

New Industrial Construction

HIGH DEMAND OUTWEIGHING ECONOMIC HEADWINDS

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Industrial rent is still experiencing **double digit growth nationally** and low end vacancy as the demand for space continues into 2023. **Certain markets are particularly hot.** The **Southeast has had several major seaport expansions recently**, contributing to an increased need and record expansion along with the Southwest corridor as a potential alternative to comparatively high rents on the Western Coast.

Phoenix, AZ

- **VACANCY: 4.4%**
- **ANNUAL RENT GROWTH: 15.4%**
- **UNDER CONSTRUCTION: 56.3M SF**
- **% OF INVENTORY: 13.3%**
- **PRE-LEASED: 25.4%**

Phoenix is the second fastest-growing industrial market in the county and has a record 56.3M SF currently under construction. Nearly three-quarters of this space is being built on spec, demonstrating the high level of confidence among developers and lenders for market demand. With an expected 47M SF scheduled to deliver in 2023, Phoenix's inventory will expand by a full 13%, a large figure compared to a national average of about 3%.

Savannah, GA

- **VACANCY: 2.2%**
- **ANNUAL RENT GROWTH: 12.7%**
- **UNDER CONSTRUCTION: 22.8M SF**
- **% OF INVENTORY: 21.4%**
- **PRE-LEASED: 31.1%**

SHEP, the recently completed billion-dollar civil works project to widen and deepen the Port of Savannah, has succeeded in the city seeing unprecedented industrial growth. The port is now the second largest on the East Coast, handling more than 5.7M TEUs in 2022 and the area's industrial inventory has nearly doubled in the last decade. The expansion is not slowing either, and the 22.8 million SF currently underway represents an additional 21.4% of total inventory. That ranks Savannah as the top U.S. market for industrial construction intensity.

Spartanburg, SC

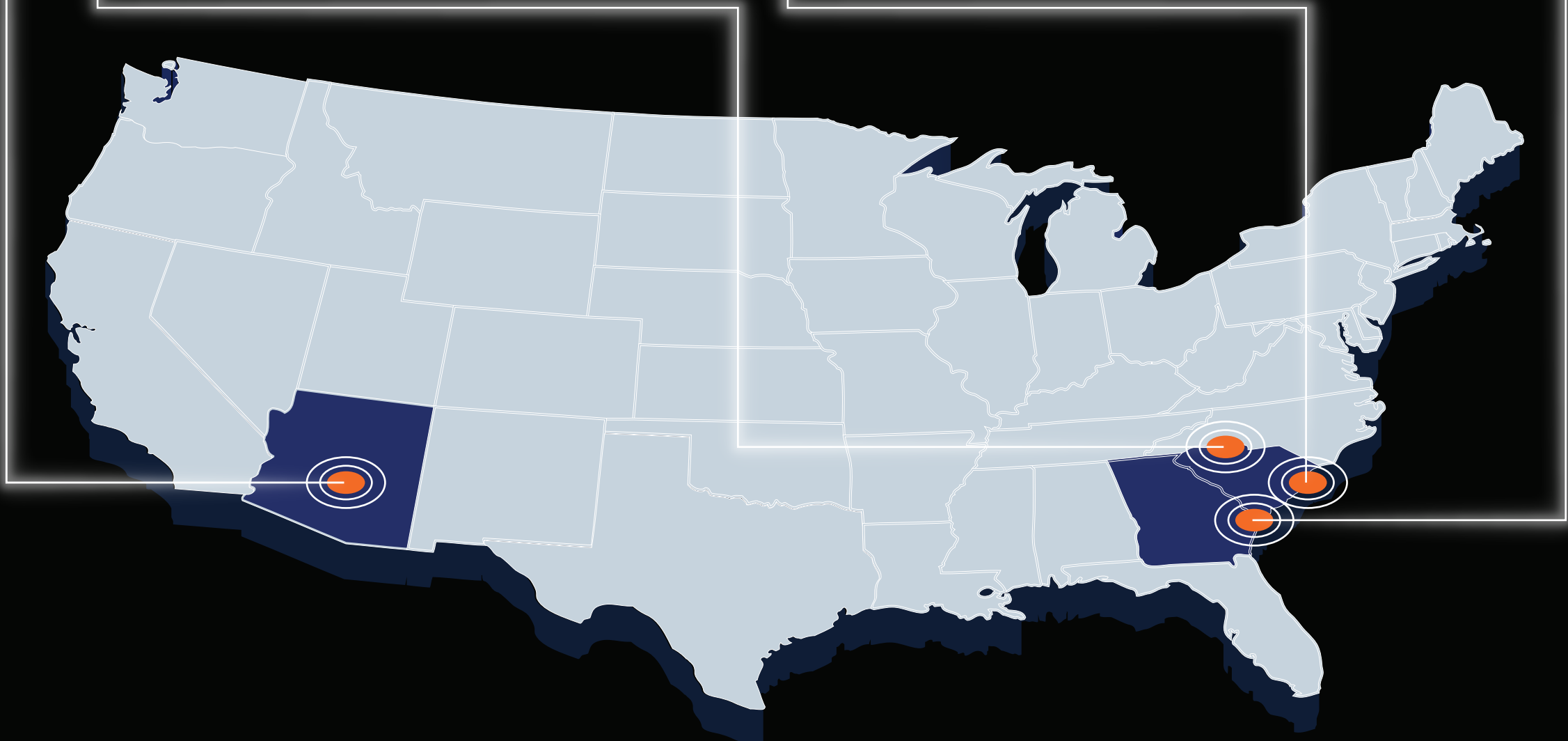
- **VACANCY: 6.9%**
- **ANNUAL RENT GROWTH: 12.2%**
- **UNDER CONSTRUCTION: 13.8M SF**
- **% OF INVENTORY: 13%**
- **PRE-LEASED: 27.8%**

With a thriving automotive industry and a location close to ports and population centers, Spartanburg has added nearly 20 million SF of mostly speculative space to the market since 2018 and has another 14.3 million SF of space under development. That figure represents a 13% expansion of current inventory, one of the nation's largest figures in that category. Since 2021, more than 85% of product delivered has been leased, however only 28% of stock currently under construction has been pre-leased. With leasing activity slowing in recent quarters, the new supply wave is likely to produce a rise in vacancy in the near term.

Charleston, SC

- **VACANCY: 3.0%**
- **ANNUAL RENT GROWTH: 11.4%**
- **UNDER CONSTRUCTION: 12.2M SF**
- **% OF INVENTORY: 12.3%**
- **PRE-LEASED: 30.6%**

Like nearby Savannah, Charleston's increased port development has fueled a rapid expansion in industrial activity. The Hugh K. Leatherman Terminal is the first new container terminal to open in the U.S. in more than a decade and new industrial projects surpassed record levels in 2022 as builders scrambled to accommodate the growth in imports. Nearly 8M SF of new space has been delivered in the last 12 months and there is still another 14M SF of new space underway.



National INDUSTRIAL

- **VACANCY: 4.4%**
- **ANNUAL RENT GROWTH: 10.1%**
- **UNDER CONSTRUCTION: 652M SF**

