

FIGURES | SAVANNAH INDUSTRIAL | Q4 2024

Market stabilizes at pre pandemic growth trajectory

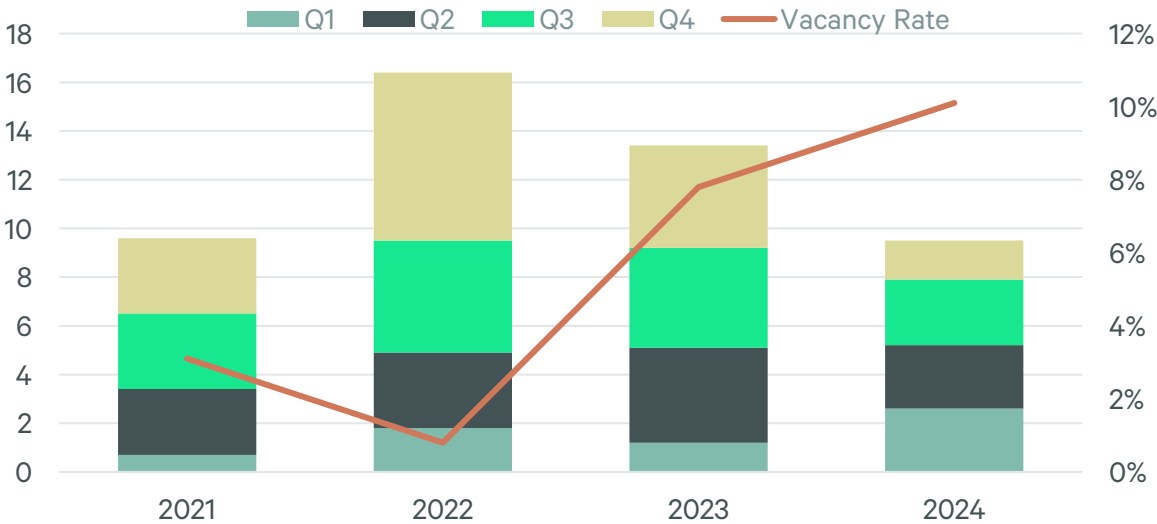


Note: Arrows indicate change from previous quarter.

Key Takeaways

- In 2024, total net absorption for the Savannah industrial market reached 9.4-million sq. ft. While down from 2021-2023, this marks a return to the market’s pre pandemic absorption levels.
- With an additional 13.9-million sq. ft. of deliveries added to the market in 2024, the vacancy rate rose slightly to 10.1%, as demand continues to catch up to supply.
- The average NNN rent softened slightly to \$7.07 per sq. ft., decreasing for a second consecutive quarter, but off only 3% from the all time high in Q4 2023.
- Savannah posted a record of over 60 new leases completed in 2024, marking an 18% increase over 2023. **figures include only leases greater than 25k sq. ft.*
- In 2024, the market experienced a 59% increase in total new leasing by volume in the 100-350k sq. ft. range, signaling dependable growth for Savannah’s most active size range.
- In conjunction with the reentry of large deals, the Port’s continued expansion, and all the efficiencies available to occupiers in Savannah, the Savannah industrial market is well poised to curb the near-term supply issue and continue with its history of consistent growth.

FIGURE 1: Quarterly Net Absorption and Total Vacancy Rate
Million Sq. Ft.



Source: CBRE Research, Q4 2024

Market Overview

- The Savannah industrial market continues to be one of the most attractive in the country for investors and occupiers.
- Savannah is one of the fastest growing markets as a percentage of inventory, having grown more than 66 MSF in the last 5 years.
- Georgia's largest economic development project in history - the \$5-billion Hyundai Metaplant – is now operational, generating an additional pool of supplier demand that has already leased and is expected to continue leasing distribution product as the plant ramps up production.
- The **Georgia Ports Authority** is the key driver for the Savannah Industrial Market:
 - Two Terminals: Ocean & Garden City Terminal; modern & deep water.
 - The Port of Savannah is the third busiest and fastest growing port in the nation. GPA is underway on growth projects to increase overall container capacity from the current level of 8.0-million twenty-foot equivalent units (TEU) to 12-13-million TEU's by 2032.
 - GPA has invested \$1.2-billion in its facilities in the last 10 years and plans to invest another \$2.5-billion over the next 10 years to expand its container handling capabilities.
 - Unlike all other major ports in the nation, GPA operates its own facilities providing for a much more efficient and tailored customer experience.

Survey Criteria

Includes all classes of competitive industrial space 10,000 sq. ft. and greater in Bryan, Chatham, Bulloch, Effingham, and Liberty County, Georgia, and Jasper County, South Carolina. Buildings under construction are evidenced by site excavation or foundation work. Excludes self-storage, specialized manufacturing, data centers, and industrial outdoor storage.

