

Office Q2 2022

9.9%
Vacancy Rate



-150.1K
Net Absorption YTD, SF



\$17.95
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

633.5K
Greensboro/
Winston-Salem
Employment



3.6%
Greensboro/
Winston-Salem
Unemployment Rate



3.6%
U.S.
Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW

The region's employment total rose again this quarter, reflecting a total of 16,800 jobs added across the Greensboro/Winston-Salem region since Q2 of 2021. Greensboro's office economy was driven by growing employment in the Professional and Business Services labor force, expanding by 5.3% year-over-year (YOY) while Winston-Salem's white-collar growth came from both the Information and Financial Activities sectors, seeing 6.3% and 3.8% YOY increases, respectively. Unemployment continued to drop at a healthy rate, reporting in at 3.6%, a significant decrease of 180 basis points (bps) from the previous year.

SUPPLY AND DEMAND

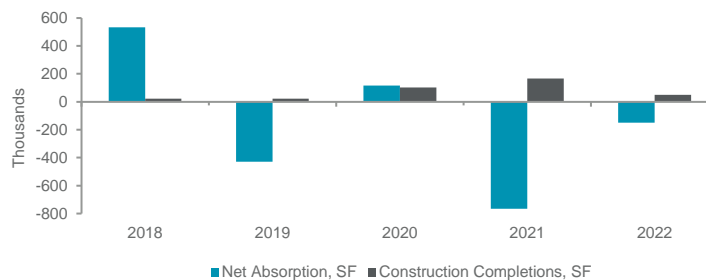
The Triad has been an incredibly consistent market the past five years in terms of vacancy, remaining within a 200-bps spread during that time. This quarter, the market held an overall vacancy rate of 9.9%, a 130-bp drop YOY from the five-year high of 11.2% in Q2 of 2021. The Greensboro and Winston-Salem CBD submarkets have both remained tight at a 7.0% direct vacancy rate during this time while higher vacancy persists in more suburban markets. 1007 Battleground Ave represented the sole construction completion this quarter, which delivered 100% pre-leased with real estate giant Berkshire Hathaway, insurance company Assured Partners, building company Windsor Homes, and Brown Investment properties all taking space in the new building.

Leasing improved in Q2 with 236,750 square feet (sf) of new leasing activity this quarter. Noregon Systems, a software company, signed the largest lease of the quarter, taking 45,600 sf in the Airport/NW Guilford submarket. A total of 90,179 sf of renewal activity also occurred this quarter, with healthcare provider Moses Cone and law firm Womble Bond Dickinson deciding to renew in place.

RENTAL RATES

Rental rates leaped an impressive 5.9% quarter-over-quarter (QOQ) to a historical high of \$17.95 per square foot (psf) overall. The Green Valley/Midtown submarket commands the highest rate in the market with an overall asking rate of \$23.41 psf, followed by the Greensboro CBD at \$23.11 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Office Q2 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Greensboro CBD	4,012,789	279,950	0	7.0%	43,838	66,127	41,674	0	\$23.11	\$23.06
Winston-Salem CBD	5,994,611	420,284	6,875	7.1%	-31,361	-91,948	10,224	0	\$15.84	\$21.02
Airport / NW Guilford	6,191,435	646,806	74,693	11.7%	-10,020	-13,264	87,371	0	\$17.78	\$17.81
Burlington/Alamance County	1,474,914	37,425	0	2.5%	-30,425	-30,425	0	0	\$19.00	\$19.00
East Guilford	1,331,465	511,641	0	38.4%	0	0	0	0	N/A	N/A
Green Valley / Midtown	1,552,317	198,511	45,918	15.8%	-4,284	-46,811	11,488	0	\$23.40	\$23.21
High Point / SW Guilford	2,038,263	83,644	0	4.1%	-9,716	5,428	6,653	0	\$20.39	\$26.00
Kernersville	366,064	5,690	0	1.6%	0	0	0	0	\$14.46	N/A
North Forsyth	3,593,900	270,266	45,203	8.8%	0	-22,260	0	0	\$14.62	N/A
North Greensboro	2,361,691	180,776	4,424	7.8%	2,180	-7,412	17,355	0	\$20.71	N/A
Southeast Forsyth	569,408	19,498	0	3.4%	-6,866	-6,866	6,023	0	\$15.25	N/A
West Forsyth	3,588,688	187,452	0	5.2%	-14,694	-18,572	36,460	0	\$17.58	\$19.82
West Greensboro	2,478,479	394,254	114,657	20.5%	5,643	15,861	19,502	100,000	\$15.39	\$17.50
MARKET TOTALS	35,554,024	3,236,197	291,770	9.9%	-55,705	-150,142	236,750	100,000	\$17.95	\$20.59

