

### Industrial Q3 2022

	YoY Chg	12-Mo. Forecast
<b>2.8%</b> Vacancy Rate	▼	▲
<b>786.5K</b> Net Absorption, SF	▲	▲
<b>\$5.00</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

#### ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
<b>640.2K</b> Greensboro/ Winston-Salem Employment	▲	▲
<b>3.6%</b> Greensboro/ Winston-Salem Unemployment Rate	▼	▲
<b>3.5%</b> U.S. Unemployment Rate	▼	▲

Source: BLS

#### ECONOMY: Unemployment Stabilizes

The Greensboro/Winston-Salem economy grew in terms of total employment by 1.1%, or 6,700 jobs during the third quarter of the year. The metro's unemployment rate remained unchanged due to the available labor force increasing at the same rate as total employment. Key industrial sectors Manufacturing and Trade, Transportation, and Utilities have added over 2,900 jobs since the third quarter of 2021, which is a 2.3% increase year-over-year (YOY). With the core consumer price index posting a 6.6% YOY increase in September, the highest figure since 1982, the unemployment rate is forecasted to climb in the coming 12 months as another interest rate hike is expected from the Federal Reserve.

#### SUPPLY and DEMAND: Vacancy Declines while Leasing Activity Slows

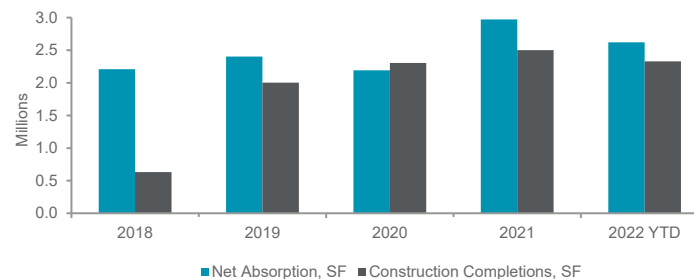
The market constricted further during Q3 as the overall vacancy rate decreased by 20 basis points to 2.8%. Existing vacant space was distributed relatively evenly across the submarkets with the highest concentration of space located in the Airport/West Guilford submarket, which accounted for 15.0% of the market's overall vacancy rate. The sole new construction delivery for the quarter, Building 1 of Buckhorn Industrial Park, added 370,000 square feet (sf) of inventory to the market but was developed on a Built-To-Suit basis for Thermo Fisher Scientific, thus no new available supply was added.

Leasing activity decelerated over the second half of the summer with just shy of 880,600 sf signed, which was due to potential deals falling under additional scrutiny by the parties involved, with consideration to the economic headwinds. Despite the reduced Q3 leasing figure, the metro has recorded 5.0 million square feet of new leasing activity year-to-date, a 15.8% increase from the year prior. Multiple notable Class A investment sales transactions occurred during the quarter including the Union Cross Distribution Center (610,000 sf) for \$64 million and the Union Cross Industrial Center (340,000 sf total) for \$36.9 million.

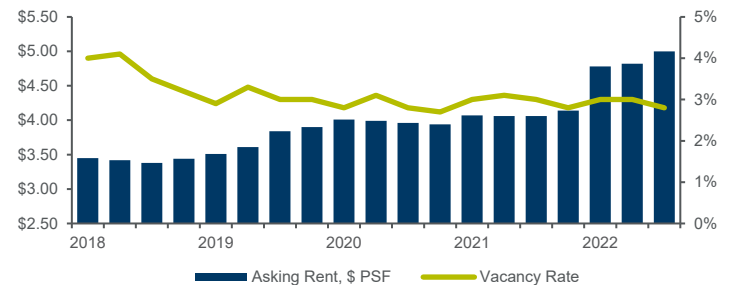
#### PRICING: Asking Rents Accelerate as Supply Constricts

