

Office Q1 2023

YoY Chg 12-Mo. Forecast

12.3%

Vacancy Rate



-220.2K

Net Absorption, SF



\$18.77

Asking Rent, PSF



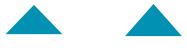
(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

YoY Chg 12-Mo. Forecast

646.5K

Greensboro/
Winston-Salem
Employment



3.9%

Greensboro/
Winston-Salem
Unemployment Rate



3.5%

U.S.
Unemployment Rate



Source: BLS

ECONOMY: Employment Gains Tighten Labor Market

The Greensboro/Winston-Salem economy grew slightly during the first quarter according to key indicators. Nonfarm employment for the metro increased by 1,800 jobs quarter-over-quarter (QOQ) driving the unemployment rate down 20 basis points (bps) to 3.9%. With an attractive environment for doing business and sound labor force fundamentals, future employment growth is forecasted for the Triad in the coming year despite efforts to reduce job creation by the Federal Reserve at the national level.

SUPPLY AND DEMAND: Availability Increases with Occupancy Losses

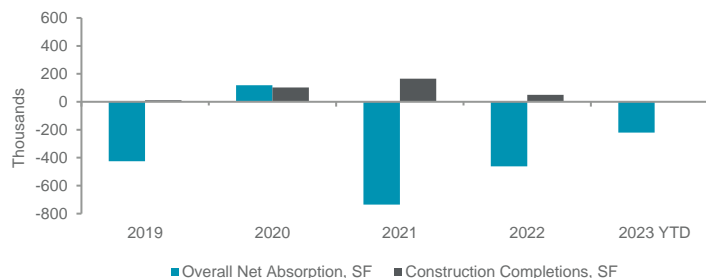
Available space options grew during the first quarter of 2023 with 220,200 square feet (sf) of occupancy losses recorded, a majority of which was located within the Airport/NW Guilford submarket, accounting for 54.5% of the net absorption figure. The overall vacancy rate increased by 60 bps QOQ to 12.3%, which is the highest rate measured in the past decade, yet still well below the national and regional vacancy rates. The recent trend of heightened sublet space in office markets across the nation has not been as prevalent in Greensboro/Winston-Salem, with 290,600 sf of sublet vacancies noted in Q1 only accounting for 6.6% of the market's total vacant supply.

Tenant demand for space lulled in Q1 with 104,000 sf of new leasing activity distributed across multiple suburban submarkets and the Greensboro Central Business District (CBD). The total lease count remained relatively stable for the quarter with 34 new deals signed; however, the average deal size in Q1 was recorded at 3,050 sf, a 36.7% decrease from last year's average. The most notable transaction was signed by Venture X, a provider of professional coworking space, for 16,088 sf at 701 Green Valley Road.

RENTAL RATES: Asking Rent Growth Stabilizes

Pricing for availabilities remained consistent in Q1 with the overall average asking rent decreasing by only \$0.01 per square foot (psf) QOQ to \$18.77 psf; however, this figure marks a 5.1% increase in asking rents year-over-year for the Metro. The steady climb of the market's average asking rent can be attributed to the pricing increase of Class A direct availabilities in the Green Valley/Midtown and Winston-Salem CBD submarkets, each recording 8.6% and 7.6% annual rent growth, respectively. With the vacancy rate expected to push higher in the coming year, asking rent growth likely will pause and remain stable in the near term.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Office Q1 2023

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	262,858	4,946	6.7%	-5,803	-5,803	15,384	0	\$23.62	\$23.48
Winston-Salem CBD	5,994,611	709,792	61,844	12.9%	-17,848	-17,848	9,616	0	\$18.23	\$19.74
Airport/NW Guilford	6,205,194	708,773	16,325	11.7%	-120,017	-120,017	20,597	0	\$18.93	\$19.03
Burlington/Alamance County	1,474,914	37,425	0	2.5%	0	0	0	0	\$19.00	\$19.00
East Guilford	1,421,843	688,642	0	48.4%	0	0	0	0	\$18.77	\$21.00
Green Valley/Midtown	1,552,317	207,793	0	13.4%	-4,905	-4,905	16,088	0	\$22.45	\$26.60
High Point/SW Guilford	2,023,687	66,039	4,326	3.5%	-7,026	-7,026	0	0	\$19.35	\$26.00
Kernersville	366,064	2,440	0	0.7%	0	0	0	0	\$17.06	-
North Forsyth	3,593,324	277,708	45,203	9.0%	-1,896	-1,896	0	0	\$16.07	\$19.50
North Greensboro	2,360,153	182,475	2,146	7.8%	-21,107	-21,107	2,300	0	\$22.70	\$24.74
Southeast Forsyth	577,408	8,000	0	1.4%	0	0	0	0	-	-
West Forsyth	3,588,688	346,616	41,160	10.8%	-3,537	-3,537	21,135	0	\$18.59	\$21.39
West Greensboro	2,478,479	602,264	114,657	28.9%	-38,053	-38,053	18,587	100,000	\$16.28	\$19.00
MARKET TOTALS	35,649,567	4,100,825	290,607	12.3%	-220,192	-220,192	103,707	100,000	\$18.77	\$20.67

