

Office Q3 2022

YoY Chg 12-Mo. Forecast

11.1%

Vacancy Rate



-20.9K

Net Absorption, SF



\$18.29

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

640.2K

Greensboro/
Winston-Salem
Employment



3.6%

Greensboro/
Winston-Salem
Unemployment Rate



3.5%

U.S.
Unemployment Rate



Source: BLS

ECONOMY: Employment Gains Match Labor Force Growth

The Greensboro/Winston-Salem metro displayed another quarter of employment growth with over 640,000 jobs recorded, marking a 2.5% increase year-over-year (YOY). Total employment and the civilian labor force in the market grew proportionally during Q3 resulting in a stable unemployment rate of 3.6%, only 10 basis points (bps) above the national average. As the relationship between interest rates, employment growth, and inflationary wage pressures is monitored closely by the Federal Reserve, forecasts predict an increase in the unemployment rate for the MSA in the coming 12 months.

SUPPLY AND DEMAND: Vacancy Stabilizes and Leasing Activity Increases

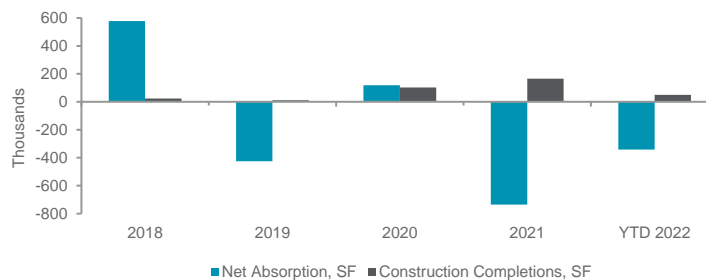
The overall supply of vacant office space in the market during the third quarter was stable due to no new deliveries to the market paired with a mild 20,900 square feet (sf) of occupancy losses. The vacancy rate was measured at 11.1% for the second consecutive quarter and remained consistent on a YOY basis. This figure was driven by Class B office availabilities located in the East Guilford, Winston-Salem Central Business District (CBD), and West Greensboro submarkets together accounting for 36.8% of all vacant space in the market.

Though the Q3 vacancy rate is only 10 bps below the five-year high, office vacancy is expected to recede in the coming 12 months due to key demand indicators such as net absorption and leasing activity presenting positive trends. New leasing activity for the quarter was recorded at 307,000 sf, which is 22.4% more than the first half of the year. The West Greensboro and Airport/NW Guilford submarkets accounted for 58.5% of the market's total leasing activity for the quarter; however, the Greensboro CBD recorded the highest volume of deals signed of any submarket.

RENTAL RATES: Pricing Increases Continue

Asking rents in the third quarter continued an impressive upward trajectory with another historically high average asking rate recorded at \$18.29 per square foot (psf). This price point marks a 2.1% increase quarter-over-quarter and an 8.9% increase YOY. Green Valley/Midtown remained the highest-priced submarket with direct available space commanding \$23.46 psf on average, followed by the Greensboro CBD at \$22.65 psf. As additional office space is absorbed due to an increase in leasing activity, average asking rents are forecasted to increase further in the coming year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Office Q3 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Greensboro CBD	4,012,789	297,912	0	7.4%	-17,269	46,630	100,822	0	\$22.65	\$23.35
Winston-Salem CBD	5,994,611	684,821	61,844	12.5%	-465	-319,566	40,081	0	\$18.26	\$19.67
Airport/NW Guilford	6,191,435	691,748	72,646	12.4%	19,948	-17,170	151,602	0	\$17.96	\$18.09
Burlington/Alamance County	1,474,914	37,425	0	2.5%	0	-30,425	0	0	\$19.00	\$19.00
East Guilford	1,421,843	511,641	0	36.0%	0	0	0	0	-	-
Green Valley/Midtown	1,552,317	197,032	0	12.7%	3,001	-42,296	14,295	0	\$23.46	\$26.11
High Point/SW Guilford	2,038,263	74,961	0	3.7%	5,266	12,290	8,177	0	\$20.35	\$26.00
Kernersville	366,064	5,690	0	1.6%	0	0	4,841	0	\$17.06	-
North Forsyth	3,593,324	313,574	45,203	10.0%	-14,424	32,472	15,000	0	\$15.73	\$19.50
North Greensboro	2,360,153	168,830	2,146	7.2%	5,896	-1,168	27,852	0	\$20.76	\$15.00
Southeast Forsyth	577,408	18,067	0	3.1%	-8,000	-5,529	9,258	0	\$15.25	-
West Forsyth	3,588,688	179,652	0	5.0%	-4,332	-10,772	51,992	0	\$17.47	\$19.05
West Greensboro	2,478,479	485,106	114,657	24.2%	-10,569	-6,626	134,159	100,000	\$15.75	\$17.50
MARKET TOTALS	35,650,288	3,666,459	296,496	11.1%	-20,948	-342,160	558,079	100,000	\$18.29	\$20.27

