

Leasing Momentum Fades in Q2, Marking a Mixed First Half for Savannah Industrial



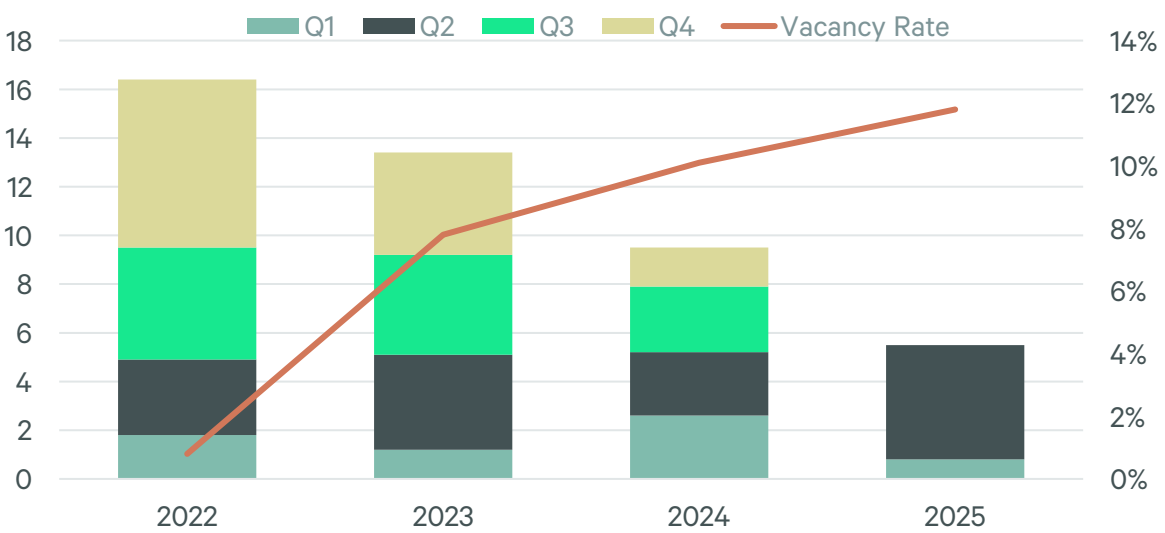
Note: Arrows indicate change from previous quarter.

Key Takeaways

- Leasing activity dropped to 1.3-million sq. ft., as tenants remain paused on executing leases while navigating the new tariff environment.
- Net absorption surged to 4.6-million sq. ft., driven by build-to-suit completions and occupancy delay from Q1.
- The construction pipeline contracted to 3.3-million sq. ft., the lowest level since 2017.
- The average NNN rent in Savannah declined to \$7.00 per sq. ft., down 2.8% QoQ, with concessions becoming more common.

The Savannah industrial market posted mixed results in the first half of 2025. After a strong first quarter, leasing activity fell to 1.3-million sq. ft., the lowest since 2020, as occupiers delayed decisions amid economic uncertainty. Despite the slowdown, net absorption reached 4.6-million sq. ft., driven by delayed occupancies and major build-to-suit completions, including Burlington’s 2.06-million sq. ft. facility. Vacancy rose to 11.5%, up 210 basis points (bps) YoY. Asking rents declined 2.8% QoQ to \$7.00 per sq. ft., with concessions such as rent abatements becoming more common. Despite this softening, interest in larger blocks of space is beginning to return, signaling a potential shift in demand. Meanwhile, the construction pipeline has contracted to 3.3-million sq. ft., the lowest since 2017. With several large users active, the market may see improved absorption and greater stability in the second half of the year.

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



Source: CBRE Research, Q2 2025

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.

Note: As of Q2 2025, our methodology for collecting data has changed. In previous quarters, we considered space absorbed as soon as a company physically occupied space. A new lease will factor into net absorption as soon as the lease is signed and confirmed. To reflect these changes, we have also gone back the past year and changed those numbers proactively. Special circumstances may occur where methodology adjustments have been made which may impact current quarter data.

