Savannah Industrial Market Takes a Step Toward Stability in the Bulk Segment

▼ 9.6%
Direct Vacancy Rate

▲ 2.1M
SF Net Absorption

▼ 1.2M
SF Construction Delivered

▼ 3.5M
SF Under Construction

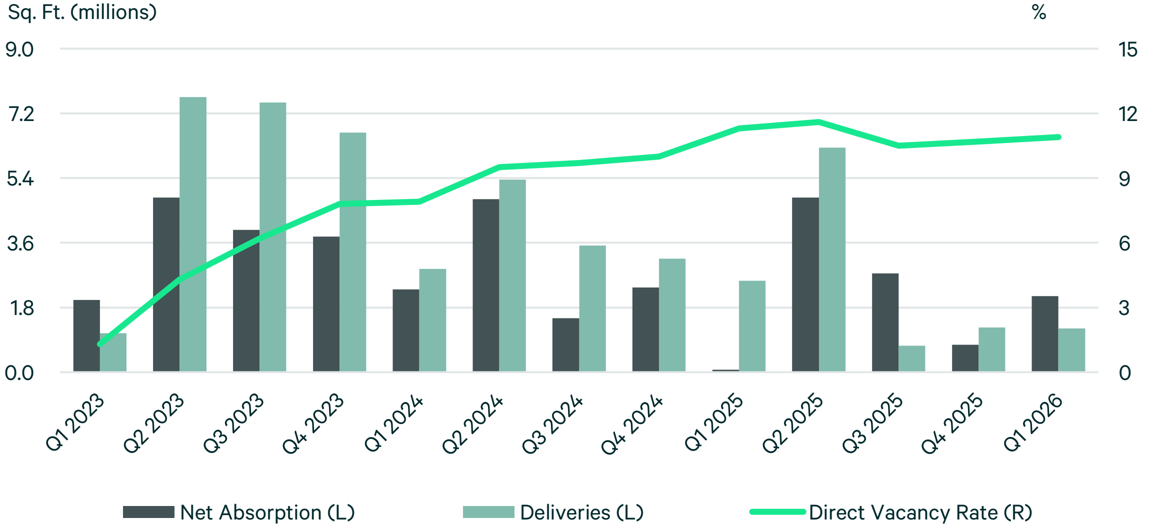
▲ $7.12
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

The Savannah industrial market took a step toward stability in the bulk segment following an extended period of limited large-scale execution. Whirlpool's 1-million sq. ft. lease, the first transaction of its size since Q1 2023, confirmed renewed attention to the upper end of the market and signaled a shift from prolonged evaluation toward execution among large occupiers. Several additional bulk requirements remain active, pointing to early re-engagement. Market conditions remain segmented by building size. Bulk facilities have begun to tighten, while mid-size buildings continue to face competitive pressure. As a result, vacancy and pricing trends vary increasingly by product type and functionality rather than moving in unison across the market. Despite this segmentation, long-term demand fundamentals remain supportive. The Port of Savannah processed 5.7-million TEUs, its second-highest annual total on record, reinforcing the market's role as a key logistics gateway. A sharply reduced construction pipeline has further eased near-term supply pressure, allowing existing inventory to work through the system. Looking ahead, market performance will depend on continued follow-through among large occupiers and progress absorbing second-generation space. Conditions remain uneven across size segments, though renewed execution at the bulk threshold represents an important confirmation point influencing leasing activity, vacancy trends, pricing stability, and future development.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy

