Savannah Industrial Market Continues to Navigate Mid-Size Inventory Surplus

▲ 10.5%
Direct Vacancy Rate

▼ 1.0M
SF Net Absorption

▲ 2.6M
SF Construction Delivered

▲ 4.4M
SF Under Construction

▲ $7.14
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

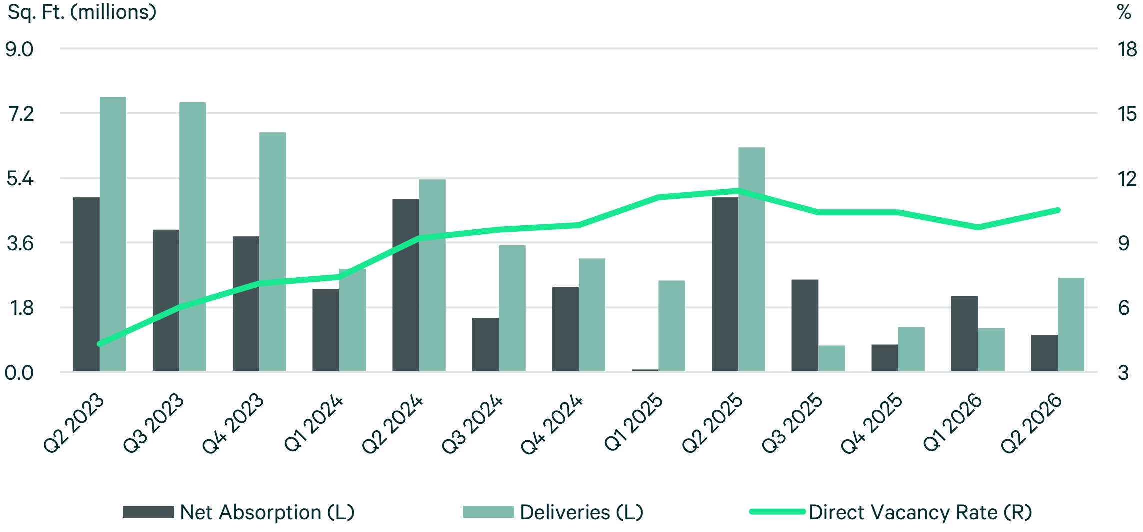
Market Overview

Savannah's industrial market experienced moderated activity in Q2 2026, with fewer completed transactions despite steady tenant interest. Demand persists, but so do the long decision timelines and deal life cycles which have tempered leasing velocity and net absorption. Bulk deals remained selective and provided some support, though overall momentum was uneven. The market lacked the deal volume necessary to continue stabilizing the smaller and mid-size segments which have been under recent pressure.

Market fundamentals reflect this shift. The direct vacancy rate rose to 10.5%, driven more by slower leasing than new supply. Availability has increased in segments reliant on steady tenant turnover, while larger buildings continue to see periodic interest. More positively, the development pipeline has eased considerably to 4.4 million sq. ft., well below prior peaks, reducing future supply pressure and shifting focus to absorption trends. Numerous tenants remain in the market for space and should lead to a stronger Q3.

Broader improvement will require more consistent deal execution across size ranges, with large users expected to remain active and mid-size tenants providing the key to steadier gains.