FIGURE 2: Market Statistics

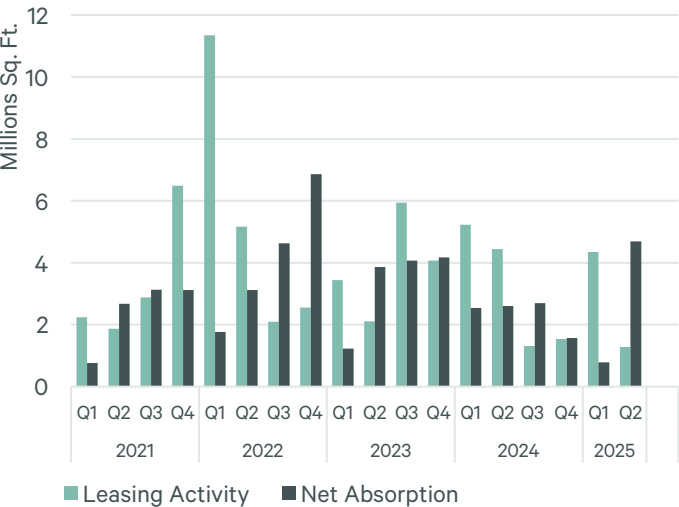
Quarter/Year	Market Rentable Area (sq. ft)	Total Vacancy Rate %	Total Avail Rate %	Net Absorption (sq. ft.)	YTD Net Absorption (sq. ft.)	Under Construction (sq. ft.)	Avg. NNN Lease Rate (\$/sq. ft./Yr)
Q2 2025*	157,149,247	11.5	14.1	4,685,461	5,468,978	3,302,786	\$7.00
Q1 2025*	150,895,833	11.0	12.0	783,517	783,517	7,582,798	\$7.21
Q4 2024*	148,012,574	9.9	10.8	1,665,744	9,983,134	9,913,338	\$7.07
Q3 2024*	145,578,087	9.6	10.4	2,941,228	8,317,390	10,834,197	\$7.12
Q2 2024*	142,053,420	9.4	9.4	2,876,472	5,376,162	14,421,189	\$7.20
Q1 2024*	136,547,017	7.8	10.4	2,499,690	2,499,690	17,876,210	\$7.07
Q4 2023*	133,673,189	7.7	9.8	4,173,269	13,501,302	17,365,883	\$7.30
Q3 2023*	127,002,438	6.2	6.8	4,149,128	9,328,033	20,136,588	\$7.20
Q2 2023*	120,210,146	4.3	4.3	3,945,053	5,178,905	25,830,552	\$6.34
Q1 2023*	112,555,609	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

Source: CBRE Research, Q2 2025

Net Absorption and Leasing Highlights

The first half of 2025 has been defined by a leasing cycle of contrasts. Following a strong Q1 with 4.3-million sq. ft. of leasing activity, Q2 saw a sharp decline to 1.3-million sq. ft., the lowest since 2020. This slowdown reflects broader macroeconomic caution, with many occupiers extending RFP timelines or pausing decisions altogether. The result has been a more deliberate and competitive leasing environment. Despite the leasing pullback, net absorption surged to 4.6-million sq. ft. in Q2, driven by delayed occupancies from Q1 and the delivery of several major build-to-suit projects, including Burlington’s 2.06-million sq. ft. facility. Encouragingly, tenant interest is beginning to shift back toward Savannah’s traditional leasing profile, with renewed demand for spaces over 250K sq. ft. This signals a potential return to more balanced activity in the second half of the year.

FIGURE 3: Net Absorption and Leasing Activity



Source: CBRE Research, Q2 2025

Vacancy

The market posted an 11.5% vacancy rate in Q2 2025, up 210 bps YoY. The Effingham County drove the increase, with over 4.7-million sq. ft. delivered in the past year, most of which remains vacant. Market-wide, developers favored the 150K to 300K sq. ft. segment during the rent surge, but demand has lagged. As a result, vacancy in this range rose to 14.1%, up 740 bps. In contrast, core submarkets like North Savannah/Garden City (3.9%) and Bloomingdale/Pooler (5.2%) remain tight. Several 1-million sq. ft. users are active and could help reduce vacancy in the near term.

FIGURE 4: Vacancy by Size Category

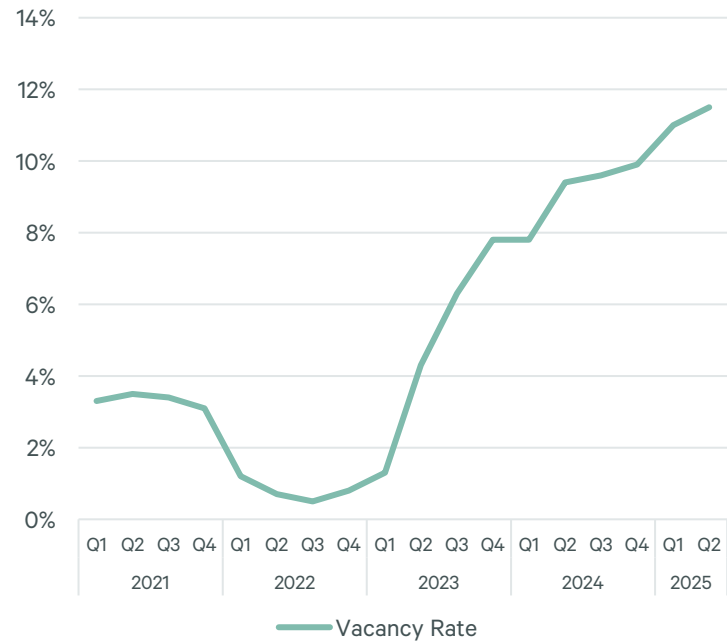
Size	Q2 Vacancy %
750K+	14.3%
500-750K	11.1%
300-500K	9.9%
150-300K	14.1%
Under 150K	4.6%

