

Triad retail market strengthens with increased leasing and capital markets activity

▼ **6.1%**
Vacancy Rate

▲ **207K**
SF Net Absorption

▼ **38K**
SF Construction

▲ **\$13.91**
Average Lease Rate

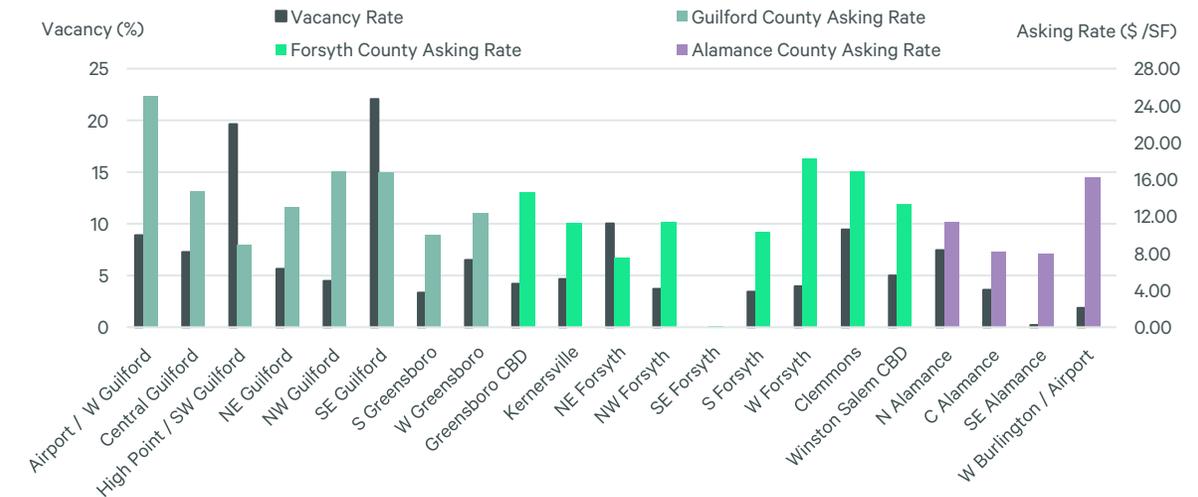
Note: Arrows indicate change from year-end report.

Highlights

- Overall vacancy decreased 54 basis points to 6.08%
- Average asking rates increased by 14.9% year-over-year to \$13.91 per sq. ft.
- New construction decreased to 38,000 sq. ft. in H1 2022
- Total net absorption totaled 207,000 sq. ft. during the first half of 2022

CBRE|Triad tracks over 38.1 million sq. ft. of retail space in the Triad market. The market is composed of three counties, Guilford, Forsyth, and Alamance, with 21 separate submarkets.

FIGURE 1: Vacancy Rate vs. Net Absorption



Source: CBRE Research, H1 2022

Absorption

Total net absorption totaled 207,000 sq. ft. in the first half of 2022. Guilford County, the largest county for retail, totaled 37,000 sq. ft. of positive absorption. Forsyth County accounted for 126,000 sq. ft. of positive absorption and Alamance County accounted for 44,000 sq. ft. of positive absorption. The Clemmons submarket in Forsyth County had the highest absorption at 67,000 sq. ft., mostly coming from three leases being signed at a former Kmart space, “Clemmons Market”. Tenants include Ulta Beauty, Five Below and Ross Dress for Less.

Notable Transactions

Leasing activity was strong among big-box spaces in H1. An indoor mini-golf user, ParTee Shack, signed a lease to occupy 45,000 sq. ft. at Holding Crossing in Central Guilford. Indulor leased 32,000 sq. ft. in Cedar Rock Commons in the West Burlington / Airport submarket. In Northwest Forsyth, 30,000 sq. ft. were leased at University Plaza by Queen City Television Service.

Vacancy

Strong leasing activity contributed to the market vacancy rate decreasing 54 basis points to 6.08%. Guilford County’s vacancy rate decreased 17 basis points quarter-over-quarter to 8.51%, Forsyth’s decreased 92 basis points to 4.30%, and Alamance’s decreased 90 basis points to 2.14%.