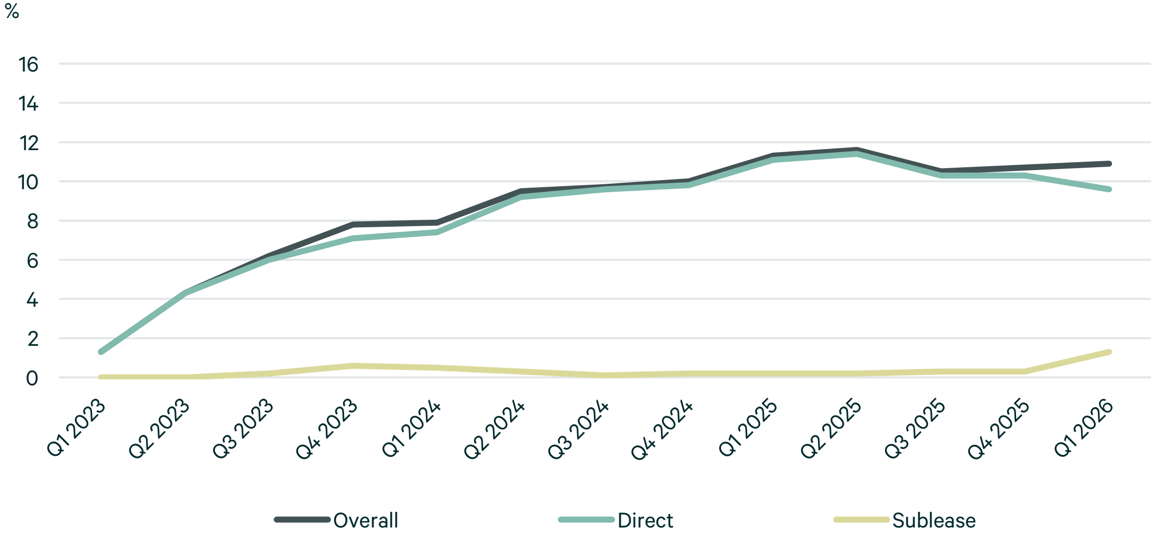


Source: CBRE Research, Q1 2026

Direct Vacancy Rate

The direct vacancy rate declined to 9.6% in Q1 2026, reaching its lowest level since Q3 2024 and signaling early progress in the market's rebalancing process. Vacancy improvement reflected renewed leasing activity and the gradual absorption of bulk space. Despite this improvement, the composition of vacancy continues to shape market performance. Buildings delivered prior to 2010 accounted for 45.1% of vacant space added during Q1 2026, the highest quarterly share recorded over the past three years, indicating older inventory continues to weigh disproportionately on new availability. These buildings continue to face longer lease-up timelines as tenants prioritize newer, more functional bulk and distribution facilities. A separate source of availability has emerged from pandemic-era lease expirations. As leases executed during peak demand periods mature, some occupiers have consolidated footprints or vacated excess space secured earlier in the cycle. This return of second-generation space represents a temporary but meaningful factor influencing vacancy dynamics, particularly outside the bulk segment. Looking ahead, vacancy trends are expected to improve unevenly. Continued progress will depend on the pace of bulk tenant execution and the market's ability to work through older and second-generation inventory, while modern bulk facilities remain better positioned to capture incremental demand.

