

## SAVANNAH OFFICE

### Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Savannah Employment	178.4k	179.8k	■
Savannah Unemployment	4.5%	4.1%	■
U.S. Unemployment	4.3%	3.8%	■

Above numbers are quarterly averages

### Market Indicators (Overall, All Classes)

	Q2 17	Q2 18	12-Month Forecast
Overall Vacancy	16.9%	12.9%	▼
Net Absorption	8k	98k	▲
Under Construction	0	27k	■
Average Asking Rent*	\$19.50	\$20.02	■

\*Rental rates reflect gross asking \$psf/year

### Overall Net Absorption/Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economy

According to Georgia Southern University's latest Coastal Empire Economic Monitor, the Coastal Empire Coincident Index grew at an annualized pace of 3.5% during the fourth quarter of 2017 despite the negative effects of Hurricane Irma. Savannah's port facilities handled 4.046 million TEUs in 2017 for an 11% increase over 2016. Hotel room sales increased 10% from Q4 2017 and closed out 4.6% over 2016.

Overall, the regional economy's combined stability and growth will continue due to its economic diversity, as home to the nation's fastest growing (and fourth-busiest) container port and a strong manufacturing and distribution employment base. Other major contributors include the military complexes at Fort Stewart and Hunter Army Airfield, tourism, two regional hospitals, 40,000 plus area college students, and a continued influx of retirees and pre-retirees.

## Market Overview

DAI Commercial has commenced site work for immediate development of a 27,190 SF Class A building to be located at 110 Park of Commerce with a quoted full service rate of \$29.00 psf. The joint venture developers of the Savannah River Landing project are targeting tenants for a proposed 80,000 SF Class A building with a preliminary full service asking rate of \$35.00 psf. Johnson Square Financial Center traded in April of 2018 at \$17.1 million for a 136,000 SF Class B+ building in an A location and the buyers plan to convert 30 to 40% of the space to Class A office suites. As the Savannah office market continues to tighten and rates increase, additional speculative office space will be developed in newly constructed buildings of 25,000 to 40,000 SF and full service rates at \$30.00 psf or above.

## Outlook

Savannah's overall vacancy rate decreased from 15.8% in Q4 2017 to 12.9% in Q2 2018. The overall average asking rental rate increased from \$19.79 per-square-foot (psf) in Q4 2017 to \$20.02 psf in Q2 2018, as free rent and overall concessions decreased most notably within the CBD and Southside submarkets. Effective rental rates and overall occupancy should continue the trend of gradual improvement in the second half of 2018.

### About Cushman & Wakefield