

Industrial Q1 2022

| | YoY Chg | 12-Mo. Forecast |
|--------------------------------------|---------|-----------------|
| 2.6% Vacancy Rate | ▼ | ▲ |
| 496.4 K Net Absorption, SF | ▲ | ▼ |
| \$4.70 Asking Rent, PSF | ▲ | ▬ |

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 629.6K Greensboro/ Winston-Salem Employment | ▲ | ▲ |
| 4.0% Greensboro/ Winston-Salem Unemployment Rate | ▼ | ▼ |
| 3.6% U.S. Unemployment Rate | ▼ | ▼ |

Source: BLS

ECONOMIC OVERVIEW

The Triad market continues to rebound from the pandemic, reporting a 4.0% unemployment rate, a decrease of 30 basis points (bps) from the previous quarter and a notable 190 bps over the past year. The region's employment total rose again this quarter, reflecting a total of 14,400 jobs added across Greensboro/Winston-Salem since Q1 of 2021. On the heels of big announcements in late 2021 by companies like Toyota, aviation startup Boom Supersonic selected Greensboro as the site of its first full-scale manufacturing facility, bringing more than 2,400 jobs to the area over the next decade.

SUPPLY AND DEMAND

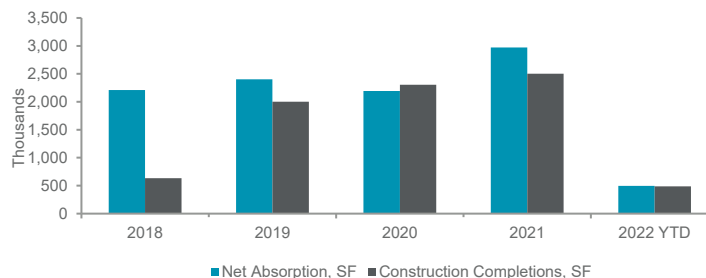
The Triad industrial market experienced a tremendous quarter, seeing positive gains in leasing activity and reaching a record low vacancy rate of 2.6%, a change of 50 bps quarter-over-quarter (QOQ). This tightening of available spaces was slightly alleviated by way of two deliveries this quarter. 720 Pegg Rd – Building 2 delivered 234,000 sf and 1 US 73 Hwy - Rockingham Industrial Park, a 253,866 sf building, delivered 100% pre-leased by personal hygiene manufacturer Ontex Global. Nearly 5.7 million-square-foot (msf) is currently in the construction pipeline, with 4.2 msf expected to complete in 2022 alone, bringing much needed product to the Greensboro/Winston-Salem market.

The market continues to see high demand for industrial space, demonstrated by positive occupancy gains of 496,366 sf and 2.2 msf of leasing activity this quarter. The major occupiers that impacted net absorption include the aforementioned Ontex Global, Carolina Container (216,000 sf) and Triangle Warehouse (97,320 sf). The largest deal inked was 216,000 sf by Carolina Container at 210 Pendleton St in the High Point/Thomasville submarket.

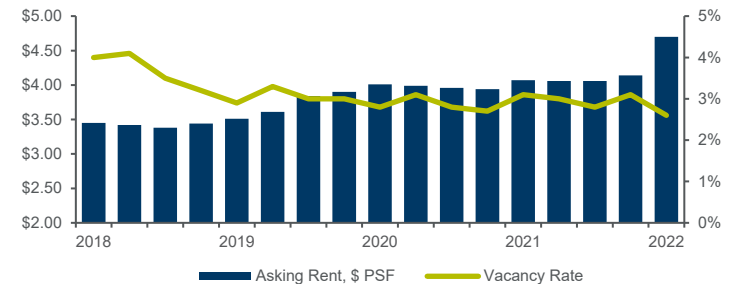
RENTAL RATES

A key indicator of demand, asking rents in the Triad continued to push higher. Rates recorded a record setting quarter at \$4.70 per square foot (psf) overall, a robust 15.5% increase year-over-year (YOY). Warehouse/Distribution (W/D) inventory, which represented a bulk of the vacant product in Greensboro/Winston Salem, reported an overall rate of \$4.64 psf. Airport/West Guilford (\$6.06 psf) and Central Greensboro (\$5.75 psf) commanded the largest premiums in the Triad for W/D space. Rental rates are expected to continue climbing as competition for the market's limited industrial product persists.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2022

MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|---------------------------|--------------------|---------------------|----------------------|---|---------------------------------|------------------|-------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Airport / West Guilford | 30,228,507 | 1,212,914 | 4.0% | 258,180 | 258,180 | 747,193 | 234,000 | \$5.75 | N/A | \$6.06 |
| Burlington / Alamance Co. | 25,881,024 | 563,727 | 2.2% | -85,600 | -85,600 | 297,675 | 0 | \$2.63 | \$8.75 | \$5.37 |
| Central Greensboro | 13,955,090 | 447,158 | 3.2% | -51,362 | -51,362 | 168,000 | 0 | N/A | \$4.95 | \$5.75 |
| Central Winston-Salem | 3,506,930 | 0 | 0 | 0 | 0 | 0 | 0 | N/A | N/A | N/A |
| Davie County | 9,208,329 | 414,960 | 4.5% | 0 | 0 | 282,652 | 0 | N/A | N/A | \$4.50 |
| East Guilford | 8,332,006 | 1,099,910 | 13.2% | 280,550 | 280,550 | 402,000 | 0 | \$2.00 | N/A | \$5.22 |
| High Point / Thomasville | 44,838,210 | 100,882 | 0.2% | 168,972 | 168,972 | 0 | 0 | N/A | N/A | \$3.81 |
| Kernersville | 6,837,355 | 4,500 | 0.1% | -4,500 | -4,500 | 944,054 | 0 | N/A | \$7.50 | N/A |
| North Forsyth County | 19,629,721 | 535,565 | 2.7% | -300,165 | -300,165 | 0 | 0 | \$4.75 | \$9.48 | \$4.79 |
| North Greensboro | 8,722,358 | 700,000 | 8.0% | 0 | 0 | 0 | 0 | N/A | \$5.75 | \$3.69 |
| North Guilford County | 5,746,889 | 145,600 | 2.5% | 0 | 0 | 1,440,000 | 0 | \$5.65 | N/A | N/A |
| Outlying Davidson County | 15,625,289 | 20,000 | 0.1% | 18,000 | 18,000 | 0 | 0 | \$2.50 | N/A | N/A |
| Randolph County | 17,936,245 | 30,000 | 0.2% | 120,000 | 120,000 | 0 | 0 | N/A | N/A | N/A |
| Rockingham County | 14,971,728 | 582,499 | 3.9% | 204,791 | 204,791 | 176,000 | 253,866 | \$6.25 | N/A | \$3.50 |
| Southeast Forsyth | 12,426,142 | 379,980 | 3.1% | -112,500 | -112,500 | 1,220,000 | 0 | \$3.08 | N/A | \$3.75 |
| West Forsyth | 6,070,442 | 5,000 | 0.1% | 0 | 0 | 0 | 0 | \$7.95 | N/A | N/A |
| MARKET TOTALS | 243,916,265 | 6,242,695 | 2.60% | 496,366 | 496,366 | 5,677,574 | 487,866 | \$4.51 | \$7.09 | \$4.64 |

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing, OS = Office Service/Flex, W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS YTD 2022

| PROPERTY | SUBMARKET | TENANT | SF | LEASE TYPE |
|--------------------|--------------------------|----------------------|---------|------------|
| 210 N Pendleton St | High Point / Thomasville | Carolina Container | 216,000 | New Lease |
| 2420 Fairview St | North Greensboro | Highways and Skyways | 130,000 | New Lease |
| 2335 Campground Rd | Central Greensboro | St John's Packing | 110,117 | New Lease |

KEY CONSTRUCTION COMPLETIONS Q1 2022

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | CONSTRUCTION TYPE | OWNER/DEVELOPER |
|----------------------------|-------------------------|--------------|---------|-------------------|-----------------------|
| Rockingham Industrial Park | Rockingham County | Ontex Global | 253,866 | Speculative | The Carroll Companies |
| 720 Pegg Rd – Building 2 | Airport / West Guilford | Undisclosed | 234,000 | Speculative | Blackstone REIT |

KEY PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | CONSTRUCTION TYPE | OWNER/DEVELOPER |
|---------------------------------|-----------------------|-----------------------|-----------|-------------------|------------------------|
| Macy Grove Road at Salem Pky | Kernersville | N/A | 1,402,927 | Speculative | NorthPoint Development |
| Publix Distribution | North Guilford County | Publix | 940,000 | Build-to-Suit | Gray / Publix |
| Union Cross Distribution Center | Southeast Forsyth | Ardagh Metal Beverage | 610,000 | Speculative | Front Street Capital |

JP Price

Senior Research Analyst

+1 704 335 4433 / jp.price@cushwake.com

Drew Walters

Research Analyst

+1 864 704 1345 / andrew.walters@cushwake.com

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