Figure 2: Vacancy Rate

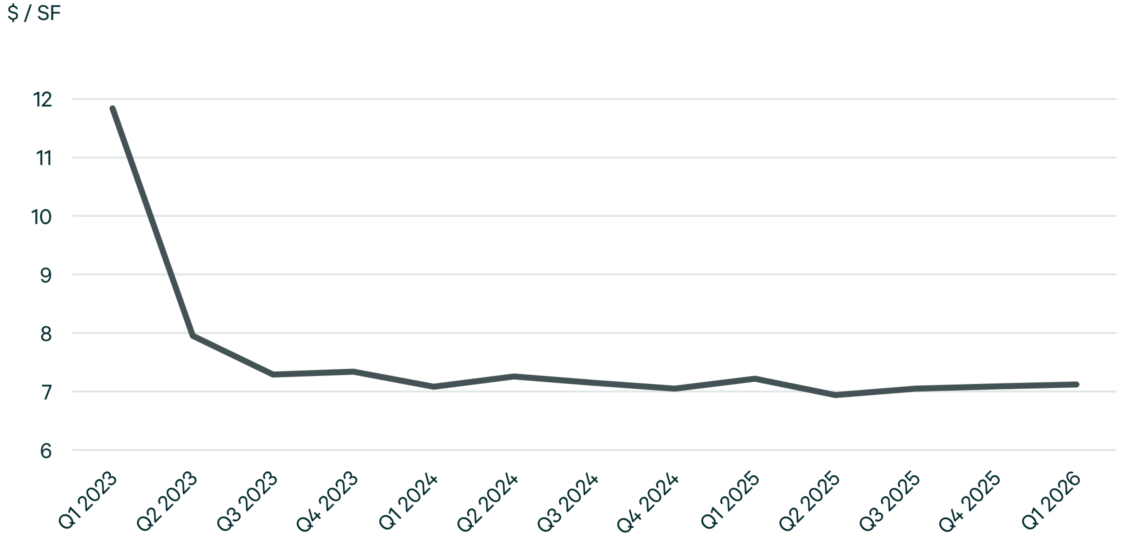


Source: CBRE Research, Q1 2026

Asking Rent

Average asking rents across the Savannah industrial market were $7.12 per sq. ft. in Q1 2026, down 1.4% YoY. The decline reflects pressure concentrated in specific portions of the market, driven by supply imbalances rather than a broad erosion in pricing power. That pressure is most evident in the 150K to 350K sq. ft. segment, where elevated availability has intensified competition and slowed deal execution. A wave of mid-size deliveries during a period of muted bulk demand left landlords competing for a limited tenant pool. Owners have responded by prioritizing occupancy, applying downward pressure to face rents and leaning more heavily on concessions to secure leases. Conditions differ outside this mid-size range. Smaller buildings continue to benefit from steady demand, while renewed interest from large occupiers has helped stabilize pricing in facilities above 350K sq. ft. The narrowing spread between mid-size and bulk asking rents reflects competitive pressure in oversupplied segments, not weakening fundamentals at the upper end of the market. Landlord behavior reinforces this divide. Pricing discipline remains strongest for credit tenants, while smaller and less established users rely more heavily on concessions. Concession packages remain elevated compared with historical norms, though early signs of moderation appeared in Q1 2026. Looking ahead, asking rent performance is likely to remain uneven. Mid-size oversupply will continue to weigh on market averages, while improving bulk demand supports greater pricing stability at the upper end.

