

Office Q1 2022

YoY Chg 12-Mo. Forecast

9.8%
Vacancy Rate



-213.6K
Net Absorption, SF



\$16.95
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.

SUPPLY AND DEMAND

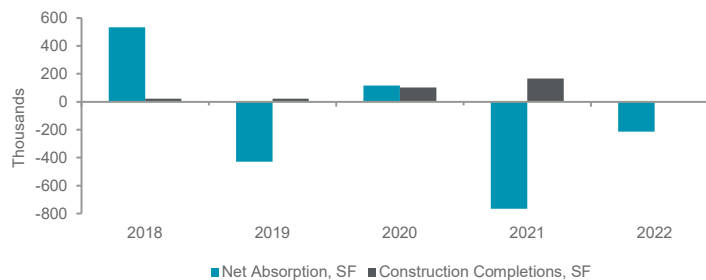
The Triad recorded an improvement of market fundamentals at the start of 2022. The overall vacancy rate of 9.8% represents a decrease of 120 bps quarter-over-quarter (QOQ) and the first time the rate has crossed beneath the 10% threshold since Q4 of 2020. Supply in the Greensboro/Winston-Salem CBD remained low with a 7.0% overall vacancy rate compared to 10.9% in the suburban submarkets. There were no deliveries this quarter but two speculative projects are currently underway and set to deliver this year, with 49,900 square feet (sf) at 1007 Battleground Ave expected to be completed at the end of Q2 in the Greensboro CBD and 24,000 sf at 665 N Main St set for Q3 in the High Point/SW Guilford. These deliveries will help ease supply constraints and bring brand new Class A office space in their respective submarkets.

Leasing in Greensboro/Winston-Salem was stable this quarter with 108,786 sf of new and renewal transactions signed. Tenants in a variety of industries committed to office space throughout Q1 including multiple firms in both the financial services and real estate sectors. The largest deals inked include 15,866 sf by Berkshire Hathaway at the to-be delivered 1007 Battleground Ave and 10,000 sf by Curriculum Associates at the Meyers Building, both in the Greensboro CBD. These deals were indicative of the health of the Greensboro CBD submarket this quarter, where nearly 40% of the Triad's new leasing activity occurred.

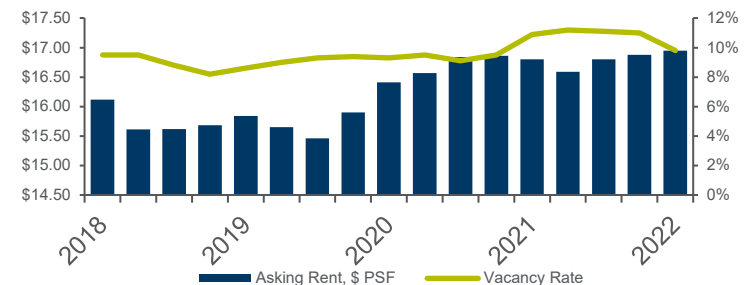
RENTAL RATES

Rental rates this quarter hit an all-time record high of \$16.95 per-square-foot (psf) across all building classes. This represents a 7.0% increase over the last three years from the Q1 2019 average rate of \$15.84 psf. With rates of \$19.56 psf and \$18.78 psf for the Greensboro/Winston-Salem CBD and suburban markets respectively, Class A space continues to demand a premium as occupiers place value on new and high-quality buildings. The average rental rate for all classes is expected to remain stable throughout 2022, leveling out near the \$17.00 psf mark.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Office Q1 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Greensboro CBD	3,962,889	0	300,906	7.6%	-8,729	-8,729	49,900	\$21.50	\$19.35
Winston-Salem CBD	5,994,611	6,875	388,826	6.6%	-61,081	-61,081	0	\$15.71	\$19.67
Airport / NW Guilford	6,208,671	91,929	616,263	11.4%	-12,249	-12,249	0	\$17.06	\$17.62
Burlington/Alamance County	1,474,914	0	7,000	0.5%	0	0	0	N/A	N/A
East Guilford	1,421,843	0	489,021	34.4%	0	0	0	N/A	N/A
Green Valley / Midtown	1,552,317	45,918	193,126	15.4%	-41,426	-41,426	0	\$22.52	\$24.50
High Point / SW Guilford	2,014,263	0	89,072	4.4%	0	0	24,000	\$17.64	\$26.00
Kernersville	366,064	0	5,690	1.6%	0	0	0	N/A	N/A
North Forsyth	3,593,900	45,203	330,340	10.5%	-80,900	-80,900	0	\$15.29	\$18.25
North Greensboro	2,361,691	4,424	177,364	7.7%	-4,000	-4,000	0	\$20.71	N/A
Southeast Forsyth	569,408	0	12,362	2.2%	0	0	0	\$15.25	N/A
West Forsyth	3,588,688	0	181,419	5.1%	-5,238	-5,238	0	\$17.81	\$19.48
West Greensboro	2,478,479	114,657	393,283	20.5%	0	0	0	\$15.05	\$17.50
MARKET TOTALS	35,587,738	309,006	3,184,942	9.8%	-213,623	-213,623	73,900	\$16.95	\$19.01

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1007 Battleground Ave	Greensboro CBD	Berkshire Hathaway	15,866	New Lease
Stratford Executive Park	Southeast Forsyth	Undisclosed	10,400	New Lease
Meyers Building	Greensboro CBD	Curriculum Associates	10,000	New Lease

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1007 Battleground Ave	Greensboro CBD	Berkshire Hathaway	49,900	Brown Investment Properties
665 N Main St	High Point / SW Guilford	N/A	24,000	Peters Development LLC

KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	OVERALL NET ABSORPTION (SF)	TOTAL LEASING ACTIVITY (SF)	COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q1 2021	35,519,962	10.9%	\$16.80	-403,839	131,088	112,000	103,900
Q1 2022	35,587,738	9.8%	\$16.95	-213,623	108,786	0	73,900

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