Figure 1: Historical Net Absorption, Deliveries, and Direct Vacancy Rate



Source: CBRE Research, Q2 2026

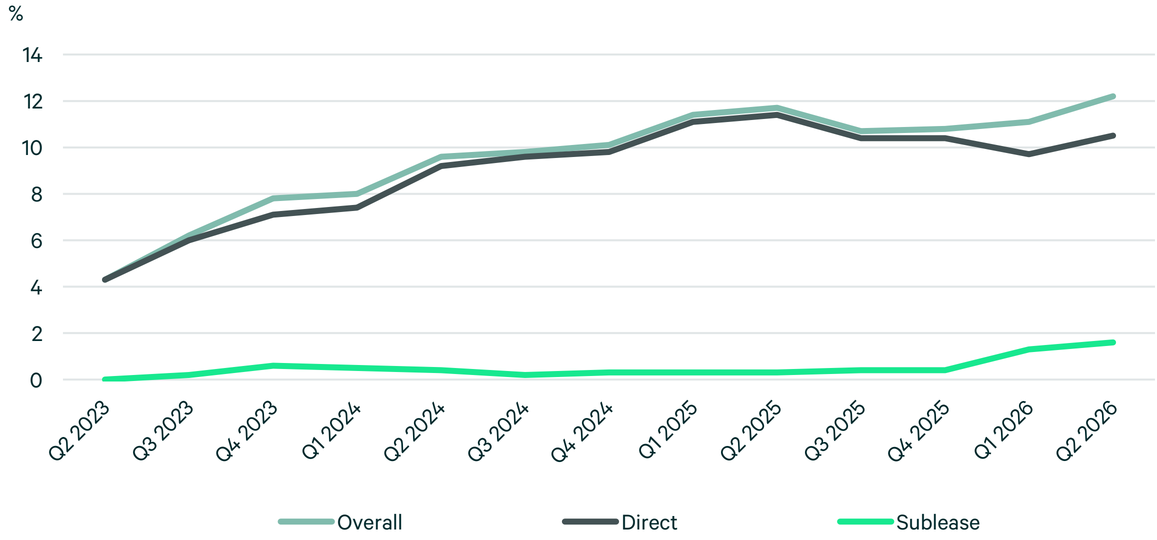
Vacancy Rate

Savannah's industrial direct vacancy rate increased to 10.5% in Q2 2026, reversing improvement from the prior quarter. The increase reflects weaker leasing activity rather than new supply. Vacancy pressure is concentrated in smaller and mid-size buildings. In the 50K–100K sq. ft. segment, vacancy rose to 8.8% from 7.6%, while 100K–250K sq. ft. product increased to 13.2%, up sharply from 11.1% in Q1.

By contrast, smaller-bay product under 50K sq. ft. remains relatively tight, though conditions have softened as absorption turned slightly negative during the quarter. Bulk buildings continue to show more stable conditions, limiting broader vacancy expansion in the larger size ranges.

See Figure 10 for a more complete breakdown of vacancy by size range.

Figure 2: Vacancy Rate



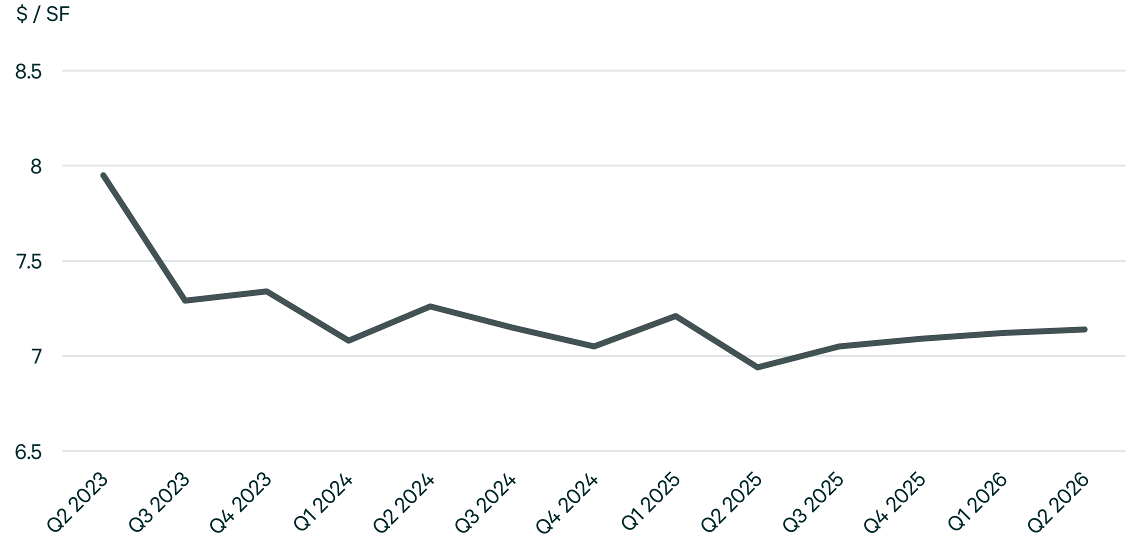
Source: CBRE Research, Q2 2026

Asking Rent

The NNN asking rental rate reached $7.14 per sq. ft. in Q2 2026, continuing a period of limited movement following the reset from peak levels in 2023. After declining through 2024 and early 2025, rents have largely held within a narrow range, indicating that upward pricing momentum has stalled. This plateau reflects changing market conditions rather than pricing strength. Landlords are maintaining quoted rents, but fewer completed transactions are testing those levels, particularly across smaller and mid-size buildings as Landlords begin to get more competitive.

Smaller-bay buildings remain relatively stable but are beginning to show signs of softening as absorption levels moderate. Bulk space continues to behave differently and pricing is holding.

