

Office Q4 2022

YoY Chg 12-Mo. Forecast

10.8%

Vacancy Rate



75.9K

Net Absorption, SF



\$18.49

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: Employment Grows Despite National Recession Headwinds

The Greensboro/Winston-Salem metro continued to display positive economic signs, with total non-farm employment having increased by 2.9% year-over-year (YOY), resulting in a 40-basis points (bps) decrease in unemployment YOY. National inflationary pressures and recessionary headwinds are expected to push unemployment higher, but the region is buoyed by strong healthcare industry, low cost of doing business and strong housing market.

SUPPLY AND DEMAND: Vacancy Drops While Leasing Hits Five-Year High

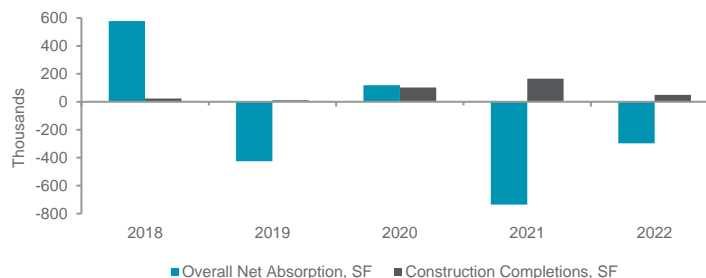
Supply of vacant office space ticked down in Q4 to 10.8% overall, a 20 bps drop quarter-over-quarter (QOQ) and stable YOY. While the suburbs experienced a decrease in overall vacancy in 2022, the Central Business District (CBD) submarkets saw an uptick with a 250-bps increase to 10.0% overall. Class B space contributed most to the vacancy in the market, representing 62.3% of all vacant space. Direct vacancy decreased by 30 bps QOQ as a result of absorption gains in the Airport/NW Guilford, Green Valley/Midtown, Kernersville and Greensboro CBD submarkets, totaling 90,520 square feet (sf) of positive overall absorption. Sublease vacancy remained stable throughout the year at 0.7%.

More than 135,000 sf of new deals were signed during Q4. The year-to-date (YTD) total including renewals was more than 890,000 sf which outpaced its five-year average by 18.9% and the highest annual leasing figure in recent history. The Green Valley/Midtown submarket saw the highest number of new leases in Q4 with 7 deals signed, representing 59.0% of new leasing in Greensboro/Winston-Salem. For 2022, total leasing (including renewals) was mainly dominated by four submarkets, with Airport/NW Guilford (21.4%), Green Valley/Midtown (20.5%) Greensboro CBD (19.9%) and West Greensboro (17.1%) making up 79.0% of all leasing.

RENTAL RATES: Rates Push Higher

Asking rents again rose in Q4 with an overall rate of \$18.49 per square foot (psf). This average rate represents a 9.5% increase YOY. Direct space in the Greensboro and Winston Salem CBD submarkets (\$20.77 psf) reported a 15.5% higher average asking rate compared to suburban markets (\$17.98 psf) in Q4. Class A direct asking rates continued to tick upwards and lease at a 26.6% premium compared to Class B direct asking rates. As vacancy remains stable and demand continues at a steady pace, asking rents are forecasted to continue to increase further, though concession can be expected to increase as well.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Office Q4 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	4,012,885	256,491	4,946	6.5%	20,682	81,005	116,896	0	\$23.47	\$23.38
Winston-Salem CBD	5,994,611	678,428	61,844	12.4%	-9,697	-329,263	57,711	0	\$18.25	\$19.67
Airport/NW Guilford	6,198,783	584,432	35,762	10.0%	41,518	-531	173,283	0	\$18.72	\$18.82
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	202,888	0	13.0%	13,276	-30,582	94,121	0	\$23.19	\$26.99
High Point/SW Guilford	2,038,263	59,339	0	2.9%	0	12,290	11,393	0	\$18.67	-
Kernersville	366,064	2,440	0	0.7%	3,250	3,250	4,841	0	\$17.06	-
North Forsyth	3,593,324	318,234	45,203	10.1%	-4,660	27,812	17,000	0	\$15.72	\$19.50
North Greensboro	2,360,153	162,968	2,146	7.0%	15,044	11,724	30,852	0	\$23.00	\$24.74
Southeast Forsyth	577,408	14,832	0	2.6%	3,235	-2,294	9,258	0	\$15.25	-
West Forsyth	3,588,688	201,696	0	5.6%	-5,122	-32,816	55,860	0	\$16.85	\$19.33
West Greensboro	2,478,479	562,348	114,657	27.3%	-1,650	-7,631	137,013	100,000	\$15.74	\$17.50
MARKET TOTALS	35,657,732	3,593,162	264,558	10.8%	75,876	-297,461	708,228	100,000	\$18.49	\$20.27

