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Southeastern Industrial Boom Driven by Port Activity

- Supply chains and port backups have been a significant focus over the past year, and while much of the attention around port activity is focused on the two largest port districts in the country—the ports of Los Angeles and Long Beach and the Port of New York and New Jersey—nearly every port has seen record activity, leading to increased demand for industrial space nearby.
- The Savannah-Hilton Head market is home to the third-busiest port in the country, handling 5.6 million 20-foot equivalent units (TEUs) in 2021, 19% higher than the previous record of 4.7 million TEUs handled in 2020. In December, the Georgia Ports Authority (GPA) announced it was accelerating a \$150 million expansion of the port, with a plan to increase container capacity 25% by June. Meanwhile, intermediate efforts have helped ease congestion from the worst point during the fall backup. The port added five “pop up” container yards throughout the region. Recent data from the GPA showed three ships at anchor outside the port in January, down from nearly 30 in September. The nearby Port of Charleston is likewise among the top 10 ports by amount of TEUs handled per month, with 2.8 million in 2021, also an annual record.
- The intense port activity is causing the industrial pipeline in some markets to reach unprecedented levels. Savannah-Hilton Head in particular has 23.5 million square feet under construction, representing an astounding 22.3% of stock. The largest facility underway in the area is a 2.6 million-square-foot Amazon fulfillment center located near the intersection of I-95 and I-16. Nearly all other large Savannah projects are expansions or initial phases of large-scale logistics parks. Charleston has 9.7 million square feet currently underway (14.7% of stock), including a 2.8 million-square-foot Walmart distribution center. There are spillover effects, too. Greenville, while not a port market, is experiencing a similar boom in industrial development, with 12.6 million square feet being built (6.7% of stock). Greenville benefits from being located between Atlanta and Charlotte—two of the fastest-growing metros over the last decade—and only a few hours from the ports of Savannah and Charleston.
- Beyond port activity, demographic trends also bolster the fortunes of the industrial markets in the region. In 2021, net domestic migration was highest in the Southeast. North Carolina saw the fourth-highest level of any state (88,700 net inbound residents), South Carolina was fifth (64,800), Tennessee was sixth (61,400) and Georgia seventh (50,600).