Figure 3: Average Direct Asking Rate



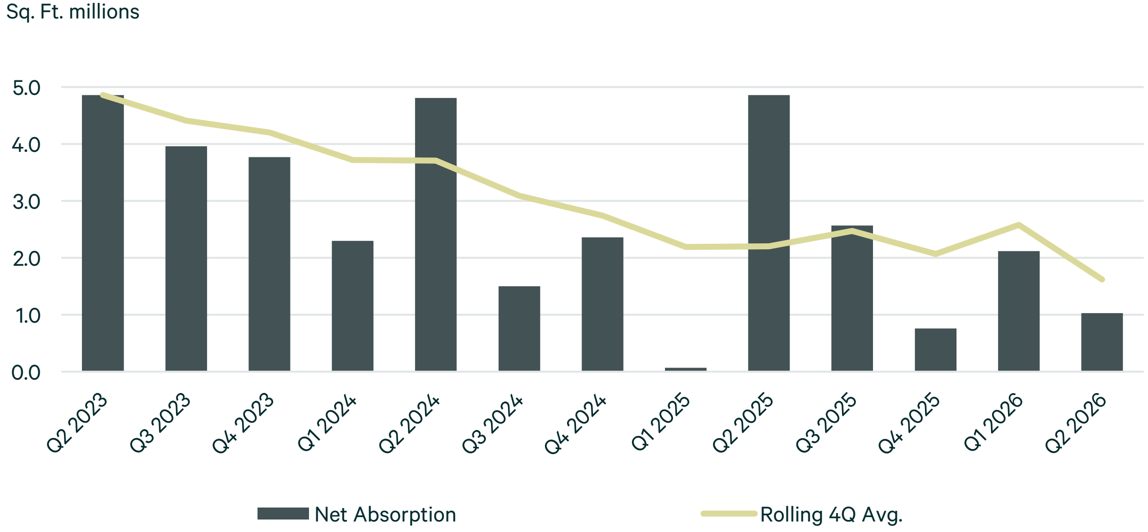
Source: CBRE Research, Q2 2026

Net Absorption

Savannah recorded 1.0-million sq. ft. of positive net absorption in Q2 2026. Although well in positive territory, this represents a 51% decline quarter-over-quarter from 2.1-million sq. ft. in Q1. The decrease aligns with reduced transaction volume.

The 500K–750K sq. ft. segment generated more than 726,000 sq. ft. of net gains, accounting for the majority of positive activity. The limited number of bulk transactions continue to shape overall results. Outside of these larger deals, momentum weakened. The under 50K sq. ft. segment recorded slightly negative absorption, while gains in the 100K–250K sq. ft. range moderated despite rising availability. Performance is increasingly dependent on a small number of large transactions, with reduced participation across smaller and mid-size buildings at the current point in time.