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

BUILDING	SUBMARKET	TENANT	SIZE (SF)	LEASE TYPE
7823 National Service Rd	Airport/NW Guilford	Noregon Systems	45,600	Direct New
Signature Place	Green Valley/Midtown	Moses Cone Affiliated Physicians	24,662	Renewal
The Wells Fargo Tower	Greensboro CBD	Womble Bond Dickinson	13,414	Renewal

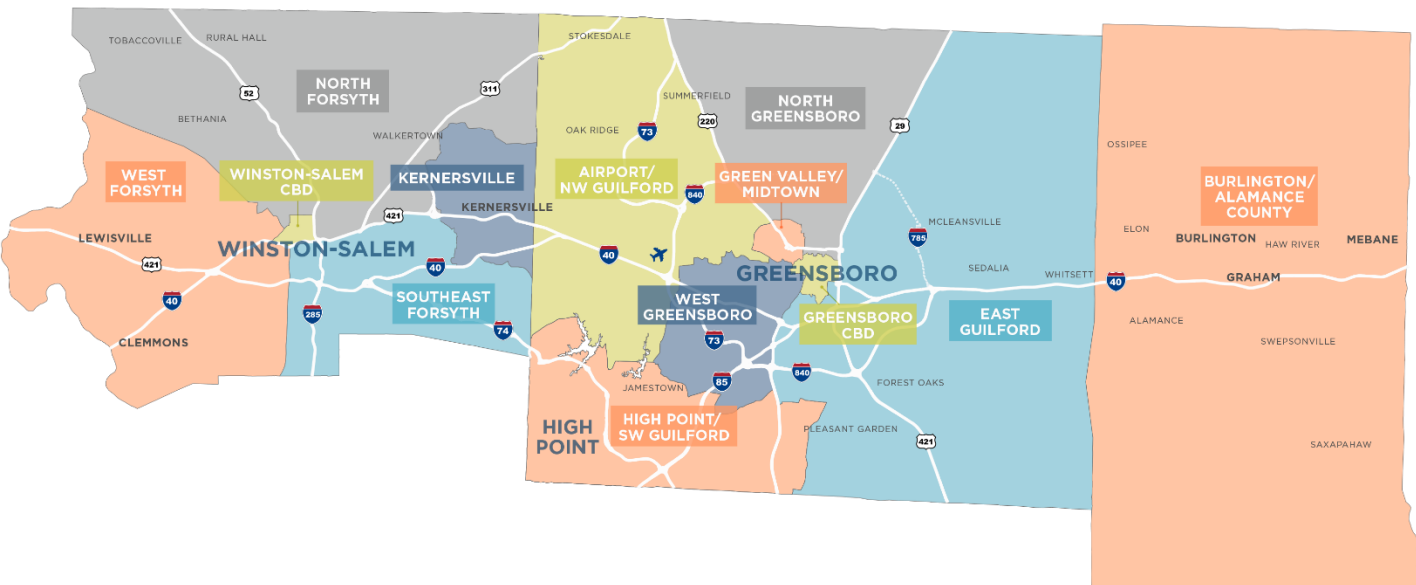
KEY PROJECTS UNDER CONSTRUCTION

BUILDING	SUBMARKET	TENANT	SIZE (SF)	OWNER / DEVELOPER
410 Swing Rd	West Greensboro	Syngenta	100,000	Syngenta

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)
Q2 2021	35,519,962	11.2%	\$16.59	-133,432	131,088	0	103,900
Q2 2022	35,554,024	9.9%	\$17.95	-55,705	150,203	49,900	100,000

OFFICE SUBMARKETS



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