

### Industrial Q4 2023

	YoY Chg	12-Mo. Forecast
<b>3.9%</b> Vacancy Rate	▲	▲
<b>396K</b> YTD Net Absorption, SF	▼	▬
<b>\$5.98</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

#### ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
<b>652.3K</b> Greensboro/ Winston-Salem Employment	▲	▲
<b>3.6%</b> Greensboro/ Winston-Salem Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

#### ECONOMY: Job Growth Decelerates

While the economic landscape across the nation remained questionable in Q4, the Greensboro/Winston-Salem metro notched another quarter of employment growth by adding 1,400 jobs; however, growth is beginning to decelerate. After stout manufacturing job growth was recorded in 2021 and the first half of 2022, employment levels have since receded by 1.4% year-over-year (YOY). Trade, transportation, and utilities, another key industrial sector, exhibited healthy YOY employment growth of 1.8% as of Q4, though signs of a slight deceleration have begun to emerge as manufacturing slows. Despite fewer jobs added during the quarter, the Triad's unemployment rate remained below the national average of 3.7%.

#### SUPPLY and DEMAND: Vacancy Jumps with Record Deliveries

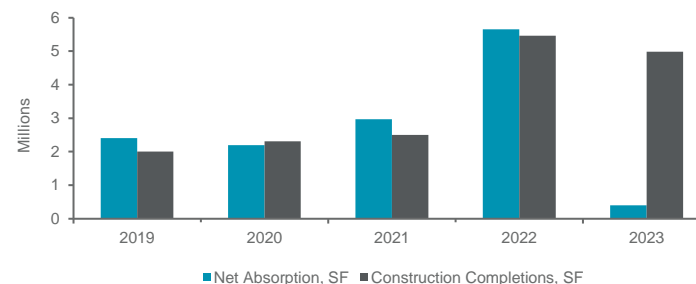
After reaching a historical low at the end of 2022 and steadily increasing through the first three quarters of 2023, the market's vacancy rate jumped by 100 basis points (bps) to 3.9%. The acceleration can be attributed to the record-setting 3.3 million square feet (msf) of speculative construction deliveries recorded, with all but one project delivered completely vacant. This 100-bp swell in the market vacancy rate marks the second largest quarterly increase on record, only behind the 160-bp increase recorded in Q3 2009. Vacancy in the Triad is forecasted to inch upward in the coming year with 521,400 square feet (sf) of speculative warehouse/distribution (W/D) space, split between two fully-available properties, set to deliver in Q1 2024. As demand has softened over the previous three quarters, new construction starts have followed suit with developers delaying groundbreakings to later quarters to preserve capital outlays until proper leasing activity resumes.

Leasing volume in Q4 was relatively low with 355,900 sf of new deals signed, pushing the annual figure above the 5.0-msf mark. Demand for industrial space was primarily focused on existing Class B W/D product which accounted for 82.2% of the quarterly new leasing figure. With the recent normalization of demand and increased supply, landlords and developers have become more willing to accept multi-tenant configurations rather than delay rental income for a full-building user.

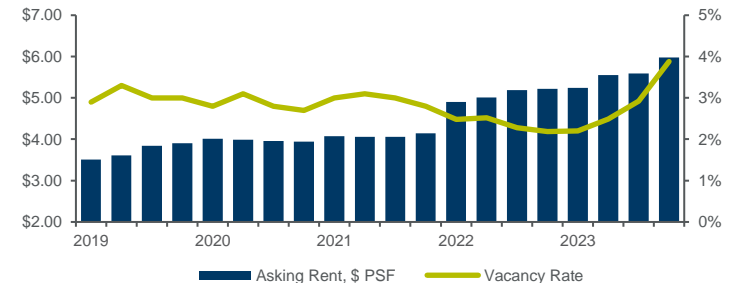
#### PRICING: New Product Pulls the Market Average Upward

Asking rents continued their upward trajectory in Q4 with the overall average nearing the \$6.00-per-square-foot (psf) mark. Amongst the submarkets, the Airport/West Guilford submarket remained the priciest in Q4 as vacant space quoted \$7.14 psf on average, a measured 19.5% premium above the entire market. The substantial rent growth of 14.6% YOY is a product of the large influx of new deliveries to satisfy the heightened demand experienced through 2021 and 2022. Rent growth in 2024 is expected to regulate with the rebalanced levels of supply and demand.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



Industrial Q4 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	32,021,533	923,086	2.9%	751,243	1,303,244	521,433	901,830	\$5.65	\$6.97	\$7.28
Burlington/Alamance County	26,822,827	1,139,051	4.3%	55,000	60,289	0	876,715	\$3.50	-	\$6.20
Central Greensboro	14,252,824	649,629	4.6%	77,660	72,724	0	437,790	-	\$9.78	\$6.51
Central Winston-Salem	3,452,856	0	0.0%	0	0	0	0	-	-	-
Davie County	8,305,953	982,302	11.8%	0	-185,742	0	796,560	\$5.55	-	\$6.13
East Guilford	9,197,882	1,017,310	11.1%	153,900	442,200	0	812,510	\$3.50	-	\$6.51
High Point/Thomasville	44,992,699	674,138	1.5%	-214,020	-460,169	0	0	\$3.50	\$18.00	\$4.73
Kernersville	6,921,361	316,884	4.6%	0	25,875	0	312,384	-	-	\$6.50
North Forsyth County	19,841,759	1,160,865	5.9%	0	-758,027	0	0	-	\$10.00	\$6.02
North Greensboro	8,823,460	172,520	2.0%	-47,520	287,480	0	100,000	-	-	\$6.76
North Guilford County	8,146,889	0	0.0%	0	500,000	0	500,000	-	-	-
Outlying Davidson County	15,938,218	714,350	4.5%	37,644	-714,350	0	0	\$5.00	-	\$6.00
Randolph County	17,920,795	196,400	1.1%	0	-196,400	0	0	N/A	-	-
Rockingham County	15,718,831	1,130,436	7.2%	-374,471	-179,471	0	0	\$4.90	-	\$3.61
Southeast Forsyth	13,724,166	494,373	3.6%	250,000	350,375	0	144,000	\$4.28	-	\$5.47
West Forsyth	6,071,321	207,600	3.4%	-151,493	-152,100	0	0	-	-	\$6.78
<b>MARKET TOTALS</b>	<b>252,153,374</b>	<b>9,778,944</b>	<b>3.9%</b>	<b>537,943</b>	<b>395,928</b>	<b>521,433</b>	<b>4,881,789</b>	<b>\$5.08</b>	<b>\$9.45</b>	<b>\$6.06</b>