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1701 Pincroft Rd	West Greensboro	Toyota	114,657	Sublease
7027 Albert Pick Rd	Airport/NW Guilford	Undisclosed	18,940	New Lease
500 W 5th St	Winston-Salem CBD	Undisclosed	18,035	New Lease
230 N Elm St	Greensboro CBD	Undisclosed	16,187	New Lease
8025 North Point Blvd	North Forsyth	ABS Kids	15,000	New Lease

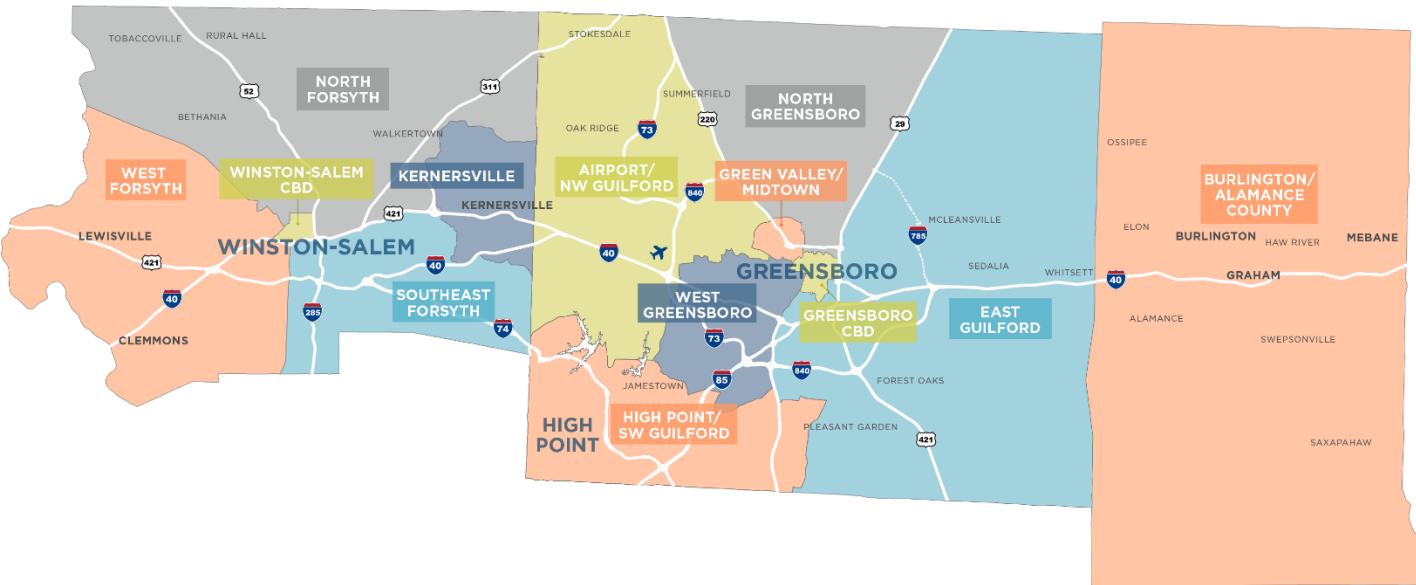
KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	Seller Buyer	SF	Price \$ PSF
301 N Main St – Winston Tower	Winston-Salem CBD	JDL Castle Corporation & Magnolia Partners JTM Capital Partners, LLC	425,741	\$14,800,000 \$32.88
102 W 3 rd St – Liberty Plaza	Winston-Salem CBD	Atlantic Coast Commercial Trilogy Investment Company	200,452	\$11,000,000 \$54.88

KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	OVERALL NET ABSORPTION (SF)	LEASING ACTIVITY (SF)	COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q3 2021	35,519,962	11.1%	\$16.80	-191,233	189,085	0	103,900
Q3 2022	35,650,288	11.1%	\$18.29	-20,948	307,104	0	100,000

OFFICE SUBMARKETS



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