Asking Rates

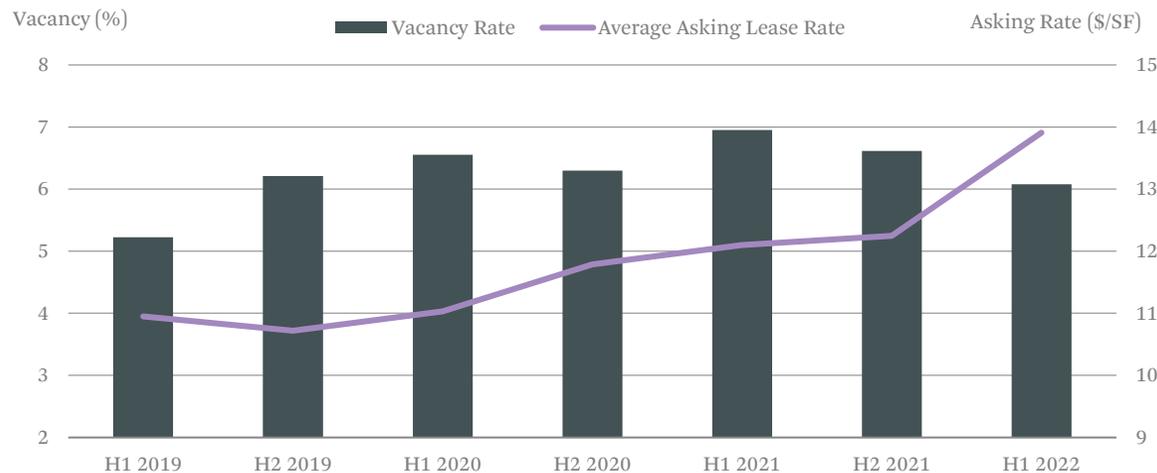
Average asking rates increased 14.9% year-over-year and 13.5% since the beginning of the year to \$13.91 per sq. ft. Guilford County’s average asking rates increased \$2.04 year-over-year to \$14.67 per sq. ft., while Forsyth County’s increased \$0.75 to \$12.69 and Alamance County’s decreased \$1.87 to \$10.95.

FIGURE 2: Significant Lease Transactions

Tenant	Address	Square Feet
ParTee Shack	Holden Crossing 3710-3740 S Holden Rd Greensboro, NC	45,500
Indulor	Cedar Rock Commons 2589 Eric Ln Burlington, NC	32,570
Queen City Television Service	University Plaza 7760-7770 North Point Blvd Winston-Salem, NC	30,000

Source: CBRE Research, H1 2022

FIGURE 3: Vacancy Rate vs. Average Asking Lease Rate



Source: CBRE Research, H1 2022

Sales Activity

Capital markets remained active in the Triad retail market in the first half of the year with a total of \$107 million and 736,000 sq. ft. of sales volume. In Central Guilford, Li Ming Global Mart, a tenant in the shopping center, purchased Greensboro South Shopping Center from First Republic Corp of America for \$9,800,000 million, or \$75.20 per sq. ft. Other tenants in the shopping center included: Denny’s, Furniture World and IBeauty Supply. A 14,000 sq. ft. Walgreens building at 2585 S Church St in Burlington was sold by Morton Ginsberg to Swanson Development Group for \$9,516,000, or \$654.06 per sq. ft. Another single-tenant building, Hobby-Lobby occupied 3775 Oxford Station Way in Winston-Salem, was sold to Agree Realty Corp for \$9,222,000, or \$167.67 per sq. ft.

Construction

New construction decreased to 38,000 sq. ft. in H1. Shopping Center Group is developing a 38,000 sq. ft. building for Mavis Tire & Brakes in the Landmark Crossing shopping center. The development is expected to deliver in Q3 2022.

Analysis

The Triad retail market experienced active tenant and investor demand in the first half of 2022. Lowering vacancy, modestly increasing asking rates and positive absorption signal strength in leasing activity as Triad retail businesses have bounced back from the disruption caused by the COVID-19 pandemic. CBRE | Triad expects continued activity in the Triad market through the end of 2022 with market fundamentals remaining positive as retail businesses, both local and global, reopen and expand.

FIGURE 4: Capital Markets Sales Volume vs. Building Sq. Ft.