FIGURE 6: Key Leasing Transactions

Tenant	Location	Size (sq. ft.)	Submarket	Transaction Type
Discovery	North Gate Industrial – Bldg. 1	310,290	Effingham County	New Lease
RJ Schinner	Savannah River International Trade Park	281,467	Port Wentworth	New Lease
Sunbelt Rentals	Pooler Distribution Complex – Bldg. 22	120,000	Bloomingdale/Pooler	New Lease
EcoPlastic	I-16 Logistic Center	117,420	Bryan County	New Lease

Source: CBRE Research, Q2 2025

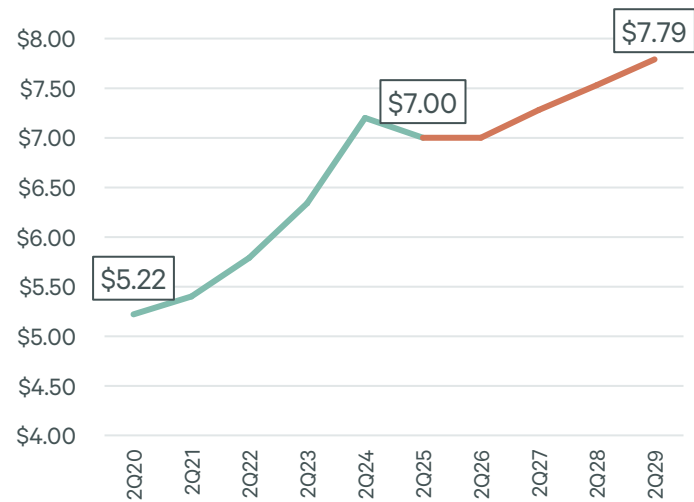
FIGURE 5: Warehouse/Distribution Total Vacancy



Rental Rates

The average asking net rent in Savannah declined to \$7.00 per sq. ft. in Q2 2025, reflecting a 2.8% QoQ decrease. This underscores the growing pressure on landlords to remain competitive amid rising vacancy and slower leasing activity. The decline has been most pronounced in outer submarkets, where elevated supply and limited tenant movement have led to more aggressive deal-making. Concessions such as six to twelve months of free rent are now common for larger spaces. Despite the current stagnation in rent growth, there is renewed interest in bulk space, particularly for footprints over 250K sq. ft. As the development pipeline contracts and newer space begins to lease up, upward pressure on rents may gradually return. In the near term, however, landlords are expected to prioritize occupancy over rate increases, keeping rental growth subdued through the remainder of the year.

FIGURE 7: Historic & Projected Warehouse/Distribution Rental Rates



Source: CBRE Research, Q2 2025

Construction & Deliveries

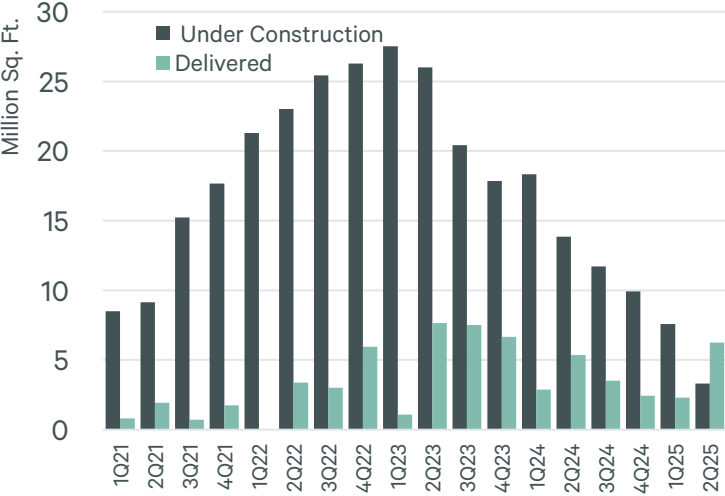
The Savannah industrial construction pipeline fell to just 3.3-million sq. ft., the lowest level since 2017. This decline represents a natural correction following several years of aggressive speculative development. Developers are now taking a more cautious approach, influenced by a growing volume of unleased space, rising interest rates, and tighter lending standards. The second quarter saw the market deliver just under 6.3-million sq. ft., led by three buildings over 1-million sq. ft.. Notably, development activity is shifting farther from the Port of Savannah, with many new deliveries concentrated in outer-core submarkets such as Bryan, Effingham, and Liberty Counties. This geographic shift, paired with the slowdown in new starts, signals a more measured phase for the market and may help stabilize fundamentals as tenant demand gradually aligns with the recent wave of supply.