*Note: Beginning 2024, CBRE Research expanded the Savannah industrial market to include Bulloch County and Liberty County in Georgia. Historical adjustments were made to data going back to the beginning of 2023.

FIGURE 2: Market Statistics

Quarter/Year	Market Rentable Area (sq. ft)	Total Vacancy Rate %	Total Avail Rate %	Net Absorption (sq. ft.)	YTD Net Absorption (sq. ft.)	Under Construction (sq. ft.)	Avg. NNN Lease Rate (\$/sq. ft./Yr)
Q4 2024*	147,268,458	10.1	10.9	1,569,611	9,421,475	10,834,197	\$7.07
Q3 2024*	145,321,890	9.7	10.9	2,698,887	7,954,21	10,834,197	\$7.12
Q2 2024*	141,523,463	9.4	9.4	2,608,215	5,548,695	14,421,189	\$7.20
Q1 2024*	136,278,791	7.9	10.4	2,544,762	2,552,497	17,876,210	\$7.07
Q4 2023*	133,424,632	7.8	9.8	4,173,004	13,338,182	17,365,883	\$7.30
Q3 2023*	126,753,526	6.2	6.8	4,068,008	9,164,913	20,136,588	\$7.20
Q2 2023*	119,961,234	4.3	4.3	3,863,053	5,096,905	25,830,552	\$6.34
Q1 2023*	112,306,697	1.3	2.0	1,233,852	1,233,852	27,488,379	\$6.24
Q4 2022	100,367,620	0.8	1.6	6,858,881	16,455,221	26,269,775	\$6.09
Q3 2022	94,415,220	0.5	0.5	4,632,622	9,596,340	25,435,509	\$6.02
Q2 2022	91,402,603	0.7	1.9	3,133,220	4,963,718	23,024,169	\$5.79
Q1 2022	88,028,901	1.2	4.5	1,830,498	1,830,498	21,282,226	\$5.48
Q4 2021	86,731,654	3.1	5.7	3,070,295	9,608,076	17,657,211	\$5.48
Q3 2021	84,159,877	3.4	6.4	3,096,492	6,537,781	15,220,384	\$5.48

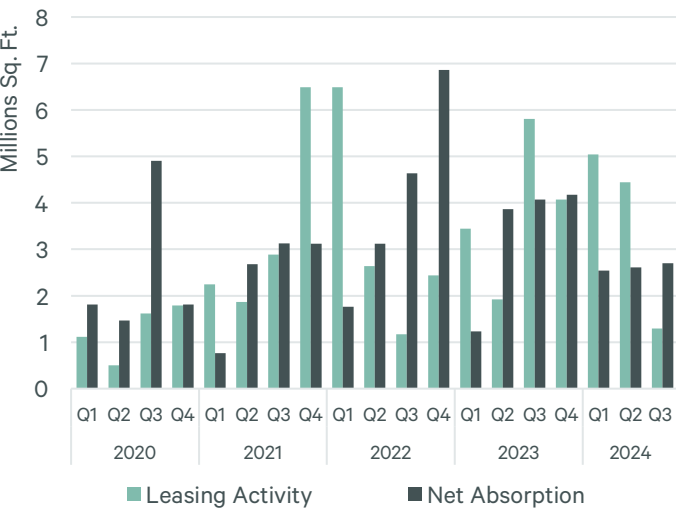
Source: CBRE Research, Q4 2024

Net Absorption and Leasing Highlights

In the first half of 2024, activity in the sub 500,000 sq. ft. range was at a historic pace, with leasing activity reaching the highest deal count ever recorded in Savannah. However, uncertainty surrounding the US Presidential Election tapered leasing volume in the latter half of the year. Despite this decline, leasing activity totaled 12.2-million sq. ft. in 2024, surpassing all pre pandemic levels.

The total net absorption for 2024 was 9.4-million sq. ft., still quite respectable, but the lowest level since 2019. This drop is largely attributed to the lack of tenants moving into spaces of 1-million sq. ft. or more, in contrast to the four move-ins exceeding 1-million sq. ft. recorded in 2023.

FIGURE 3: Net Absorption and Leasing Activity



Source: CBRE Research, Q4 2024

Vacancy

Total vacancy climbed to a record, 10.1%. 36.7-million sq. ft. of product has delivered in the last two years, with a considerable amount of that total in buildings over 750,000 sq. ft. Buildings in this size range now account for 48% of the vacancy in the market. However, with multiple prospects actively seeking space in this larger size range and activity remaining consistent throughout the other size ranges, we anticipate a reduction in the vacancy rate during 2025.

