

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
3.1% Vacancy Rate	▼	▲
5.4M YTD Net Absorption, SF	▲	▼
\$5.01 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
644.7K Greensboro/ Winston-Salem Employment	▲	▲
4.1% Greensboro/ Winston-Salem Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: Unemployment Rate Escalates while Jobs Increase

The Piedmont Triad displayed growth in nonfarm employment and the civilian labor force in Q4, rounding out the calendar year with 16,400 jobs added, a 2.6% increase year-over-year (YOY). The unemployment rate, measured at 4.1%, was 40 basis points (bps) below the Q4 2021 reading; however, the rate climbed by 50 bps quarter-over-quarter with the abrupt closure of United Furniture contributing to the escalated Q4 figure. Despite forecasts signaling a climbing unemployment rate through 2023, a continuation of job growth is expected with many firms, especially manufacturers, targeting the Triad as an excellent option for future investment.

SUPPLY and DEMAND: Available Space Added and Demand Resumes

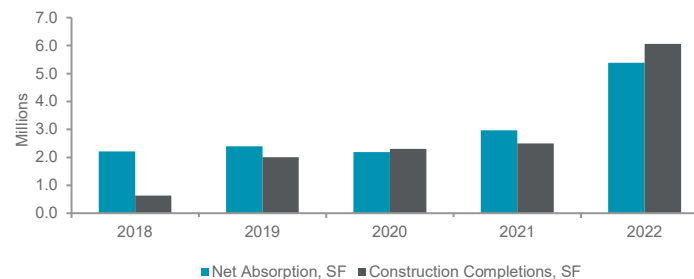
Newly constructed supply in Q4, totaling 3.5 million square feet (msf), outpaced quarterly net absorption by nearly 670,000 square feet (sf) contributing to a 30-basis-point uptick in the vacancy rate. Annual supply and demand figures in 2022 marked a banner year for the Greensboro/Winston-Salem market with 6.1 msf of space deliveries and 5.4 msf of occupancy gains, a 142.1% and 81.1% increase from 2021, respectively. Noteworthy deliveries in Q4 included the completion of the Publix Distribution Center (2.1 msf) developed as a Build-To-Suit project in McLeansville and Alamance Ridge II (298,000 sf) in Graham developed on a speculative basis. The construction pipeline will provide a steady stream of speculative deliveries during the first half of 2023, with 4.0 msf scheduled for completion spread across six different submarkets.

Demand picked back up in Q4 with 1.8 msf of new leasing activity, nearly double the Q3 figure and 9.9% above the average of the prior three quarters. The Airport/West Guilford submarket yielded the most substantial demand total for the quarter, representing 28.8% of the market total. Though Class B and C availabilities accounted for 60.5% of the existing market's space options, the majority of the leasing activity was concentrated in Class A warehouse/distribution (W/D) product that was delivered recently, with 61.8% of the space signed in Q4 concentrated within properties built in 2021 or 2022.

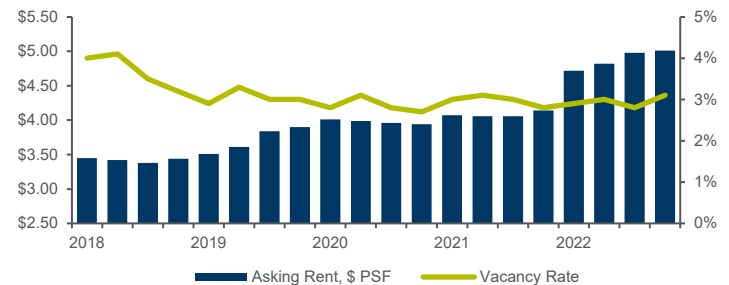
PRICING: Rent Growth Decelerates with Uptick in Vacancy Rate

Asking rents in the Triad inched up slightly by 0.6% to \$5.01 per square foot (psf) in Q4, marking quarterly rent growth for the fifth consecutive quarter. W/D and manufacturing asking rents registered YOY increases of 12.2% and 36.0% respectively. The upward trajectory of rents is expected to continue in the coming year with the introduction of new W/D product to satisfy the demand for Class A space. Availabilities that have already broken ground are commanding rental rates of \$6.00 psf and above.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 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	31,024,949	1,458,680	4.7%	195,451	629,277	1,651,343	731,138	\$6.15	\$6.75	\$6.96
Burlington/Alamance County	26,756,567	877,001	3.3%	166,777	752,832	0	877,875	\$4.00	\$8.75	\$5.97
Central Greensboro	14,087,090	508,689	3.6%	72,181	161,980	437,790	168,000	-	\$9.50	\$6.36
Central Winston-Salem	3,452,856	0	0.0%	0	0	0	0	-	-	-
Davie County	9,208,329	414,960	4.5%	0	0	1,080,252	0	\$4.80	-	\$4.63
East Guilford	8,823,994	627,000	7.1%	298,610	1,245,460	293,760	492,000	\$2.00	-	\$5.13
High Point/Thomasville	44,867,722	424,862	1.0%	-113,607	-155,008	0	0	\$4.95	-	\$5.10
Kernersville	6,608,936	38,625	0.6%	0	-38,625	312,384	0	-	\$7.50	\$7.40
North Forsyth County	19,833,832	519,569	2.6%	205,493	-34,814	0	249,355	\$4.75	\$9.48	\$4.63
North Greensboro	8,763,460	880,000	10.0%	0	60,000	100,000	0	-	\$9.75	\$3.02
North Guilford County	7,666,889	0	0.0%	2,140,000	2,185,600	500,000	2,140,000	-	-	-
Outlying Davidson County	15,628,713	0	0.0%	0	18,000	0	0	-	-	-
Randolph County	17,936,245	0	0.0%	20,000	150,000	0	0	-	-	-
Rockingham County	15,649,728	1,136,089	7.3%	-175,700	-70,909	0	429,866	\$6.25	-	\$3.98
Southeast Forsyth	13,576,142	699,980	5.2%	0	537,500	144,000	970,000	\$3.08	-	\$4.14
West Forsyth	6,070,442	58,339	1.0%	0	-55,500	0	0	-	\$7.50	-
MARKET TOTALS	249,955,894	7,643,794	3.1%	2,809,205	5,385,793	4,519,529	6,058,234	\$4.95	\$8.35	\$4.78

