

### Industrial Q1 2023

	YoY Chg	12-Mo. Forecast
<b>2.8%</b> Vacancy Rate	▼	▲
<b>505.1K</b> Net Absorption, SF	▼	▲
<b>\$5.17</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

#### ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
<b>646.5K</b> Greensboro/ Winston-Salem Employment	▲	▲
<b>3.9%</b> Greensboro/ Winston-Salem Unemployment Rate	▬	▬
<b>3.5%</b> U.S. Unemployment Rate	▼	▲

Source: BLS

#### ECONOMY: Unemployment Rate Declines with Jobs Added

The Greensboro/Winston-Salem Metro demonstrated growth in nonfarm employment in Q1, kicking off the calendar year with 1,800 jobs added, equating to a 2.5% increase year-over-year (YOY). The unemployment rate declined by 20 basis points (bps) quarter-over-quarter (QOQ), matching the Q1 2022 rate of 3.9%. Despite forecasts signaling a climbing national unemployment rate through 2023, the Triad's unemployment rate is expected to stay consistent with employment growth forecasted to match civilian labor force growth during this period.

#### SUPPLY and DEMAND: Existing Supply Holds while Demand Surges

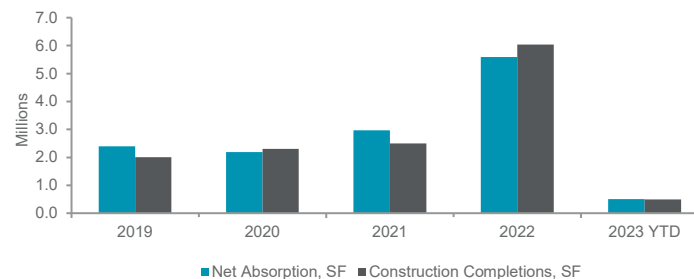
The supply of vacant space remained stable for the third consecutive quarter in Q1 at 2.8%, with quarterly occupancy gains of 505,100 square feet (sf) nearly matching the 500,000 sf of new product delivered to the market stride-for-stride. Vacancy in the market is predicted to increase in the coming year as the construction pipeline was measured at 5.3 million square feet (msf) with a pre-lease rate of 11.4% recorded at the close of Q1. The Airport/West Guilford and Davie County submarkets each possessed more than 1.0 msf of speculative warehouse/distribution (W/D) and manufacturing product under development, accounting for 35.7% and 20.4% of the pipeline's total inventory, respectively. Notable projects that are nearing delivery include Building 1 and 4 of Piedmont Commerce Center (669,110 sf and 312,384 sf) and Alamance Ridge II (297,675 sf).

Demand surged in Q1 with 2.6 msf of new leasing activity, marking a 40.7% increase QOQ, which is the highest quarterly figure since Q1 2016. Demand was primarily focused within big box first-generation W/D product with 1.6 msf of space pre-leased during the quarter. Headline transactions included Freud America, Inc. pre-leasing 531,444 sf of Piedmont Commerce Center – Building 1 as construction progressed, Ziehl-Abegg selecting the proposed Union Cross Industrial Center – Building 3 in a build-to-suit deal, and Environmental Air Systems signing a 500,000-sf agreement for Reedy Fork Logistics Center as the building neared completion.