FIGURE 9: Top Deliveries in Quarter

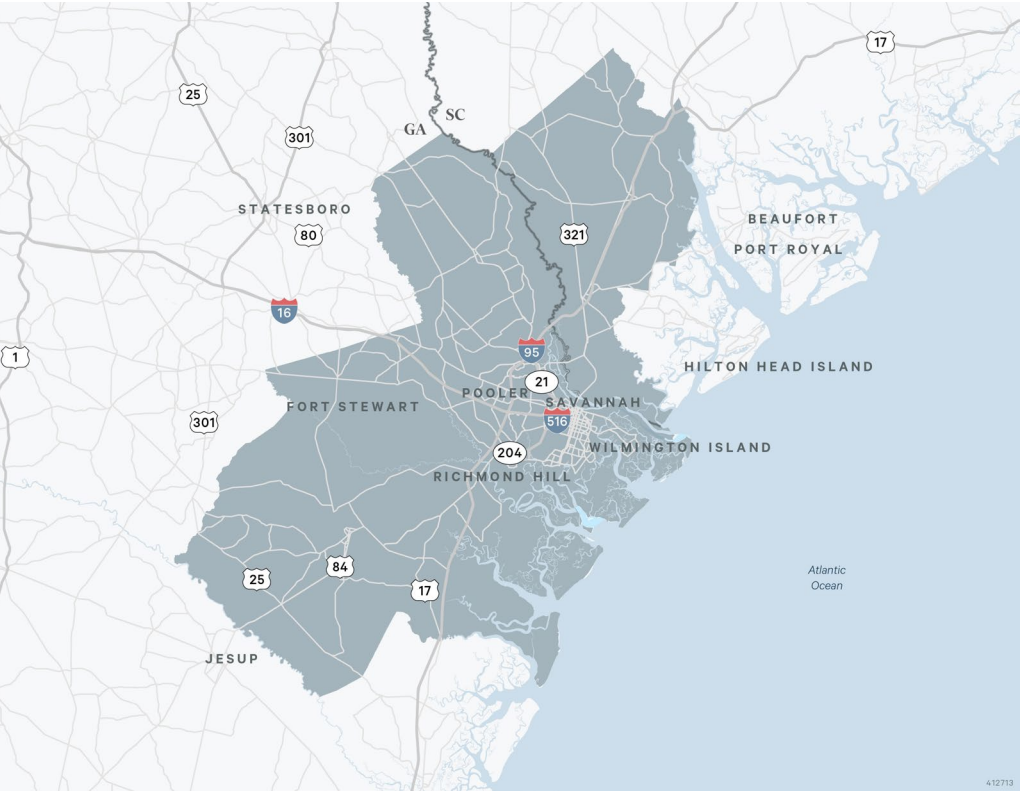
Property Name	Property City	Building Size (sq. ft.)	Distance to Port (miles)	Month Completed	Developer
Interstate West – Bldg. D	Black Creek	2,057,067	22	May 2025	VanTrust Real Estate
Dorchester Commerce Park – Bldg. 1	Midway	1,244,571	34	May 2025	Flint Development
Coastal Trade Center – Bldg. 3	Rincon	1,215,200	14	April 2025	Trammell Crow Co.
Effingham Business Center – Bldg. 1	Rincon	401,760	10	May 2025	Clarius Partners
Effingham Business Center – Bldg. 2	Rincon	363,300	12	March 2025	Broe Real Estate
Total Delivered Q2 2025		6,253,414			

Source: CBRE Research, Q2 2025

FIGURE 8: Under Construction & Deliveries



Market Area Overview



Contacts

Bill Sparks
Executive Vice President
Bill.Sparks@cbre.com

Scott Amoson
Associate Research Director
Scott.Amoson@cbre.com

Tashieka Moore
Data Intelligence Manager
Tashieka.Moore@cbre.com

Justin Vines
Field Research Analyst
Justin.Vines@cbre.com

Savannah Office

144 Habersham St
Savannah, GA 31401

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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