



232 Bourne Blvd. Savannah, Georgia

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Contents	
1.	Property Overview
2.	Thesis
3.	Submarket
4.	Catalysts
5.	Risks

Property Overview:

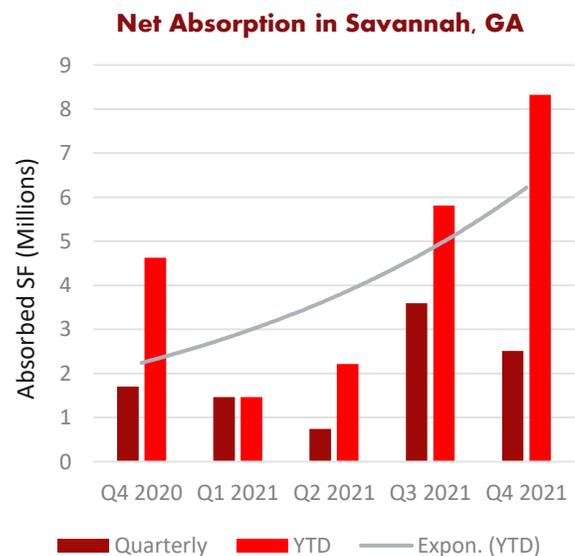
232 Bourne Boulevard in Savannah, Georgia is a Class B industrial warehouse located in the Bloomingdale/ Pooler submarket. This property was built in 2008 and is currently 100% leased to the tenant Cargoways Logistics, a third-party logistics company located across North America. This is a speculative 180,000 square foot building with access to 21 docks and 25-foot ceilings. Additionally, it comes with over 100 parking spaces and a fenced lot. The property also boasts a 723,967 square foot plot of land that can be expanded upon or developed in the future. The current lease in place is \$6.25/psf, triple net, ending in the year 2026. With the space fully leased, in great condition, and in a vital location, this asset situates itself as an attractive stable investment for a mid-long term hold.

Thesis:

We believe that 232 Bourne Blvd is an attractive investment due to the surrounding high operating infrastructure, robust investor appetite for space and land potential of the undeveloped lot. Given the recent market conditions, we are seeing a high amount of demand for space given the rise in consumer demand for goods and services, and with our property we believe it suits the tenant and market perfectly as it will provide continued stability for the foreseeable future. Coupled with record low vacancies, and a prime location near the hub of imports and exports, we believe that the continued momentum will carry this property to appreciate and remained fully leased throughout our hold period.

Submarket Overview

Savannah’s regional economy continues to experience rapid expansion and strong absorption of the industrial sector. Its continued stability can be linked to regions economic diversity centered around Georgia Ports and local Tourism. Additionally, Savannah is home to the nation’s third largest and fastest growing container port, a strong base of manufacturing and distribution employment, two regional hospitals, more than 40,000 college students along with an influx of pre-retirees. Moreover, Savannah has continued to maintain record-low vacancy rates of 0.5%. The nearby Port of Savannah is has recently seen several infrastructure enhancements allowing for it to be a vital location in terms of transpiration accessibility. E-commerce firms and 3pls have begun to demand large amounts of space in the area. With net absorption totaling around 9msf, the fundamentals are present for a strong market that will only see growth trends from here.

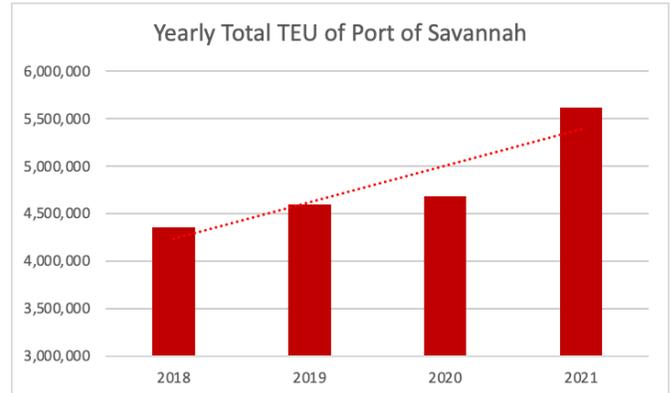


Catalysts

Port of Savannah: The Port of Savannah is one of the single largest and fastest-growing container terminals in America. The Port of Savannah continues to set records for monthly TEU volume, for example increased by about 25% in 2021 with an increase of 4 million tons. It is important to note that in March 2022, \$973 million was spent to deepen the port's depth from 42 feet to 47 feet. This provides access to significantly larger vessels leading to more throughput within the port. The Port of Savannah also has immediate access to I-16, I-95, and the Mason Mega Rail provides easy transportation from ships to land transportation.

Mason Mega Rail: One of Savannah's largest improvements in its port infrastructure was the recent completion of the Mason Mega

Rail. The rail is the largest intermodal rail facility for a port authority in North America. The rail has been improved significantly to greatly increase the operating efficiency of the port. Cargo from the vessels to the rails in under 24 hours which is industry leading time for a port. This allows the port to provide more frequent, direct, and unmatched reliability in terms of moving products and TEUs on time. Additionally, they added another 10 working tracks totaling 18, and added over 97,000 feet of new rail for containers to move along. These improvements were made to serve customers spanning from Dallas to Memphis and the Midwest. The Port of Savannah has now doubled their rail lift capacity to be able to move a million containers annually. The port will begin to attract companies for their imports, knowing that they can send their products to Savannah as they can bear the larger load of containers coming in and out of the country. This impacts the industrial market as a whole but allows for tenants living in the space to thrive in this new world of e-commerce and distribution by having close access to the port and nearby metropolitan areas. By being near both, they can also cut down on transportation costs.



Risks

Supply Chain: Over the past couple years, we have seen how easily simple issues in the supply chain can affect the supply chain in a larger magnitude. With the recent challenges in the supply chain industries, companies have not been able to fulfill their orders on a timely matter and struggle with stock out costs. This ultimately reflects on the landlords of these industrial warehouses as tenants are unable to produce the necessary rent. However, this can be mitigated due to several factors. For example, with the increase in safety stocks; this property has additional land that can be developed to account for more products thus helping tenants mitigate stock outs. Additionally, although some products are not available on a timely matter, there will always be other products that need to be managed by logistics companies such as Cargoways. This property has several factors that help promote tenants to lease such as its low rents compared to the market and the great location.

Construction Pipeline: Savannah has recently seen a lot of development within the Class A industrial market. Currently big names such as UNIS, Lowes, RBW Logistics, and Taylored Service have close to four million square feet under construction. With this vast increase in construction, the overall supply of Class A buildings will increase ultimately decreasing the value of competing properties. However, a large portion of these under construction Class A buildings have been pre-leased meaning there will be more demand for smaller and less established companies to want to lease out Class B or C spaces instead.

ESG Concerns: With climate change being the latest and gravest thing on people's minds, we are beginning to see the regulatory pressures from local, state and federal governments urging people and companies to regulate their effect on the environment. All aspects of the economy are being affected by ESG initiatives, and real estate is being affected sooner than many expected. Authorities are beginning to regulate carbon emissions and energy efficiency in industrial assets due to their high share of the pollution in the atmosphere. Transportation, manufacturing and warehousing are the main sectors being affected by recently implemented emissions guidelines. While many investors see this as a risky sign to invest in carbon producing properties like industrial assets, Savannah is already a well-regulated and sustainable market for industrial assets to be in. Touting themselves as the greenest country in Georgia, the town utilizes community training, water & emissions regulation, and data collection to help promote ESG sustainability for not only their government owned buildings but all properties in their county. This is a positive step forward in the ESG world, but also in doing our part to reduce carbon emissions.