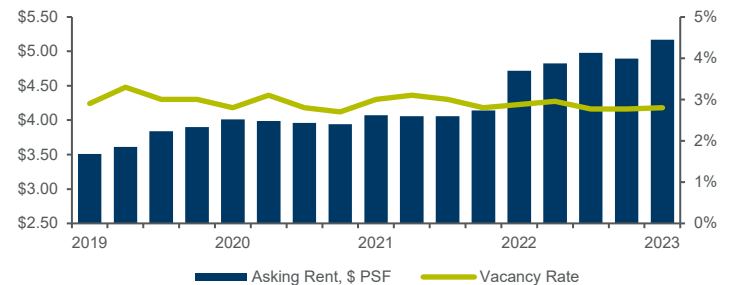
#### PRICING: Asking Rents Push Higher

Asking rents in the Triad climbed by 5.6% to \$5.17 per square foot (psf) in Q1, marking a 9.5% increase YOY. Four submarkets notched an average asking rent above \$6.00 psf for W/D space as upward pressure on rents continued due to heightened tenant demand. With an average asking rent for available space in product under construction at \$6.29 psf, rent growth is expected to continue in the coming year with multiple W/D projects scheduled to deliver vacant.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



Industrial Q1 2023

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	31,026,643	1,339,680	4.3%	104,000	104,000	1,884,063	0	\$5.89	\$6.75	\$6.97
Burlington/Alamance County	26,458,892	485,034	1.8%	94,292	94,292	876,715	0	\$3.76	-	\$7.02
Central Greensboro	14,098,639	511,489	3.6%	-2,800	-2,800	437,790	0	-	\$9.57	\$6.82
Central Winston-Salem	3,452,856	0	0.0%	0	0	0	0	-	-	-
Davie County	7,508,329	324,000	4.3%	0	0	1,080,252	0	\$4.80	-	-
East Guilford	8,385,372	627,000	7.5%	0	0	447,660	0	\$2.80	-	\$4.80
High Point/Thomasville	44,887,722	300,705	0.7%	-61,600	-61,600	0	0	-	-	\$5.02
Kernersville	6,608,977	66,375	1.0%	-36,000	-36,000	312,384	0	-	\$7.50	\$4.82
North Forsyth County	19,803,348	493,620	2.5%	4,449	4,449	0	0	\$4.75	\$10.00	\$6.06
North Greensboro	8,763,460	530,000	6.1%	350,000	350,000	100,000	0	-	\$12.00	\$3.02
North Guilford County	8,146,889	0	0.0%	500,000	500,000	0	500,000	-	-	-
Outlying Davidson County	15,929,504	321,040	2.0%	-321,040	-321,040	0	0	-	-	-
Randolph County	17,936,245	0	0.0%	0	0	0	0	-	-	-
Rockingham County	15,649,728	1,257,789	8.0%	-121,700	-121,700	0	0	\$4.87	-	\$3.98
Southeast Forsyth	13,576,142	699,980	5.2%	0	0	144,000	0	\$3.24	-	\$3.44
West Forsyth	6,070,442	60,013	1.0%	-4,513	-4,513	0	0	-	-	-
<b>MARKET TOTALS</b>	<b>248,303,188</b>	<b>7,016,725</b>	<b>2.8%</b>	<b>505,088</b>	<b>505,088</b>	<b>5,282,864</b>	<b>500,000</b>	<b>\$4.77</b>	<b>\$8.74</b>	<b>\$5.05</b>

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

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

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Piedmont Commerce Center – Building 1	Airport/West Guilford	Freud America, Inc.	531,444	Pre-Lease
Union Cross Industrial Center – Building 3	Southeast Forsyth	Ziehl-Abegg	522,897	Pre-Lease
Reedy Fork Logistics Center	North Guilford County	Environmental Air Systems	500,000	Pre-Lease
Youngs Mill Industrial Center	East Guilford	Metropolitan Warehouse & Delivery	402,000	New Lease
McConnell Center – Building 4	East Guilford	Skyline Cabinetry	130,000	New Lease

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER   DEVELOPER
Piedmont Commerce Center – Buildings 1, 2, 3, 4	Airport/West Guilford   Kernersville	Speculative	1,502,927	NorthPoint Development
Haw River Distribution Center	Burlington/Alamance County	Speculative	579,040	AI Neyer
Davie Industrial Center	Davie County	Speculative	500,000	LDJ Development
I-40 Industrial Center	Central Greensboro	Speculative	340,750	Equus Capital Partners