Figure 3: Average Direct Asking Rate

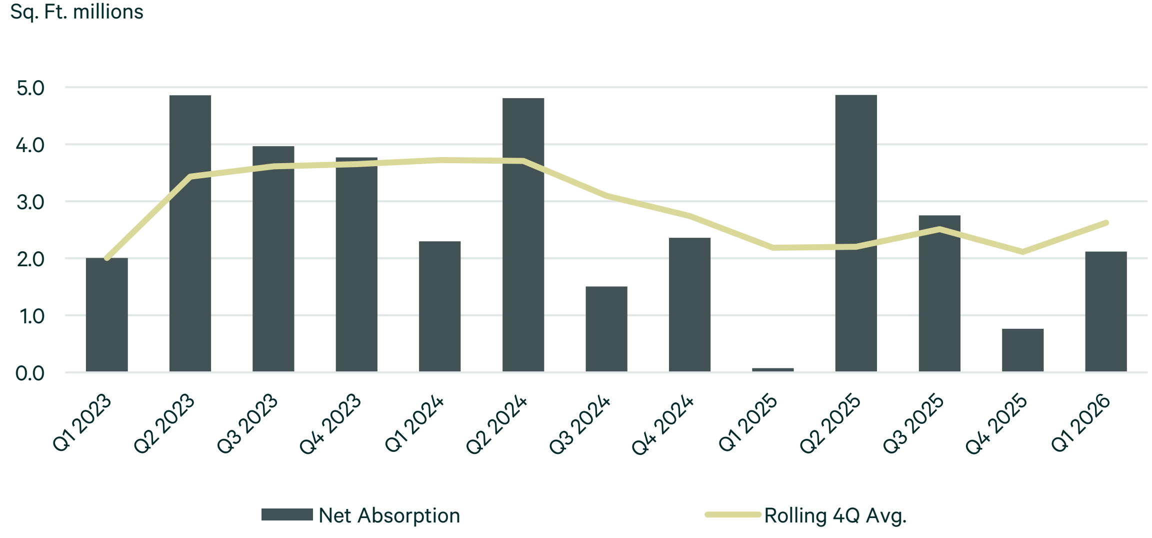


Source: CBRE Research, Q1 2026

Net Absorption

The Savannah industrial market recorded 2.1 million sq. ft. of positive net absorption in Q1 2026, marking a meaningful improvement from the muted performance observed during the same period last year. Q1 2026 absorption was driven by the return of ultra-large deal execution, highlighted by the market's first 1-million-sq.-ft. transaction since Q1 2023. While overall absorption remained concentrated, the completion of a 1M+ SF lease represented an important psychological and structural inflection for the market. Prior quarters included bulk activity, though commitments at this scale remained absent, contributing to prolonged hesitation among large occupiers. While the re-emergence of a true mega-bulk transaction reinforces the viability of pending large requirements, broader absorption remains constrained by limited tenant mobility. Elevated relocation costs continue to favor renewals and option exercises, limiting churn across the market. Whether adjusting footprints upward or downward, many occupiers find limited economic incentive to relocate, as landlords struggle to offer terms sufficient to offset the cost and disruption of moving. Looking ahead, net absorption performance will depend less on transaction count and more on continued follow-through at the upper end of the size spectrum. Additional execution at the 750K sq. ft. to 1-million sq. ft. level would support more durable space removal, while delays would preserve the stop-start absorption pattern characteristic of the Savannah market.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Construction Activity

Construction conditions in the Savannah industrial market remained highly constrained in Q1 2026 as developers continued to pull back following several years of elevated building activity. Deliveries totaled 1.2 million sq. ft. during the quarter, while total space under construction fell to 3.5 million sq. ft., the lowest level recorded since 2017. The sharp contraction highlights a market operating with limited near-term supply pressure as existing inventory works through the system. The reduction in activity stems from a sustained decline in new groundbreakings. Construction starts slowed throughout 2024 and 2025 before reaching a full stop in Q1 2026. Supply restraint has been most visible within smaller and mid-size formats, where competitive leasing conditions and rent compression have reduced feasibility for additional speculative projects. At the same time, longer-term interest in bulk development has begun to reappear. Several developers retain entitled land positions and capital relationships, allowing flexibility once additional ultra-large occupier requirements move beyond feasibility and into execution. Future supply timing increasingly hinges on confirmed demand signals rather than speculative momentum. Looking ahead, construction activity is likely to remain limited near term. Continued leasing progress across existing mid-size inventory will be critical before broader development resumes. In the interim, the historically low pipeline creates a more favorable backdrop for occupancy gains and pricing stability as bulk demand tests higher thresholds of execution.