Figure 4: Net Absorption Trend



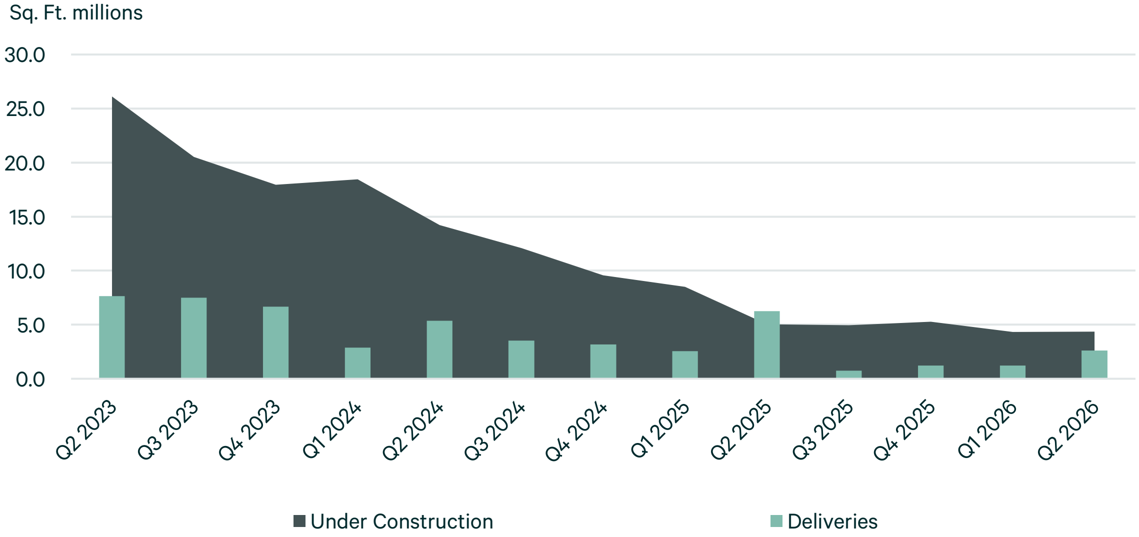
Source: CBRE Research, Q2 2026

Construction Activity

Construction activity remains at a healthy, low level. Total space under construction declined to 4.4 million sq. ft. in Q2 2026, down significantly from peak levels above 27 million sq. ft. in early 2023. The market has fully transitioned out of the post pandemic surge of tenant demand and new development.

While construction starts reached approximately 2.7 million sq. ft. in Q2 2026, this activity follows an extended period with minimal groundbreakings, having observed just 277,000 sq. ft. commence in Q1. Deliveries during the quarter totaled 2.6 million sq. ft., keeping the current level of construction in balance. The current environment reflects a reduced pipeline and limited forward supply, shifting focus toward the pace at which existing inventory can be absorbed.

Figure 5: Construction Activity



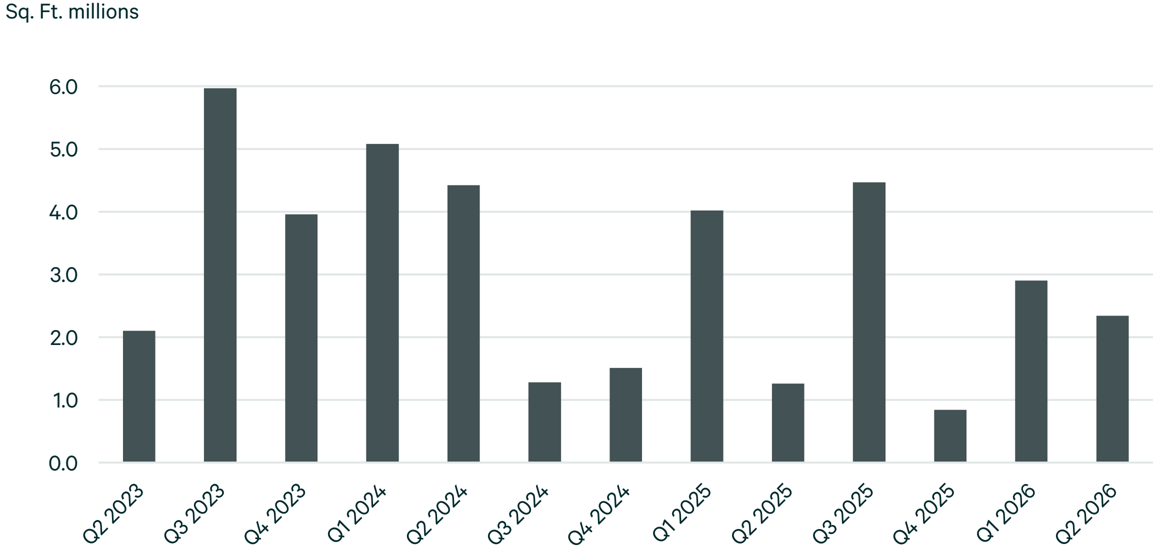
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity totaled 2.35-million sq. ft. in Q2 2026, supported by a limited number of larger transactions but lacking broader participation across the other size segments. A single 832,000 sq. ft. renewal by Shaw Industries accounted for a significant share of total volume, while new leasing was led by Elogistek with its 406,345 sq. ft. commitment at 157 Hendley Rd – Terminal East – Bldg. 3.