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Green Valley Office Park/628 Green Valley Rd	Green Valley/Midtown	ITG Brands	43,314	New Lease
Green Valley Office Park/628 Green Valley Rd	Green Valley/Midtown	Towne Bank	23,496	New Lease
333 N Greene St	Greensboro CBD	Carlisle Residential Properties	11,786	New Lease
500 W 5 th St	Greensboro CBD	Northwestern Mutual	10,113	New Lease

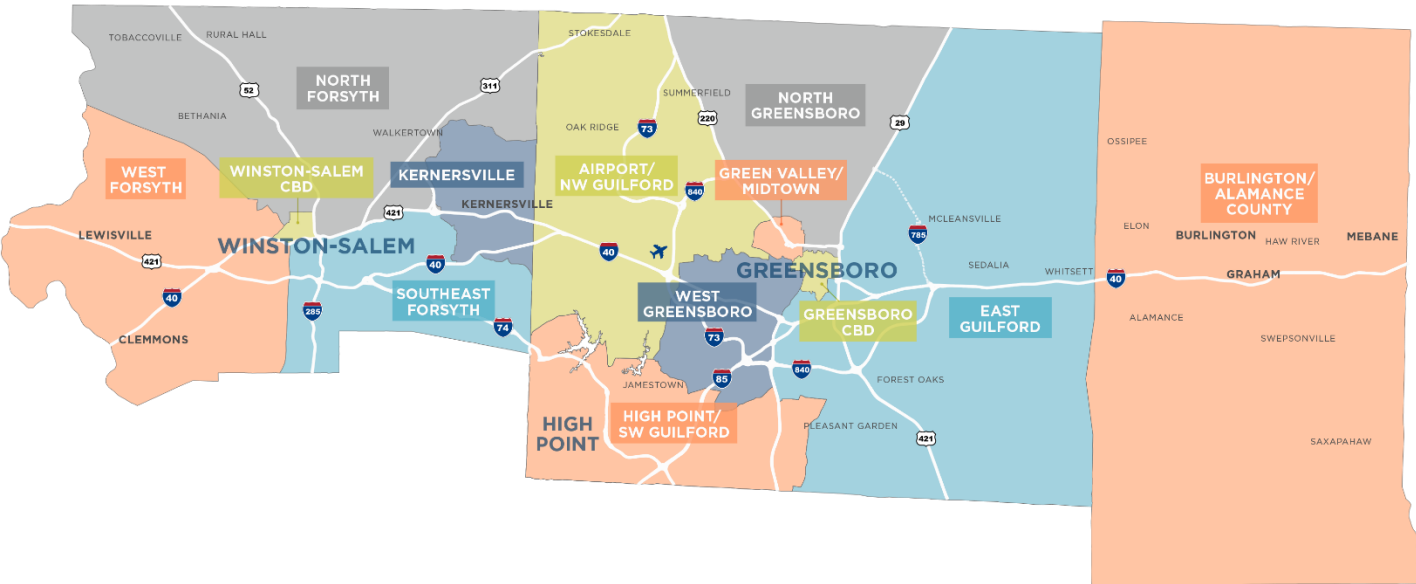
KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	Seller Buyer	SF	Price \$ PSF
7628 Thorndike Rd	Airport/NW Guilford	Griffin Capital Workspace Property Trust	100,700	\$12.5 M \$124
3155 Maplewood Ave – Novant Health Med Center	West Forsyth	Front Street Capital Catalyst HRE	38,904	\$21.5 M \$553

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)
Q4 2021	35,573,962	11.0%	\$16.88	-7,139	215,606	54,000	73,900
Q4 2022	35,657,732	10.8%	\$18.49	75,876	135,056	0	100,000

OFFICE SUBMARKETS



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