

Record-sized warehouse now under construction in sought-after Savannah

Sep 11, 2022, 6:59pm EDT



CBRE

Capital Development Partners has started construction on Savannah's Central Port Logistics Center, which includes a record-sized speculative warehouse in the coastal market.

A record-sized speculative warehouse is now under construction in Savannah, a sign of the [unrelenting demand for space in one of the hottest industrial markets in the U.S.](#) Atlanta-based Capital Development Partners recently broke ground on Central Port Logistics Center at Rockingham, an industrial park planned with seven buildings totaling 5.4 million square feet of space. The first phase includes a cross-dock warehouse stretching across 1.46 million square feet, the largest speculative warehouse ever constructed in the Savannah market, according to commercial real estate giant CBRE. A building is considered speculative, or spec, when it's constructed without a specific tenant in mind. In recent years, industrial demand has become so strong that it's now

the norm for companies to lease space without seeing the finished product. As of the second quarter, Savannah's vacancy rate hovered below 1%, one of the lowest of any markets in the U.S.

Expected to be completed next year, the first phase will also include a second speculative building with 982,000 square feet of space. [Bill Sparks](#), executive vice president at CBRE, will market and lease the project on behalf of Capital Development Partners. It's one of only two projects in Savannah served by rail with direct access to the [Port of Savannah](#), according to CBRE.

An increase in consumer spending during the pandemic turbocharged the demand for manufacturing, distribution and logistics facilities. [Georgia's population growth, continuous expansions of the Port of Savannah](#) by the Georgia Port Authority and proximity to Atlanta have helped fast-track Savannah's rise as a top industrial market.

Companies are gravitating toward Savannah to [escape severe delays at other popular ports](#) further up the East Coast and along the West Coast. Savannah experiences congestion, but its wait times are often shorter than its rivals in Los Angeles and Long Beach, industry experts say. Another selling point is the relatively short trip from the port to Hartsfield-Jackson Atlanta International Airport, the busiest in the nation. The Savannah region is home to about 86.7 million square feet of industrial space, almost all of which is already leased up, according to a Q2 report from CBRE. To satisfy some of the pent-up demand, there is currently so much space under construction that it will grow the market's inventory of space by more than 25%.

In the first half of the year, [Savannah captured seven of the 100 largest U.S. warehouse leases](#), totaling 7.4 million square feet of space, according to CBRE.

Most of the largest leases signed in Savannah so far this year have come from third-party logistics companies and general retail and wholesale users. A few of these deals include NFI Industries' new lease of more than 1 million square feet at Old Augusta Commerce Center and several leases by Lowe's Companies Inc. (NYSE: LOW) for more than 2 million square feet at Georgia International Trade Center.

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