

SAVANNAH INDUSTRIAL

Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Savannah Employment	148.7k	151.0k	▲
Savannah Unemployment	3.7%	3.7%	▲
U.S. Unemployment	3.9%	3.6%	▼

Numbers above are quarterly averages

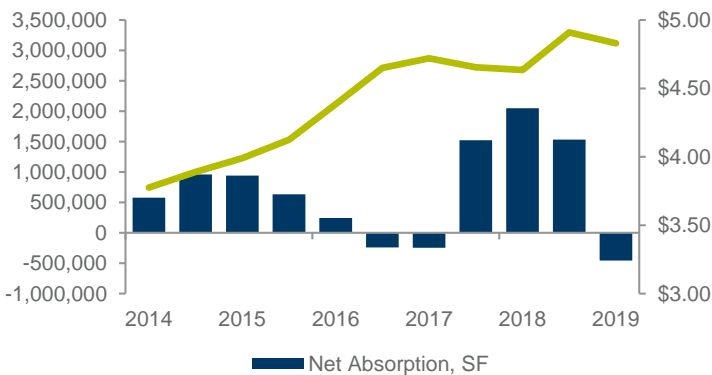
Market Indicators (Overall, All Product Types)

	Q2 18	Q2 19	12-Month Forecast
Overall Vacancy	0.6%	1.1%	■
YTD Net Absorption	921k	3.9M	▲
Under Construction	10.5M	7.1M	▼
Average Asking Rent*	\$4.65	\$4.83	■

*Rental rates reflect net asking \$psf/year

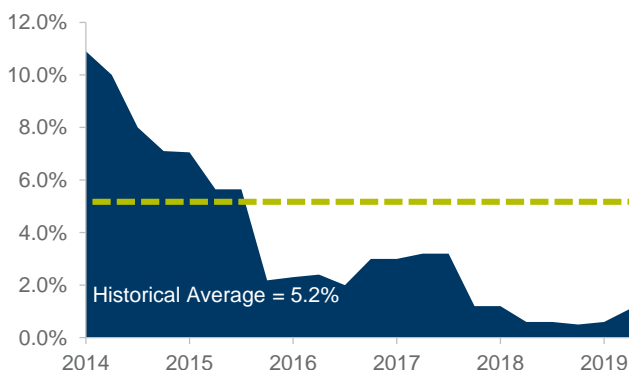
Net Absorption/Asking Rent

4-QTR TRAILING AVERAGE



*Rental rates reflect net asking \$psf/year

Overall Vacancy Rate



Economy

The Savannah regional economy continues to experience stability and momentum in employment, port activity, and tourism growth. This well-grounded expansion, particularly in the Industrial Warehouse sector, can be attributed to the region's economic diversity. Savannah is home to the nation's fourth largest and second busiest container port, a strong base of manufacturing and distribution employment, the military complexes at Fort Stewart and Hunter Army Airfield, two regional hospitals, and more than 40,000 local area college students along with a continued influx of retirees and pre-retirees.

Market Overview

Savannah's warehouse/distribution sector, once again, maintained a record-low vacancy rate of 1.1%, representing the fourth consecutive year with a vacancy below 3% despite an overall market inventory increase of 18.7 million square feet (msf) since Q2 2015. The below-average vacancy rate can be attributed to another record-breaking year of throughput and expansion at the Georgia Ports Authority. The long-term outlook for the Georgia Ports remains favorable, with the recent completion of the Panama Canal Expansion Project and approval of the Savannah Harbor Deepening Project. Over 3.5 msf of new construction has delivered in the first half of the year with 100% leased prior to completion. Additionally, several notable leases were signed for new space that will deliver in Q4 2019 to include 1,075,000 square feet (sf) leased to Plastics Express and over 1.2 msf leased to Shaw. Currently, there is a total of 4.8 msf of new construction scheduled for completion by year-end 2019. Nearly 45% of this inventory is being built on a speculative basis and will likely lease prior to completion. Notable transactions in 2019 include Anatolia's acquisition of a 391,990-sf distribution center in the Savannah River International Trade Park and Home Depot leasing 660,990 sf at Little Hearst Parkway, also located in the Savannah River International Trade Park. Several significant investment sales will occur in the second half of 2019 with cap rates expected to be in the 5.5% to 6.0% range.

Outlook

The outlook for the balance of 2019 is very favorable. After a seven-year period with limited construction activity, over 18.7 msf of new product. Despite the additional 4.8 msf that will deliver by the end of 2019, market demand will continue to outpace delivery of speculative product.

MARKETBEAT

Savannah, Georgia

Industrial Q2 2019



SUBMARKET	TOTAL BLDGS	INVENTORY	YTD LEASING ACTIVITY*	YTD USER SALES ACTIVITY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	DIRECT WEIGHTED AVG. NET RENT (OS)**	DIRECT WEIGHTED AVG. NET RENT (W/D)**
Downtown/Eastside	95	3,302,474	6,500	0	0.4%	0	0	\$8.27	N/A
Port Corridor	123	23,651,739	1,343,940	1,668,230	0.1%	0	0	\$8.50	\$4.68
Crossroads/Dean Forest	344	27,307,934	618,947	16,375	1.25%	(82,429)	1,011,550	\$9.00	\$4.49
Southside/Highway 17	57	2,339,432	22,500	0	0.0%	0	150,000	\$8.00	\$6.35
Westside	39	9,196,222	1,965,167	0	4.25%	(347,525)	5,941,960	\$9.00	\$4.64
SAVANNAH TOTALS	658	65,797,801	3,957,054	1,684,605	1.14%	(429,816)	7,103,510	\$8.57	\$4.58

*Leasing Activity does not include renewals

**Rental rates reflect asking \$psf/year

Statistics are calculated at mid-year and year-end.

OS = Office Service/Flex W/D = Warehouse/Distribution

Key Lease Transactions 2019

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
6652 Highway 21 South	778,050	Shaw	Warehouse/Distribution	Effingham County
309 Little Heart Parkway	660,490	Home Depot	Warehouse/Distribution	Port Corridor
307 International Trade Parkway	420,650	Shaw	Warehouse/Distribution	Port Corridor
100 Clyde Alexander Way	344,700	Best Choice Home Products	Warehouse/Distribution	Crossroads/Dean Forest
Morgan Lakes Industrial Boulevard – Bldg A	325,867	Factory Direct Warehousing	Warehouse/Distribution	Westside
6652 Highway 21 South	291,950	Shaw	Warehouse/Distribution	Effingham County
246 Grange Road	262,800	Supply Chain Management	Warehouse/Distribution	Port Corridor

Key Sales Transactions 2019

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
311 International Trade Parkway	1,164,800	Chesterfield / OA Logistics	Warehouse/Distribution	\$62,000,000 / \$53	Port Corridor
202 International Trade Parkway	391,990	Solution / Anatolia	Warehouse/Distribution	\$26,263,500 / \$67	Port Corridor
1050 SH Morgan Parkway	356,831	PNK / Link	Warehouse/Distribution	\$25,500,000 / \$71	Westside
58 Columbia Drive	16,375	Coggins / Sweetener Solutions	Warehouse/Distribution	\$1,300,000 / \$80	Crossroads/Dean Forest

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Stephen Ezelle, SIOR, CCIM
Partner

200 E. Saint Julian Street, Suite 503
Savannah, Georgia 31401
Tel: +1 912 236 8992
Fax: +1 912 236 8966
sezelle@gilbertezelle.com