

Office Q2 2023

YoY Chg 12-Mo. Forecast

12.0%

Vacancy Rate



83.9K

Q2 Net Absorption, SF



\$18.90

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

648.7K

Greensboro/
Winston-Salem
Employment



3.6%

Greensboro/
Winston-Salem
Unemployment Rate



3.6%

U.S.
Unemployment Rate



Source: BLS

ECONOMY: Employment Grows and Jobs Announced

The Greensboro/Winston-Salem economy continued expanding this quarter with total nonfarm employment for the metro increasing by 1,900 jobs quarter-over-quarter (QOQ), reducing the unemployment rate to 3.6%. Multiple job & capital investment announcements occurred: notably, ProKidney, Corp., a cellular therapeutics company that will establish a new biomanufacturing facility in Greensboro for a potential investment of \$485M and 330 new jobs. Additionally, Phase Change Solutions, a manufacturer of products for temperature management announced plans to invest \$3.5M and add 35 new jobs by relocating its R&D, warehouse and headquarters to Greensboro.

SUPPLY AND DEMAND: Strong Occupancy Gains Drive Vacancy Losses

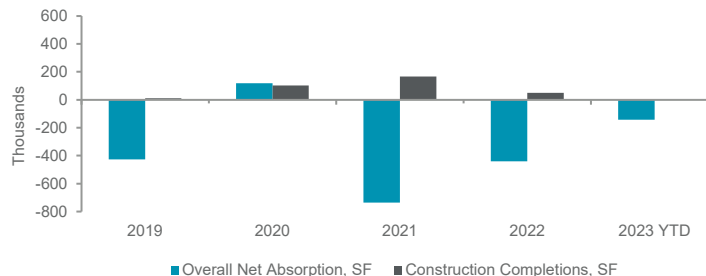
While overall vacancy in the Central Business District (CBD) submarkets remained steady at 10.8% in Q2, strong occupancy gains in suburban markets pushed the overall vacancy rate down 30 basis points (bps) QOQ to 12.0%, the first decrease since Q1 2022. A positive net figure was recorded for the first time since Q3 2020 with Toyota's occupancy of nearly 115,000 square feet (sf) of sublet space at the Salem Building in the West Greensboro submarket and Precision Fabrics' move-in at 333 N Greene St in the Greensboro CBD for more than 10,500 sf driving positive occupancy gains in the market.

New leasing activity rose by 7.3% QOQ with more than 123,000 sf of new deals reported in Q2 along with nearly 55,000 sf of space renewed by existing tenants. The total lease count rose QOQ with 46 new deals signed while the average deal size in Q2 remained relatively the same at 3,040 sf. The West Greensboro submarket experienced the highest concentration of new leasing this quarter with Eagle Physicians & Associates taking more than 26,000 sf between two buildings.

RENTAL RATES: Asking Rents See Modest Increase

Average asking rents in the market grew slightly QOQ to \$18.90 per square foot (psf) overall, a modest 0.7% increase. Despite the elevated vacancy in the market, rents continued to climb as sublease vacancy remained low at 0.5%, weighing less on the overall rental rate as well as leasing activity being highly concentrated (92.8% of new leases) in Class B space where the average asking rent was \$17.60 psf, a 15.9% discount compared to Class A space. Rates will continue to remain relatively stagnant in the near term due to Class B suburban space which accounts for 48.5% of overall vacant space in the market at a rate of \$17.72 psf; comparatively, Class A CBD rates averaged \$21.75 psf but only make up 17.8% of vacant space in Q2.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	231,201	4,946	5.9%	15,384	9,581	19,888	0	\$24.04	\$24.35
Winston-Salem CBD	5,994,611	781,803	61,844	14.1%	-15,023	-41,523	20,884	0	\$18.56	\$19.95
Airport/NW Guilford	6,205,194	675,234	16,325	11.1%	10,116	-109,901	37,459	0	\$18.92	\$19.01
Burlington/Alamance County	1,474,914	37,425	0	2.5%	0	0	0	0	\$19.00	\$19.00
East Guilford	1,421,843	705,426	0	49.6%	-16,784	-16,784	0	0	\$18.77	\$21.00
Green Valley/Midtown	1,552,317	234,906	0	15.1%	-26,807	-32,018	29,109	0	\$23.34	\$28.00
High Point/SW Guilford	2,005,687	62,339	4,326	3.3%	0	-4,326	3,963	0	\$20.20	N/A
Kernersville	366,064	4,400	0	1.2%	2,440	-1,960	6,840	0	N/A	N/A
North Forsyth	3,593,324	299,597	44,355	9.6%	-21,889	-23,785	17,853	0	\$15.84	\$19.50
North Greensboro	2,360,153	184,587	2,146	7.9%	-2,112	-23,219	3,210	0	\$22.67	\$24.74
Southeast Forsyth	569,408	0	0	0.0%	0	0	0	0	N/A	N/A
West Forsyth	3,562,768	286,850	41,160	9.2%	37,101	33,564	35,179	0	\$18.70	\$23.32
West Greensboro	2,478,479	605,059	0	24.4%	101,456	67,173	63,687	100,000	\$16.36	\$18.47
MARKET TOTALS	35,597,647	4,108,827	175,102	12.0%	83,882	-143,198	238,072	100,000	\$18.90	\$20.92

