



SAVANNAH INDUSTRIAL MARKET SURVEY YEAR-END 2007

The Georgia Ports Authority continues to grow at a double digit pace. It is the fastest growing port in the United States, making it the second largest container port on the east coast and the fourth largest container port in America. As the port continues to grow, so does the need for industrial warehouse space in Savannah.

2007 saw a tremendous boom in new warehouse construction. Both national and regional developers have invaded the Savannah market. Land availability has dwindled in the last three (3) years. Land costs have risen from the \$30,000 per developable acre to over \$120,000 per developable acre. Smaller tracts are approaching \$200,000 per acre. There are no real sizeable industrial sites available in Chatham county. The surrounding area (in Georgia as well as in South Carolina) is also experiencing record growth. With the slowdown in housing, you might expect to see some large residential tracts being rezoned for light industrial. This could ease the squeeze on available industrial property.

The Melaver Mouchet Industrial Report includes all industrial facilities, no matter the size. Of the total inventory of 46,151,221 square feet, approximately 30,000,000 square feet should be considered bulk distribution. Manufacturing space accounts for over 9.3 million square feet.

Vacancy figures have climbed over the 5% level for the first time in our reporting history. As of this report, 7.5% of the total inventory is vacant. Only 350,000 square feet of the almost 3.5 million total available figure is second generation space.

Since the 1st quarter of 2007, new construction added over 3.6 million square feet to the inventory. There is an additional three (3) million square feet being planned for construction. Although there is more space on the market "For Lease", rates should continue to climb because of land and material costs. Annual rates for bulk distribution rose above the \$4.00 NNN figure for the first time.

There is no reason to believe that 2008 will not be another banner year for the Savannah Industrial Market. More quality tenants are eyeing the Savannah port and expect to have a presence in the area in the very immediate future.

BEGINNING INVENTORY 3-20-07	42,487,325 SQ. FT.
NEW CONSTRUCTION ADDED TO INVENTORY	3,663,896 SQ. FT.
TOTAL INVENTORY 1-1-08 *	46,151,221 SQ. FT.
TOTAL INVENTORY AVAILABLE FOR SALE/ FOR LEASE 1-1-08	3,461,896 SQ. FT.

*Manufacturing comprises 9,333,738 sq. ft. (20.2%) of this amount.