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

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

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
3801 Burlington Rd	North Greensboro	Imperial Dade	350,000	New Lease
Park at 74 - 110 Business Park Dr	Southeast Forsyth	USTC Corp	250,000	New Lease
Greensboro 40 Logistics Center	East Guilford	Duke Energy	208,610	Expansion

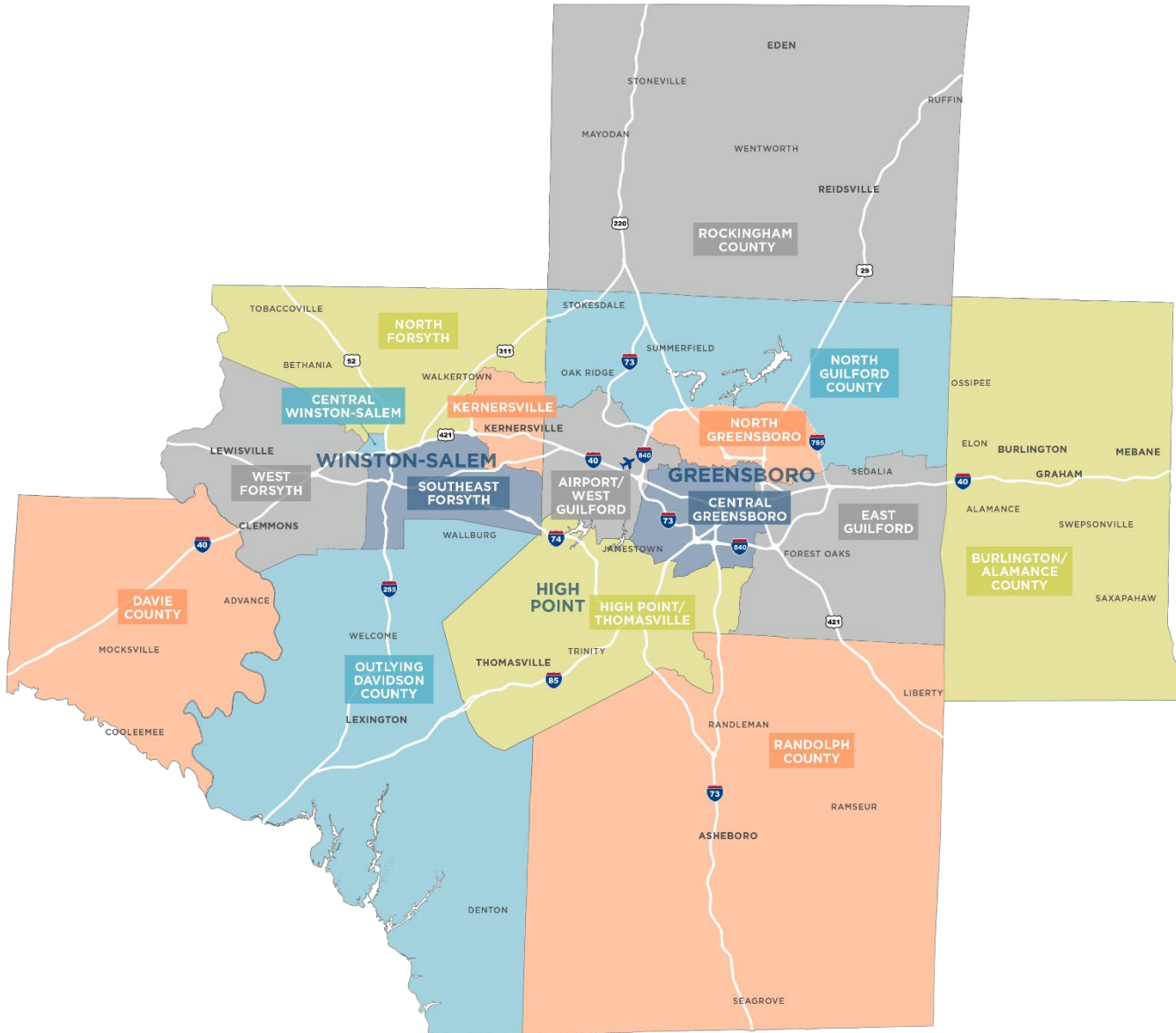
KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
210 N Pendleton St	High Point/Thomasville	Brennan Investment Group Founders Properties	324,650	\$24.4M \$75.16

KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER DEVELOPER
Publix Distribution	North Guilford County	Publix	2,140,000	Built-To-Suit	Publix Gray
Union Cross Distribution Center	Southeast Forsyth	Ardagh Metal Beverage	610,000	Built-To-Suit	The Halle Companies Front Street Capital
Young Mill Industrial Center	East Guilford	N/A	402,000	Speculative	Williams Development Group

INDUSTRIAL SUBMARKETS



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