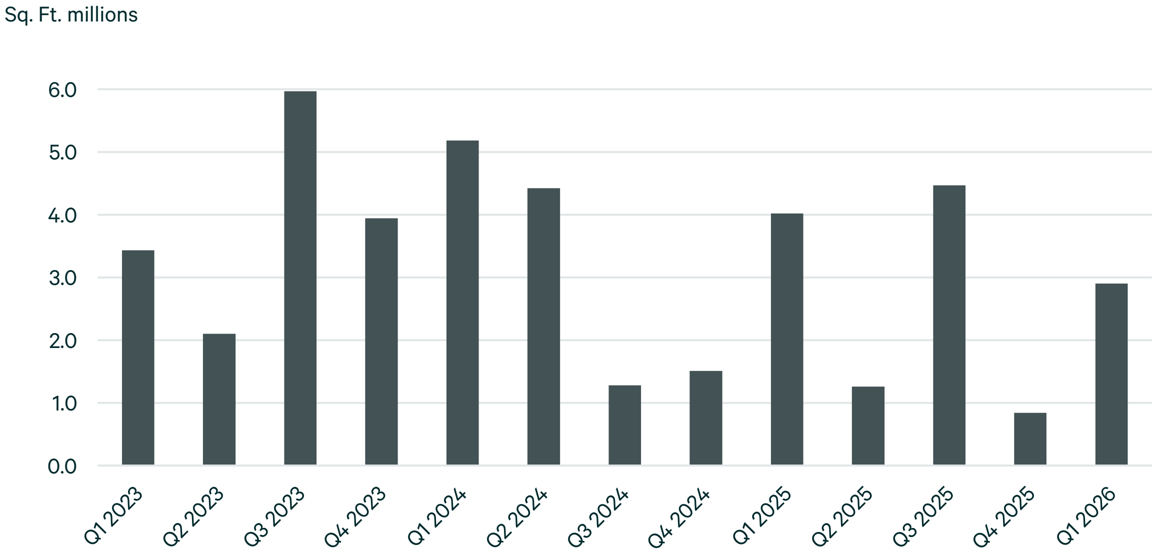
Figure 5: Construction Activity

Source: CBRE Research, Q1 2026

Leasing Activity

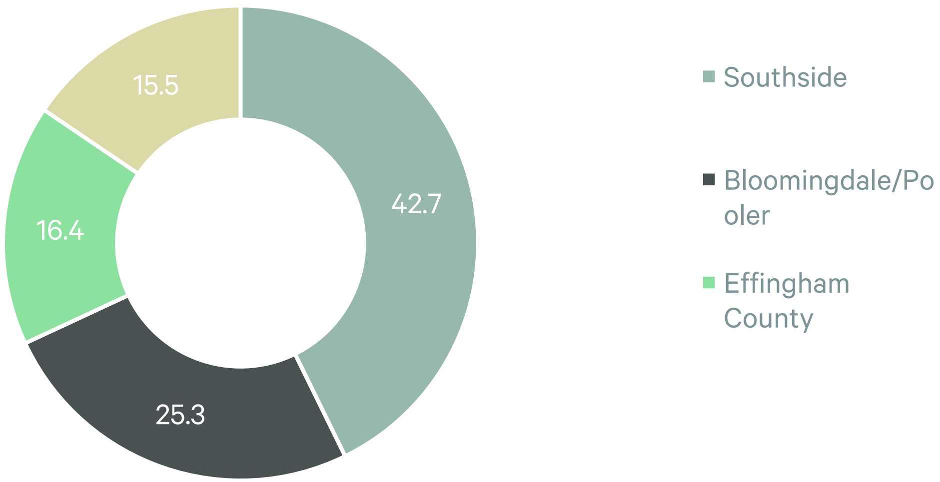
Leasing activity in the Savannah industrial market totaled 3.26-million sq. ft. in Q1 2026, reflecting renewed engagement following an extended period of uneven execution. Activity remained selective, driven more by decision timing and tenant-specific risk considerations than by market interest. Retailers and publicly traded companies continued to approach expansion cautiously as macro uncertainty and internal approval processes slowed execution. Within this environment, Whirlpool's 1.1-million sq. ft. lease carried outsized importance. As a retailer, Whirlpool's commitment marked a clear shift from evaluation to execution and provided tangible evidence of improving confidence among large retail users assessing Savannah for long-term distribution strategies. Logistics and distribution users remained active, though tenant credit continued to shape deal structure and pace. Landlords maintained a disciplined approach, balancing occupancy gains against longer-term valuation considerations tied to exit cap rates. Some owners structured transactions to limit exposure to higher-risk tenants while securing stronger credit elsewhere within a building, allowing leases to progress without materially increasing risk. Execution at the 1-million-sq.-ft. level has begun to restore confidence at the upper end of the market, even as broader leasing activity remains selective. With relocation economics favoring renewals and option exercises, near-term leasing outcomes remain driven by a small number of high-quality commitments, positioning the market for steadier performance as confidence among credit users continues to rebuild.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Whirlpool	1,107,000	New Lease	100 Landmark Blvd	Southside
US Elogistics	320,000	New Lease	0 Hwy 21	Effingham County
Porter Logistics	230,000	New Lease	195 Nordic Way	Bloomingdale/Pooler
Fortune Logistics SAV	172,000	New Lease	2509 Dean Forest Rd	North Savannah/Garden City
Undisclosed	156,000	New Lease	2008 Trade Center Pkwy	Effingham County
Pacorini Group	145,000	New Lease	200 Logistics Way	North Savannah/Garden City
Nazek	138,000	New Lease	500 Morgan Lakes Industrial Blvd	Bloomingdale/Pooler
Olw	123,000	New Lease	101 Clyde Alexander Ln	Bloomingdale/Pooler

Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Under 100,000 sq. ft.	17.36	5.6	6.8	5.6	1.2	9.84	0.17	0.17	-	0.09
100,000-199,999 sq. ft.	14.18	11.5	15.0	11.3	3.7	7.90	0.16	0.16	-	0.83
200,000-299,999 sq. ft.	16.29	14.5	17.8	16.4	1.4	7.70	(0.11)	(0.11)	0.22	0.25
300,000-499,999 sq. ft.	28.55	13.2	21.2	14.1	7.0	7.27	-	-	-	0.33
500,000-749,999 sq. ft.	22.49	9.4	8.0	6.3	1.7	7.69	0.24	0.24	-	1.25
750,000 sq. ft.	60.11	10.7	13.7	13.7	-	6.37	1.66	1.66	1.00	0.77
Total	**158.97**	**10.9**	**14.0**	**11.9**	**2.1**	**7.12**	**2.12**	**2.12**	**1.22**	**3.52**

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Distribution/Logistics	146.56	11.8	15.2	12.9	2.3	7.12	2.12	2.12	1.22	3.52
Manufacturing - General	8.33	0.1	0.1	0.1	-	12.00	-	-	-	-
Manufacturing - Advanced	1.16	-	-	-	-	-	-	-	-	-
R&D/Flex	0.37	-	-	-	-	-	-	-	-	-
Other Industrial	2.55	-	-	-	-	-	-	-	-	-
Total	**158.97**	**10.9**	**14.0**	**11.9**	**2.1**	**7.12**	**2.12**	**2.12**	**1.22**	**3.52**

Source: CBRE Research, Q1 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Class A	111.23	13.9	17.8	15.5	2.3	6.98	2.27	2.27	1.22	3.43
Institutional	108.78	13.9	18.0	15.7	2.3	6.96	2.13	2.13	1.22	-
Other Class A	2.45	14.9	10.0	6.7	3.3	8.97	0.14	0.14	-	3.43
All Other Industrial	47.74	3.9	5.2	3.5	1.7	8.81	(0.15)	(0.15)	-	0.09
Total	**158.97**	**10.9**	**14.0**	**11.9**	**2.1**	**7.12**	**2.12**	**2.12**	**1.22**	**3.52**