FIGURE 4: Vacancy by Size Category

Size	Q4 Vacancy %
750K+	13.1%
500-750K	13.0%
300-500K	7.1%
150-300K	9.2%
Under 150K	4.8%

FIGURE 6: Key Leasing Transactions

Tenant	Location	Size (sq. ft.)	Submarket	Transaction Type
US Elogistics Service	Georgia International Rail Park – Bldg. B	364,000	Effingham County	New Lease
KISS	The Cubes at Interstate Centre II – Bldg. C	330,150	Bryan County	New Lease
Cainiao Supply Chain US	Terminal East – Bldg. 3	328,345	N Savannah/Garden City	New Lease
Atlas Industries	Logistics 16 at Ottawa Farms – 250	156,290	Bloomington/Pooler	New Lease

Source: CBRE Research, Q4 2024

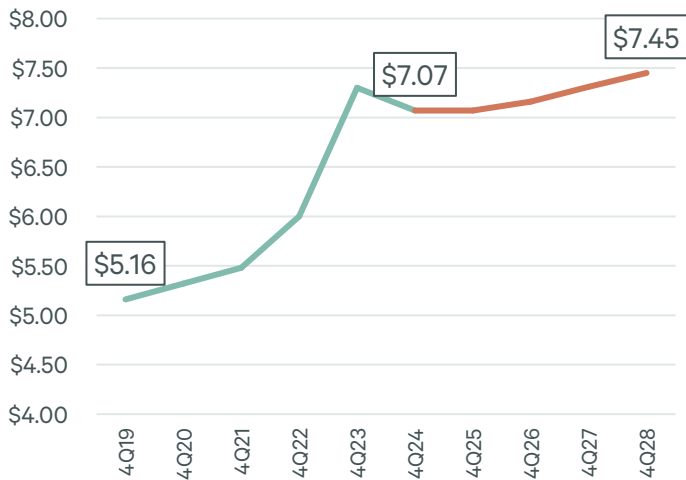
FIGURE 5: Warehouse/Distribution Total Vacancy



Rental Rates

The average NNN rent has slightly declined to \$7.07 per sq. ft., representing a decrease for the second consecutive quarter. Although only down 3% from the all time high in Q4 2023, this flattening of rental rates reflects the current dynamics of the market, where tenants have more available options. Looking ahead, we anticipate rent levels to remain flat in the first half of 2025 as the market continues to adjust to these new conditions. However, as the tenant pool works through the existing inventory, we expect to see a rebound in rental rates in the latter part of the year.

FIGURE 7: Historic & Projected Warehouse/Distribution Rental Rates



Source: CBRE Research, Q4 2024

Construction & Deliveries

The market added 2.4-million sq. ft. of new inventory in Q4, the lowest since Q1 2023. This reduction underscores the quickly tapering new product pipeline. New construction starts diminished drastically by 90.3% YoY, with only 352,844 sq. ft. initiated in Q4 2024. Developers are more cautious in today’s environment, carefully assessing the submarket, size range, and delivery timing on new projects to limit competition.