While the supply of readily-available space dwindled, the market average asking rent progressed upward to another new historical high of \$5.00 per square foot (psf), marking a 23.2% increase YOY. While the average asking rent for Warehouse/Distribution product in the Triad was recorded at \$4.85 psf in the third quarter, tenants seeking logistically-advantaged space in the Airport/West Guilford submarket should expect to pay a 33.6% premium on average. Asking rents are forecasted to continue escalating in the next 12 months; however, as additional new construction delivers, alleviating upward pressure on asking rates to a degree, a deceleration in rent growth to a more consistent annual figure is a possibility.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



Industrial Q3 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Airport/West Guilford	30,523,347	1,039,217	3.4%	276,468	436,602	1,687,457	234,000	\$5.87	\$6.77	\$6.48
Burlington/Alamance County	26,253,692	540,903	2.1%	636,177	586,055	502,875	375,000	\$3.23	\$8.75	\$3.87
Central Greensboro	14,087,090	577,877	4.1%	60,798	92,799	437,790	168,000	-	\$10.09	\$6.32
Central Winston-Salem	3,452,856	17,825	0.5%	0	0	0	0	-	-	-
Davie County	9,208,329	414,960	4.5%	0	0	782,652	0	\$4.80	-	\$4.63
East Guilford	8,733,994	835,610	9.6%	0	946,850	0	402,000	\$2.00	-	\$5.32
High Point/Thomasville	44,883,063	271,485	0.6%	-145,547	-1,631	0	0	-	-	\$5.21
Kernersville	6,608,936	38,625	0.6%	-6,000	-38,625	312,384	0	-	\$7.50	\$7.40
North Forsyth County	19,584,477	475,707	2.4%	84,625	-240,307	249,355	0	\$4.75	\$9.48	\$4.75
North Greensboro	8,722,358	880,000	10.1%	0	60,000	100,000	0	-	\$5.75	\$3.91
North Guilford County	5,746,889	100,000	1.7%	0	45,600	2,640,000	0	-	-	\$5.50
Outlying Davidson County	15,628,713	0	0	0	18,000	0	0	-	-	-
Randolph County	17,936,245	20,000	0.1%	-20,000	130,000	0	0	-	-	-
Rockingham County	15,649,728	960,389	6.1%	-100,000	104,791	0	429,866	\$6.25	-	\$3.98
Southeast Forsyth	13,576,142	699,980	5.2%	0	537,500	144,000	720,000	\$3.08	-	\$4.96
West Forsyth	6,070,442	58,339	1.0%	0	-55,500	0	0	-	\$7.50	-
<b>MARKET TOTALS</b>	<b>246,666,301</b>	<b>6,930,917</b>	<b>2.8%</b>	<b>786,521</b>	<b>2,622,134</b>	<b>6,856,513</b>	<b>2,328,866</b>	<b>\$4.84</b>	<b>\$7.91</b>	<b>\$4.85</b>

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

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
202 Chimney Rock Rd	Airport/West Guilford	Triangle Warehouse	220,000	New Lease
2350 Park Center Drive	Burlington/Alamance County	Bonded Logistics	134,336	New Lease
212 West Gene Hairston Street	Rockingham County	Undisclosed	70,500	New Lease