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

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

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
4035 Reynolds Ct	North Forsyth County	Marketing Results, LLC	82,234	New Lease
6348 Burnt Poplar Rd	Airport/West Guilford	Southern Industrial Constructors, Inc.	75,000	New Lease
813 Winston St	North Greensboro	PhaseChange	45,700	New Lease

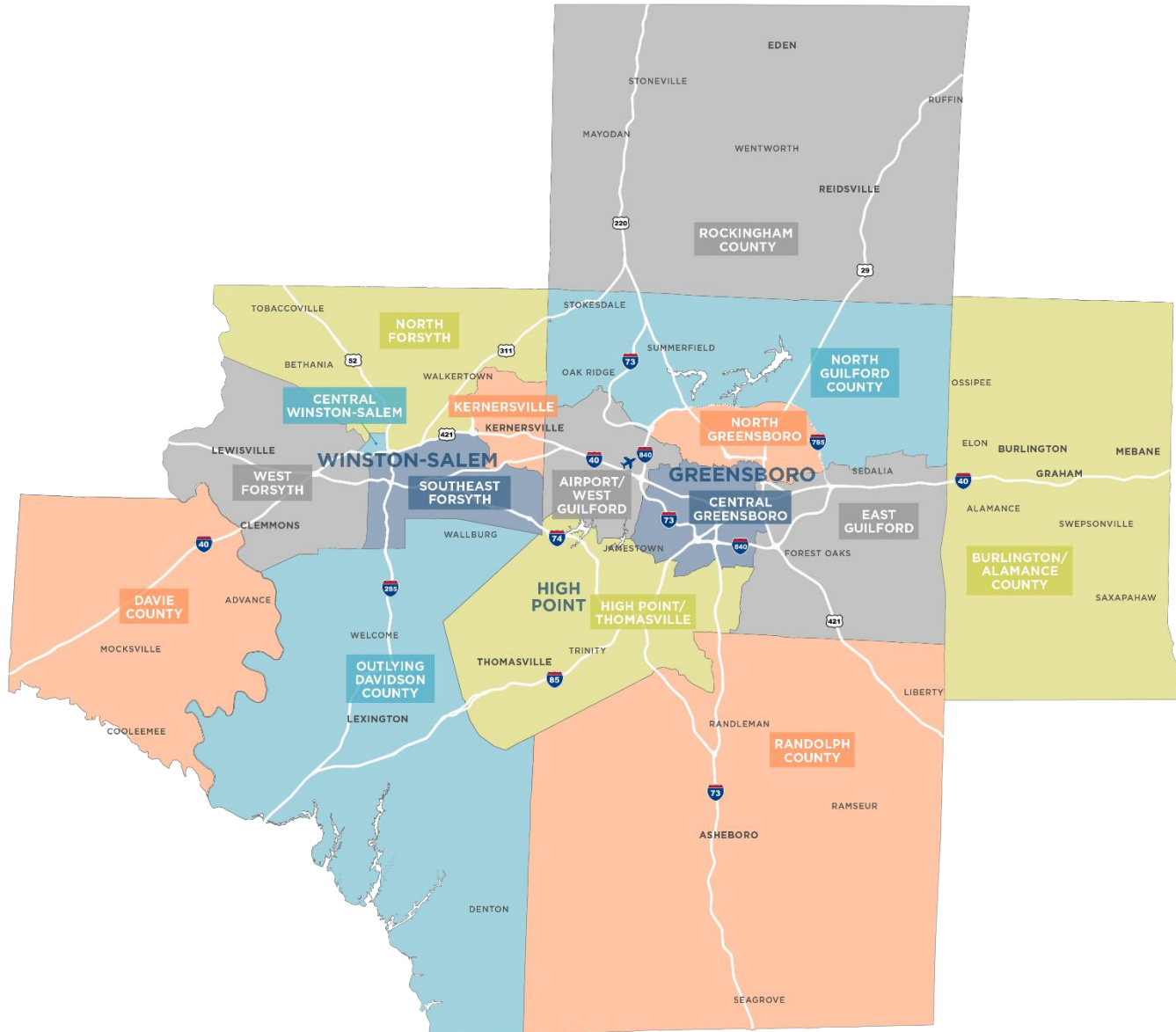
KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
Pope Companies Portfolio	Kernersville   North Forsyth County	Dogwood Industrial Properties   Blue Ridge Industrial	1,386,107	\$105 M   \$75.75

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER   DEVELOPER
Piedmont Commerce Center – Building 2	Airport/West Guilford	Speculative	274,944	NorthPoint Development
Piedmont Commerce Center – Building 3	Airport/West Guilford	Speculative	246,489	NorthPoint Development

INDUSTRIAL SUBMARKETS



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