

Emerging Industrial Markets: Savannah

“Sharp demand growth in Savannah’s industrial market over the last seven years shows no signs of slowing down. Leasing activity in Q1 was significantly higher than ever before. Additionally, the Port of Savannah had 11% year-over-year throughput growth in Q1, according to The Georgia Ports Authority. A record number of construction projects completed last year, which has temporarily increased vacancies. Construction starts have significantly decreased as demand appears to be accelerating.”

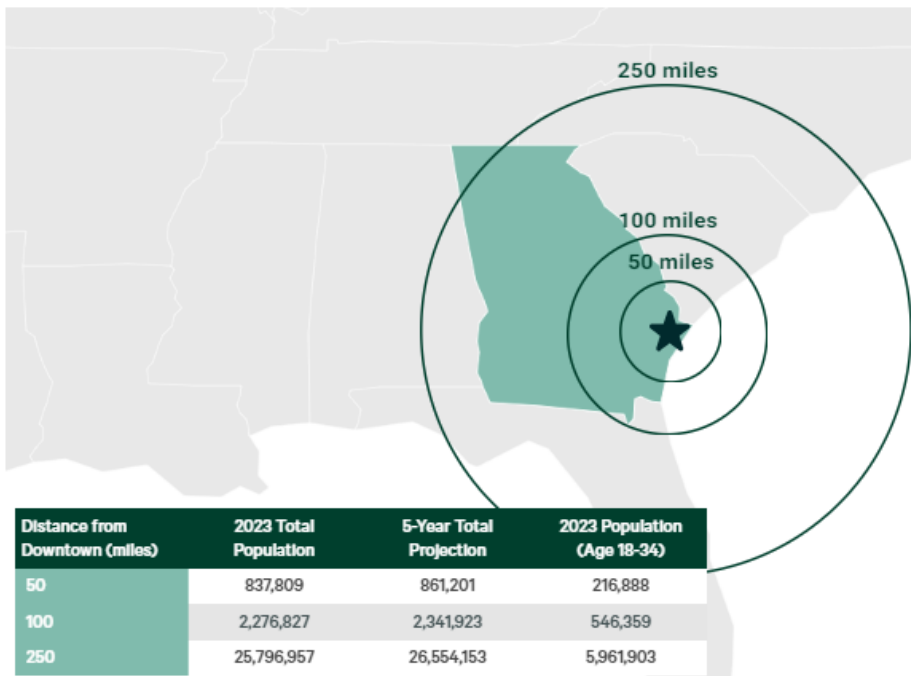
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Demographics

Despite Savannah’s small population, 25.8 million people or 10 million households live within 250 miles of the market’s core, with a projected five-year growth rate of 2.9%.

Figure 1: Savannah Population Analysis



Source: CBRE Location Intelligence, 2024.

The 12,308 local warehouse labor force is expected to grow by 10% by 2034, according to [CBRE Labor Analytics](#). The average wage for a non-supervisory warehouse worker is \$17.70 per hour, on par with the national average.

Figure 2: Savannah Warehouse & Storage Labor Fundamentals



Source: CBRE Labor Analytics, 2024.

Location Incentives

Over the past five years, there have been over 15 economic incentives deals for an average of \$6,400 per new job in metro Savannah, according to fDi Intelligence.

[CBRE's Location Incentives Group](#) reports that top incentive programs in metro Savannah include the Regional Economic Business Assistance (REBA) program. REBA is considered a "deal-closing" grant because it incentivizes construction in Georgia. Funds may be applied to any fixed-asset costs, including infrastructure, construction, real estate and personal property.

Another metro Savannah incentive program is the Job Tax Credit, which awards businesses for creating net new full-time jobs. These credits can be applied toward a company's corporate income tax liability or reduce the company's payroll withholding requirements. To qualify, companies must have local headquarters or R&D operations in one of the following industries: manufacturing, warehousing/distribution/logistics, software development, contact centers, data centers, telecommunications or financial technology.