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
701 Green Valley Rd	Green Valley/Midtown	Venture X	16,088	New Lease
333 N Greene St	Greensboro CBD	Precision Fabrics	10,511	New Lease
601 W Fourth St	Winston-Salem CBD	Undisclosed	9,616	New Lease
202 Centreport Dr	Airport/NW Guilford	Sentinel Risk Advisors	8,078	New Lease

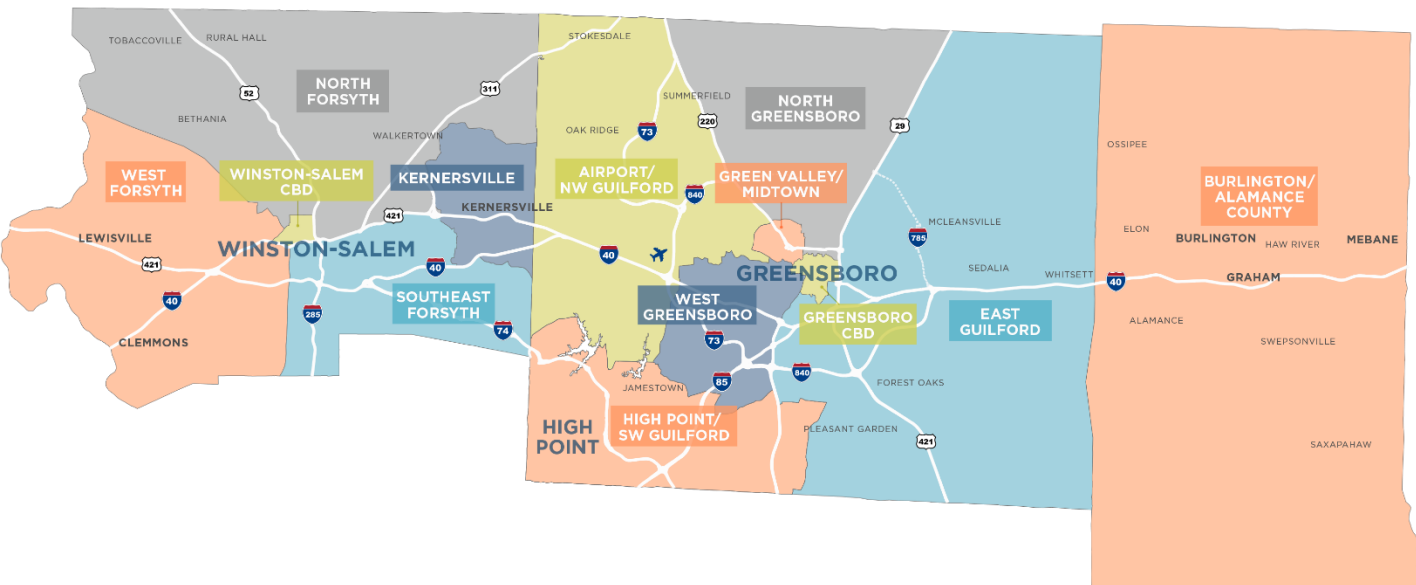
KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	Seller Buyer	SF	Price \$ PSF
1 W Fourth St	Winston-Salem CBD	Fidelity National Financial The Ardent Companies	454,630	\$22.5 M \$49.49
500 W Friendly Ave	Greensboro CBD	Sossamon Properties Khan Hotels	22,516	\$2.2 M \$95.49

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)
Q1 2022	35,599,667	10.4%	\$17.86	-46,060	91,911	0	49,900
Q1 2023	35,649,567	12.3%	\$18.77	-220,192	103,707	0	100,000

OFFICE SUBMARKETS



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