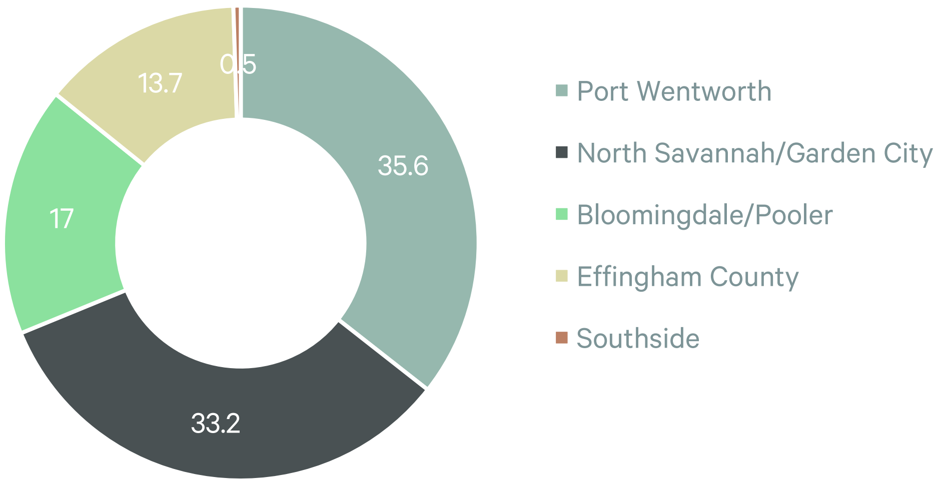
Beyond a handful of mid-size deals in the 150K to 300K sq. ft. range, deal volume tapered across both larger and smaller requirements. This pattern is representative of a point in time with lesser execution while demand and deal activity remain at more stable levels. Looking ahead, deals currently pending are expected to provide buoyancy for a more resilient Q3.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Shaw Industries	832,000	Renewal	590 Northport Pkwy	Port Wentworth
Elogistek	406,000	New Lease	157 HENDLEY RD.	North Savannah/Garden City
US Elogistics	320,000	New Lease	3300 COASTAL TRADE CENTER PKWY.	Effingham County
Coastal Logistics Group	179,000	New Lease	135 Distribution Dr	Bloomingdale/Pooler
Eshipping	161,000	New Lease	1319 Dean Forest Rd	North Savannah/Garden City
Yokohama	109,000	New Lease	2509 Dean Forest Rd	North Savannah/Garden City
Firefly Logistics	99,000	New Lease	54 Sonny Perdue Dr	North Savannah/Garden City
Norma USA	76,000	New Lease	126 Gignilliat Cir	Bloomingdale/Pooler

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	149.18M	13.2	18.1	15.5	2.6	7.14	1.02M	3.14M	2.62M	4.37M
Manufacturing - General	8.33M	0.1	-	-	-	-	12,000	12,000	-	-
Manufacturing - Advanced	1.16M	-	-	-	-	-	-	-	-	-
R&D/Flex	372,000	-	-	-	-	-	-	-	-	-
Other Industrial	2.55M	-	-	-	-	-	-	-	-	-
Total	**161.60M**	**12.2**	**16.7**	**14.3**	**2.4**	**7.14**	**1.03M**	**3.15M**	**2.62M**	**4.37M**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	10.87M	3.4	5.4	5.1	0.3	11.04	(12,000)	83,000	-	-
50K-99,999 SF	6.50M	10.0	8.3	6.8	1.5	8.53	-	78,000	-	318,000
100K-249,999 SF	22.65M	15.4	17.7	13.9	3.8	7.73	313,000	360,000	593,000	850,000
250K-499,999 SF	36.95M	14.3	21.2	15.8	5.4	7.44	-	-	-	1.07M
500K-749,999 SF	23.74M	11.1	11.1	8.2	2.9	7.72	727,000	967,000	1.25M	-
750,000 SF +	60.89M	11.9	18.8	18.4	0.3	6.53	-	1.66M	770,000	2.13M
Total	**161.60M**	**12.2**	**16.7**	**14.3**	**2.4**	**7.14**	**1.03M**	**3.15M**	**2.62M**	**4.37M**

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	113.61M	15.2	21.5	18.7	2.8	7.03	860,000	3.13M	2.37M	2.78M
Institutional	111.15M	15.2	21.7	19.0	2.8	7.01	860,000	2.99M	2.37M	-
Other Class A	2.45M	14.0	10.0	6.7	3.3	8.97	-	138,000	-	2.78M
All Other Industrial	47.99M	4.9	5.4	3.9	1.5	8.91	167,000	20,000	249,000	1.59M
Total	**161.60M**	**12.2**	**16.7**	**14.3**	**2.4**	**7.14**	**1.03M**	**3.15M**	**2.62M**	**4.37M**

