000 s.f. Even with the rise in construction activity, tenants have still taken space before it has delivered or broken ground.

Outlook

The port saw increased TEU volumes due to more tenants flowing towards the Southeast for faster off load timing. More and more tenants are interested in Savannah, which will further increase demand for warehousing product. With continued low vacancy and rent growth, demand will exceed supply, which is exacerbated by the lack of available developable land in the market. With the port taking in more TEU volume than ever seen before, tenants will continue to put pressure on the market to keep up with demand.

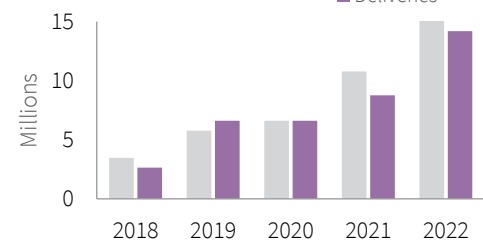
Fundamentals

Forecast

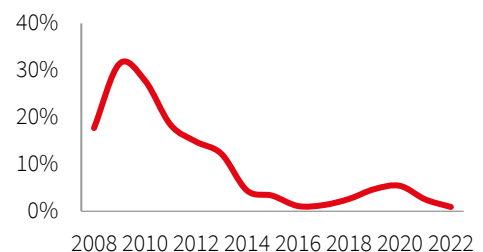
YTD net absorption	15,339,626 s.f.	▲
Under construction	21,489,763 s.f.	▼
Total vacancy	0.9%	►
Sublease vacancy	0 s.f.	▲
Direct asking rent	\$6.29 p.s.f.	▲
Sublease asking rent	\$0.00 p.s.f.	▲
Concessions	Rising	▲

Supply and demand (s.f.)

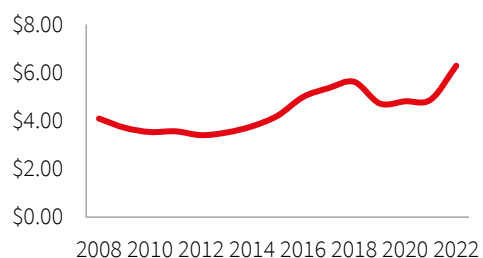
■ Net absorption
■ Deliveries



Total vacancy (%)



Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Savannah total										
Warehouse & Distribution	91,966,739	4,046,899	15,339,626	16.7%	1.0%	13.2%	\$6.28	4,251,823	14,179,714	21,489,763
Manufacturing	6,547,164	0	0	0.0%	0.0%	0.7%	\$10.00	0	0	0
Overall Total	98,513,903	4,046,899	15,339,626	15.6%	0.9%	12.5%	\$6.29	4,251,823	14,179,714	21,489,763
1-95 North										
Warehouse & Distribution	1,651,149	0	814,482	49.3%	0.0%	16.2%	\$7.50	0	814,482	533,772
Overall Total	1,651,149	0	814,482	49.3%	0.0%	16.2%	\$7.50	0	814,482	533,772
1-95 South										
Warehouse & Distribution	6,254,638	0	1,387,205	22.2%	10.4%	19.5%	\$5.75	647,530	1,847,530	1,867,959
Manufacturing	404,152	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	6,658,790	0	1,387,205	20.8%	9.7%	18.6%	\$5.75	647,530	1,847,530	1,867,959
Dean Forest/Pooler										
Warehouse & Distribution	56,608,569	1,368,913	5,405,597	9.5%	0.0%	8.5%	\$6.73	1,368,913	3,823,025	7,667,375
Manufacturing	2,717,920	0	0	0.0%	0.0%	1.6%	\$10.00	0	0	0
Overall Total	59,326,489	1,368,913	5,405,597	9.1%	0.0%	8.2%	\$6.76	1,368,913	3,823,025	7,667,375
Downtown										
Warehouse & Distribution	2,109,011	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	210,529	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	2,319,540	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Highway 21										
Warehouse & Distribution	8,712,435	442,606	3,509,964	40.3%	3.1%	22.0%	\$6.38	0	3,783,564	6,502,916
Overall Total	8,712,435	442,606	3,509,964	40.3%	3.1%	22.0%	\$6.38	0	3,783,564	6,502,916
Port Corridor										
Warehouse & Distribution	7,250,761	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	2,018,857	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	9,269,618	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Southside										
Warehouse & Distribution	3,157,940	1,188,480	1,499,745	47.5%	0.0%	30.0%	\$6.12	1,188,480	1,188,480	1,355,440
Manufacturing	1,024,378	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	4,182,318	1,188,480	1,499,745	35.9%	0.0%	24.5%	\$6.12	1,188,480	1,188,480	1,355,440
West										
Warehouse & Distribution	6,222,236	1,046,900	2,722,633	43.8%	0.0%	29.2%	\$5.58	1,046,900	2,722,633	3,562,301
Manufacturing	171,328	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	6,393,564	1,046,900	2,722,633	42.6%	0.0%	28.7%	\$5.58	1,046,900	2,722,633	3,562,301