FIGURE 8: Under Construction & Deliveries

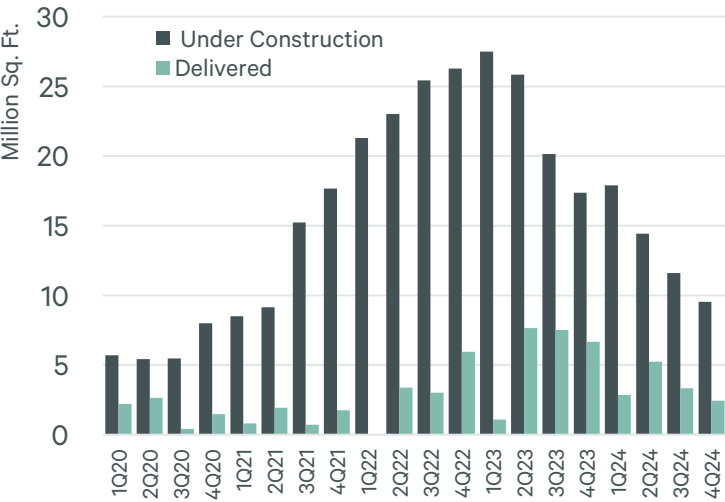
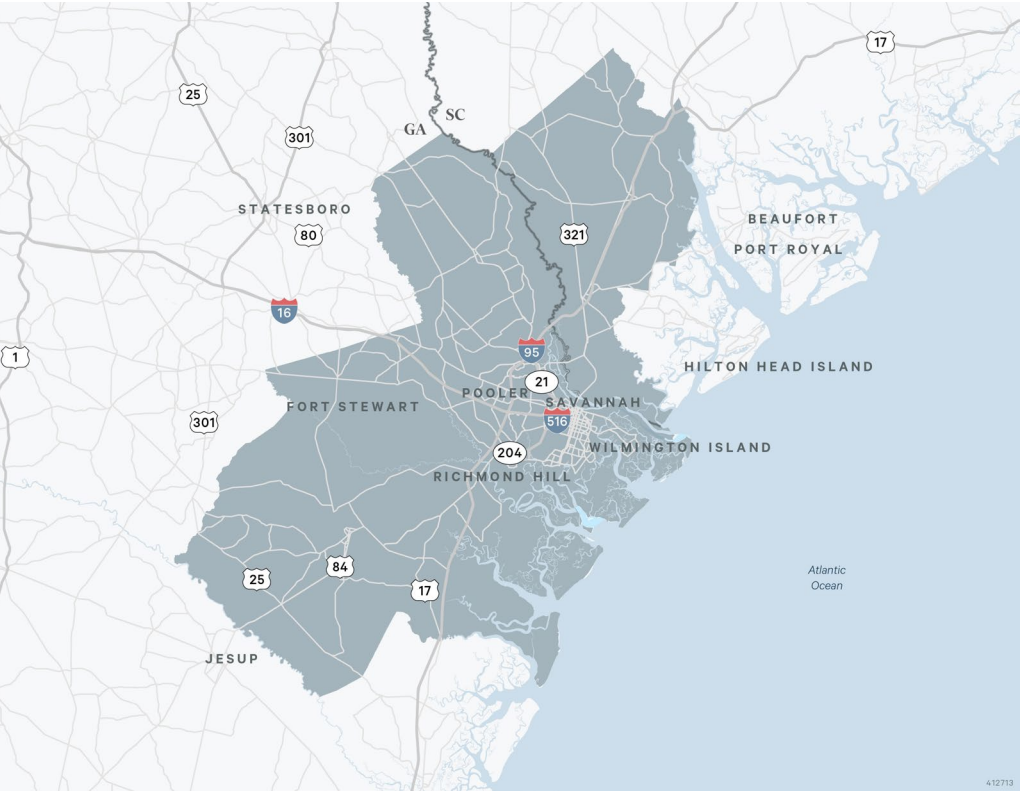


FIGURE 9: Top Deliveries in Quarter

Property Name	Property City	Building Size (sq. ft.)	Distance to Port (miles)	Month Completed	Developer
Dorchester Commerce Park – Bldg. 2	Midway	594,552	36	November 2024	Flint Development
651 Bloomingdale Rd	Bloomingdale	482,755	12	October 2024	-
Savannah Chatham Manufacturing Center	Rincon	346,500	25	October 2024	-
Gateway Commerce Park – Bldg. 1	Hardeeville	330,480	15	December 2024	Provident
Seoyon E-Hwa Savannah	Bloomingdale	230,135	24	October 2024	-
Total Delivered Q4 2024		2,434,383			

Source: CBRE Research, Q4 2024

Market Area Overview



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Definitions

- Available Sq. Ft.:** Space in a building ready for occupancy within six months; can be occupied or vacant.
- Availability Rate:** Total available sq. ft. divided by the total building area.
- Big-Box:** An industrial property totaling 200,000 sq. ft. or greater.
- Capitalization Rates:** Also known as “cap rates”; a measure used to estimate rates of return on commercial real-estate properties.
- Clear Height:** The usable height in a building to which an occupier can store its goods on racking. Clear height is measured below any ceiling obstructions such as lights or sprinklers.
- Deliveries:** Completion of required construction for a building.
- Distribution/Logistics:** An industrial property subtype of warehouse/storage designed to accommodate the efficient movement of goods. Distribution space is at least 100,000 sq. ft., office area less than 10%, and clear heights 30 ft. and higher.
- Leasing Activity:** Square footage committed to and signed under a lease obligation for a space in a given period.
- Net Absorption:** The change in physically occupied square feet from one period to the next period.
- Net Net Net (NNN) Lease Rate:** Rent excludes “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.
- Occupied Sq. Ft.:** Building area not considered vacant.
- Total Rentable Area:** The total rentable floor area square feet of the building.
- Vacant Sq. Ft.:** Existing space not occupied by a tenant. Vacant space can be available or not available.
- Vacancy Rate:** Total vacant sq. ft. divided by the total building area.
- Warehouse/Storage:** An industrial property subtype designed for the warehousing and storage of materials, goods and merchandise. Office area is less than 15% of the space, clear heights of at least 18 ft.

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