Source: CBRE Research, Q2 2026

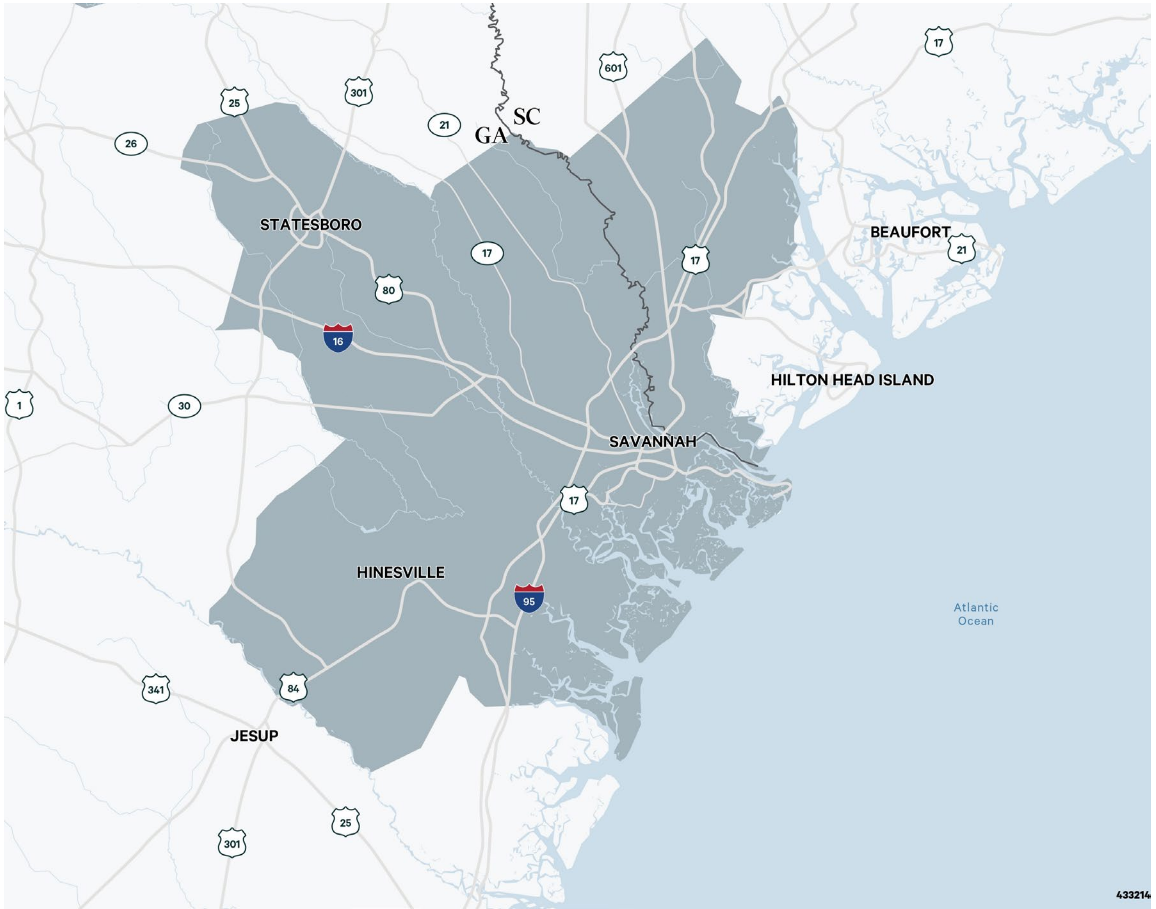
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Bloomingdale/Pooler	35.46M	7.9	13.7	9.6	4.1	8.05	249,000	305,000	431,000	279,000
Bryan County	18.09M	16.6	16.6	14.8	1.8	6.72	-	555,000	-	1.13M
Bulloch County	5.83M	0.1	0.6	0.6	-	5.93	-	-	-	-
Downtown	10,000	-	-	-	-	-	-	-	-	-
Effingham County	23.48M	21.5	23.4	23.4	-	6.97	320,000	540,000	585,000	1.77M
Liberty County	8.20M	18.7	26.5	26.5	-	6.18	-	-	-	-
North Savannah/Garden City	31.94M	6.1	12.3	8.4	3.9	7.16	482,000	557,000	-	326,000
Jasper County, SC	6.01M	19.6	22.9	22.4	0.6	8.04	(35,000)	(35,000)	-	542,000
Outer Islands	109,000	-	-	-	-	-	-	-	-	-
Outlying Chatham County	3.26M	27.5	30.4	28.0	2.5	7.82	-	-	832,000	322,000
Port Wentworth	19.85M	4.1	13.0	10.2	2.8	6.90	-	-	-	-
Southside	9.36M	26.1	27.7	25.4	2.3	7.52	12,000	1.23M	770,000	-
Total	**161.60M**	**12.2**	**16.7**	**14.3**	**2.4**	**7.14**	**1.03M**	**3.15M**	**2.62M**	**4.37M**

Source: CBRE Research, Q2 2026

Market Area Overview



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. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”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. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

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.

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