Figure 3: Top Incentive Programs

Job Tax Credit

Up to \$3,500 in annual tax savings per job (for up to 5 years); \$500 bonus for Joint Development Authority; \$1,250 bonus for a 10% increase in imports or exports through a Georgia port

Quality Jobs Tax Credit

Refundable tax credit of \$2,500 to \$5,000 per new job per year (for up to five years), depending on the county's payroll threshold.

Mega Project Tax Credit

Tax credit of \$5,250 per new job per year (for up to five years) of each qualifying job that is created during a specified number of years

Investment Tax Credit

Tax credit equal to 1%-9% of qualified capital investment

Property Tax Abatements

Discretionary abatement of real estate taxes and personal property taxes

Georgia Quick Start Program

Customized job training services

REBA Grant

Discretionary cash grant program

Source: CBRE Location Incentives Group, 2024.

Note: The extent of state and local incentive offerings depends on location and scope of the operation.

Logistics Drivers

The [Port of Savannah](#) is the primary demand-driver in the region. Savannah is the fourth-largest port in the U.S., with the largest single terminal. Many improvements and strong labor dynamics make it the East Coast's fastest-growing port. It also provides direct access to I-26 (East/West) and I-95 (North/South). Key cities and growing manufacturing points along the coast can be reached within a one-to-two-day drive.

Supply & Demand

Significant industrial development has increased vacancies in Savannah. As construction has slowed, the vacancy rate is stabilizing and asking rents are rising.

Nearly 50 million sq. ft. has completed in Savannah since 2020, including a record 22.2 million sq. ft. in 2023 alone. This increased the overall vacancy rate from 0.8% in 2022

to 7.7% in 2023. However, it eased to 7.5% in Q1 because leasing activity was strong while less construction was completed. Tenants have been capitalizing on Savannah's logistical advantages and first-generation space, resulting in 13.5 million sq. ft. of net absorption in 2023. This made Savannah the country's top industrial growth (net absorption/existing inventory) market.

The market has started 2024 strong, with 2.8 million sq. ft. of net absorption. First-generation space commands higher asking rents, which drove the market's average up to \$7.12 per sq. ft./per year (psf/yr) in Q1, a 15.6% year-over-year increase. Inventory under construction has fallen to 12 million sq. ft., the lowest since year-end 2020. With almost 45% of under-construction space already preleased, and new construction deliveries slowing, Savannah's vacancy rate is likely to fall in the quarters ahead.

Figure 4: Savannah, Historical Data

	Q1 2024	2023*	2022	2021	2020
Inventory (SF)	136,092,034	133,325,875	100,367,620	86,731,654	77,683,656
Overall Vacancy Rate	7.5%	7.7%	0.8%	3.1%	3.4%
YTD Net Absorption (SF)	2,782,895	13,523,447	16,455,221	9,608,076	10,001,530
Average Asking Rental Rates (Direct/SF/Yr)	\$7.12	\$7.02	\$6.00	\$5.48	\$5.32
YTD Construction Completions (SF)	2,766,159	22,197,274	12,338,719	5,218,232	6,739,882
Under Construction (SF)	11,998,793	14,082,197	26,269,775	17,657,211	7,985,212

Source: CBRE Research, 2024.

Figure 5: Savannah, Size Range Comparison

Size Range (SF)	Q1 2024 Existing Inventory	Q1 2024 Overall Vacancy Rate	Q1 2023 Existing Inventory	Q1 2023 Overall Vacancy Rate
< 49,999	11,049,172	2.1%	10,895,422	1.8%
50k-99,999	6,303,213	9.3%	6,135,938	0.8%
100k-249,999	19,237,336	6.3%	17,745,081	0.6%
250k-499,999	30,992,281	3.5%	26,869,558	1.5%
500,000+	68,510,032	10.4%	50,561,941	1.3%

Source: CBRE Research, 2024.