Source: CBRE Research, Q1 2026

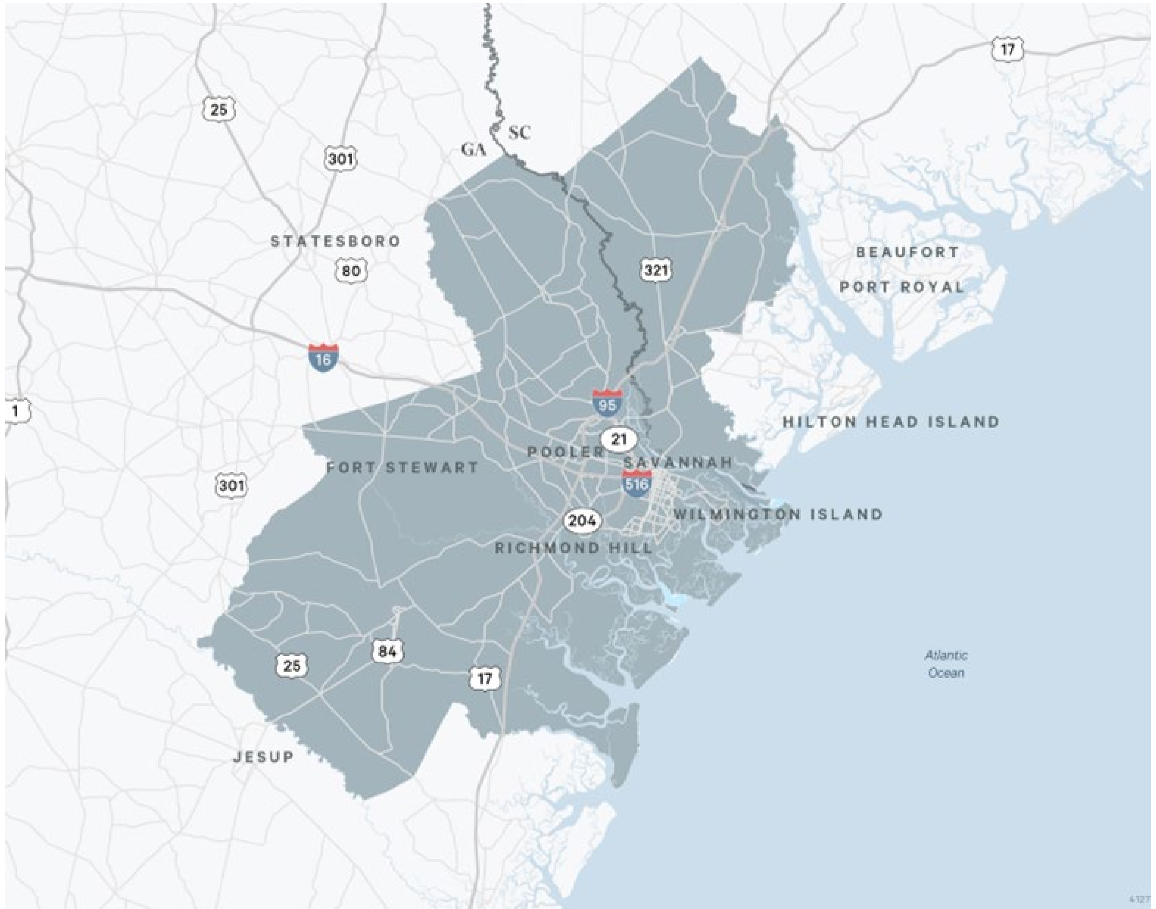
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Bloomingdale/Pooler	35.03	6.1	11.5	7.1	4.3	8.16	0.06	0.06	-	0.63
Bryan County	18.09	16.6	16.6	14.8	1.8	6.72	0.55	0.55	1.22	-
Bulloch County	5.83	0.1	0.6	0.6	-	5.93	-	-	-	-
Downtown	0.01	-	-	-	-	-	-	-	-	-
Effingham County	22.90	22.3	22.9	22.9	-	6.86	0.22	0.22	-	0.75
Liberty County	8.20	18.7	26.5	26.5	-	6.18	-	-	-	-
North Savannah/Garden City	31.93	6.7	13.5	9.9	3.6	7.15	0.07	0.07	-	0.33
Out of Submarket	6.01	19.0	19.6	19.0	0.6	8.04	-	-	-	0.09
Outer Islands	0.11	-	-	-	-	-	-	-	-	-
Outlying Chatham County	2.43	2.7	6.7	3.3	3.3	10.69	-	-	-	0.96
Port Wentworth	19.84	2.5	3.0	1.8	1.2	7.83	-	-	-	-
Southside	8.59	19.8	18.9	18.9	-	7.37	1.22	1.22	-	0.77
Total	**158.97**	**10.9**	**14.0**	**11.9**	**2.1**	**7.12**	**2.12**	**2.12**	**1.22**	**3.52**

Source: CBRE Research, Q1 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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