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
West Market Office	West Greensboro	Eagle Physicians & Associates, PA	20,462	New Lease
Streamside I	Airport/NW Guilford	Total Quality Logistics	15,223	Renewal
The Wells Fargo Tower	Greensboro CBD	Womble Bond Dickinson LLP	13,414	Renewal
First Citizens Building	Green Valley/Midtown	Credit Human Federal Credit Union	7,516	Renewal

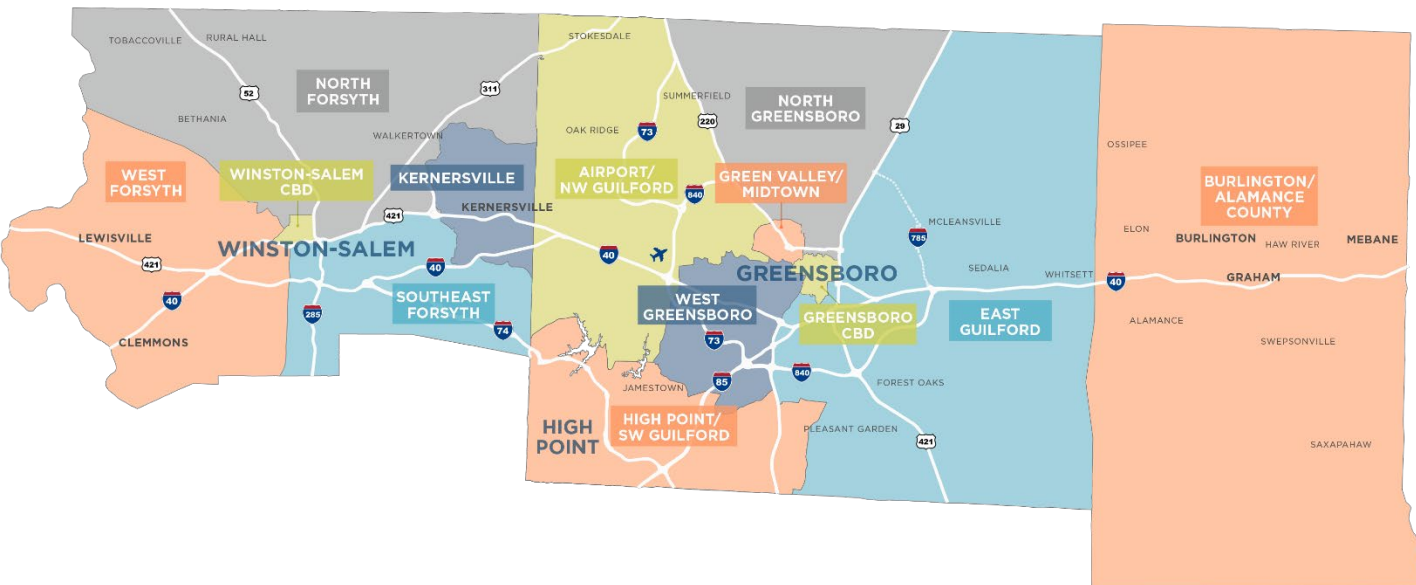
KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	Seller Buyer	SF	Price \$ PSF
1300 E Hartley Dr	High Point/SW Guilford	Pinnacle Bank Oak Street Real Estate Capital	37,012	Portfolio Sale
770 Highland Oaks Dr	West Forsyth	GEMCAP Development HealthCare Realty Solutions	20,058	\$5.6 M \$279

KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	Q2 OVERALL NET ABSORPTION (SF)	Q2 LEASING ACTIVITY (SF)	COMPLETIONS YTD (SF)	UNDER CONSTRUCTION (SF)
Q2 2022	35,597,647	11.3%	\$18.23	-277,623	161,295	49,900	0
Q2 2023	35,597,647	12.0%	\$18.90	83,882	123,233	0	100,000

OFFICE SUBMARKETS



JP Price

Research Manager, Carolinas

+1 704 335 4433 / jp.price@cushwake.com

Drew Walters

Research Analyst

+1 864 704 1345 / andrew.walters@cushwake.com

cushmanwakefield.com

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