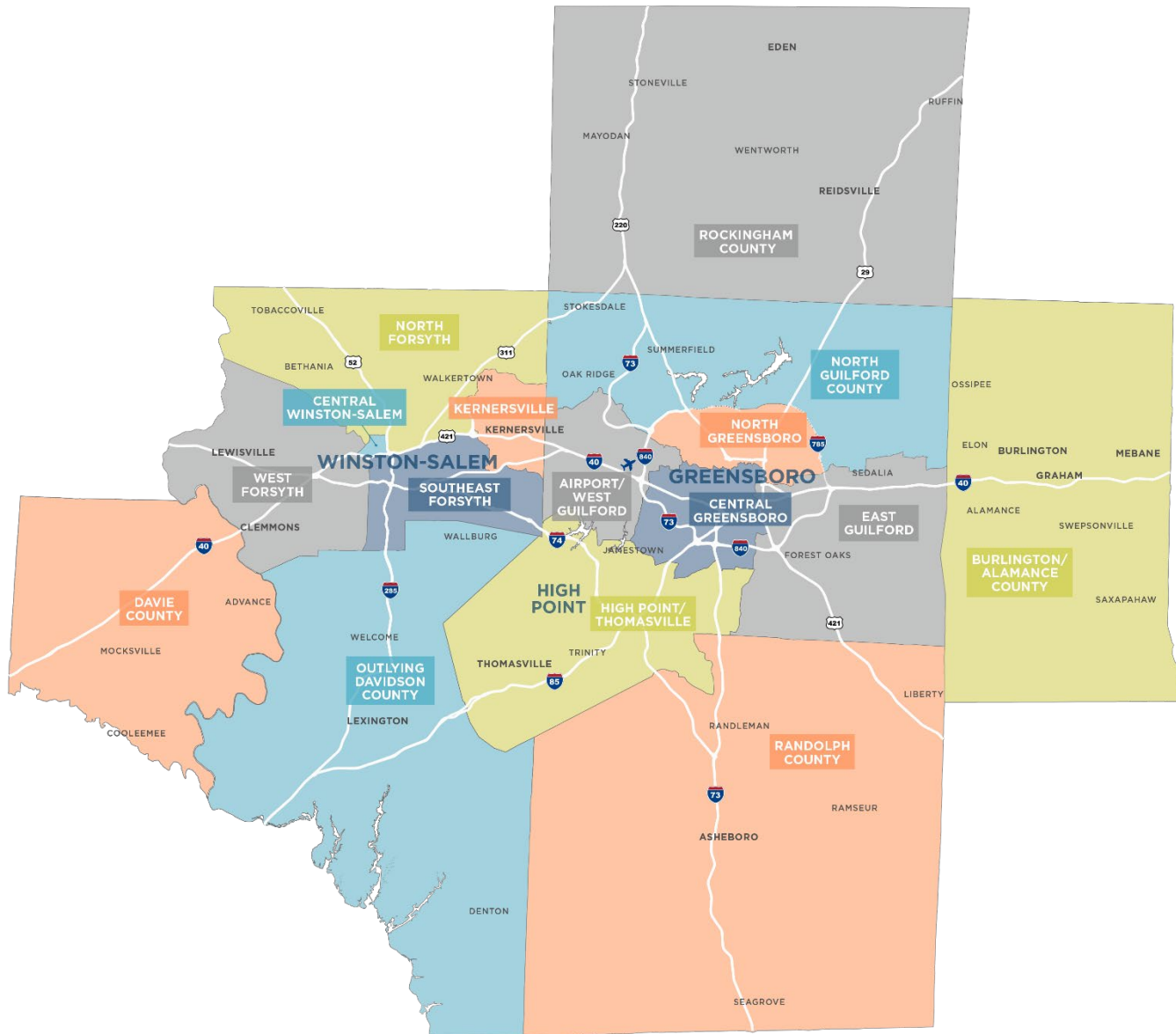
KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
Union Cross Distribution Center	Southeast Forsyth	Front Street Capital   Galaxy Investments, LLC/Halle Acquisitions	610,000	\$64,000,000   \$104.92
Union Cross Industrial Center	Southeast Forsyth	Front Street Capital   Westcore	340,000	\$36,900,000   \$108.53

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER   DEVELOPER
Publix Distribution	North Guilford County	Publix	940,000	Build-to-Suit	Publix   Gray
Piedmont Commerce Center – Buildings 1, 2, 3, 4	Airport/West Guilford & Kernersville	N/A	1,532,927	Speculative	NorthPoint Development
Reedy Fork Logistics Center	North Guilford County	N/A	500,000	Speculative	The Silverman Group

INDUSTRIAL SUBMARKETS



**Drew Walters**

Research Analyst

+1 864 704 1345 / [andrew.walters@cushwake.com](mailto:andrew.walters@cushwake.com)

**JP Price**

Research Manager

+1 704 335 4433 / [jp.price@cushwake.com](mailto:jp.price@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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