Source: CBRE Research, H1 2022

FIGURE 5: Submarket Breakdown

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Availability Rate	H2 21 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Net Avg. Asking Lease Rate (\$/SF/Yr)
Greensboro CBD	1,394,808	123,853	8.88%	9.46%	-4,797	-4,797	0	24.95
Central Guilford	6,061,062	438,994	7.24%	6.78%	21,828	21,828	38,000	14.66
High Point / SW Guilford	3,150,415	618,158	19.62%	4.82%	-21,250	-21,250	0	8.90
NE Guilford	1,786,203	100,770	5.64%	9.56%	-2,212	-2,212	0	12.99
NW Guilford	3,664,231	163,094	4.45%	3.65%	10,044	10,044	0	16.85
SE Guilford	228,520	50,380	22.05%	25.19%	0	0	0	16.75
S Greensboro	917,306	30,423	3.32%	3.32%	1,381	1,381	0	9.95
W Greensboro	358,670	23,230	6.48%	10.01%	6,970	6,970	0	12.37
Greensboro CBD	1,261,682	52,737	4.18%	9.24%	25,232	25,232	0	14.57
Guilford County	18,822,897	1,601,639	8.51%	6.58%	37,196	37,196	38,000	14.67
Kernersville	1,103,355	51,158	4.64%	9.02%	11,714	11,714	0	11.29
NE Forsyth	513,344	51,483	10.03%	9.89%	12,913	12,913	0	7.50
NW Forsyth	2,189,461	81,153	3.71%	4.29%	-19,212	-19,212	0	11.39
SE Forsyth	467,493	0	0.00%	0.00%	0	0	0	-
S Forsyth	5,764,301	197,975	3.43%	2.87%	35,974	35,974	0	10.32
W Forsyth	1,473,465	57,920	3.93%	4.57%	4,363	4,363	0	18.22
Clemmons	832,720	78,664	9.45%	9.62%	67,178	67,178	0	16.84
Winston Salem CBD	1,783,780	88,870	4.98%	4.96%	13,615	13,615	0	13.30
Forsyth County	14,127,919	607,223	4.30%	4.57%	126,545	126,545	0	12.69

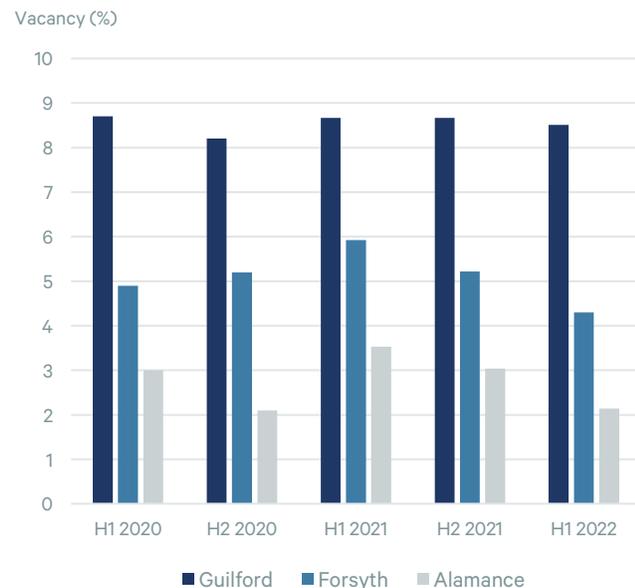
Source: CBRE Research, H1 2022

FIGURE 5: Submarket Breakdown cont.

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Availability Rate	H2 21 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Net Avg. Asking Lease Rate (\$/SF/Yr)
N Alamance	242,382	18,000	7.43%	7.43%	7,500	7,500	0	11.37
C Alamance	846,817	30,445	3.60%	5.96%	0	0	0	8.20
SE Alamance	841,137	1,810	0.22%	0.22%	8,450	8,450	0	8.00
W Burlington / Airport	3,278,586	61,007	1.86%	1.97%	28,254	28,254	0	16.24
Alamance County	5,208,922	111,262	2.14%	2.59%	44,204	44,204	0	10.95
Retail Totals	38,159,738	2,320,124	6.08%	5.29%	207,945	207,945	38,000	13.91

Source: CBRE Research, H1 2022

FIGURE 6: Vacancy Rates

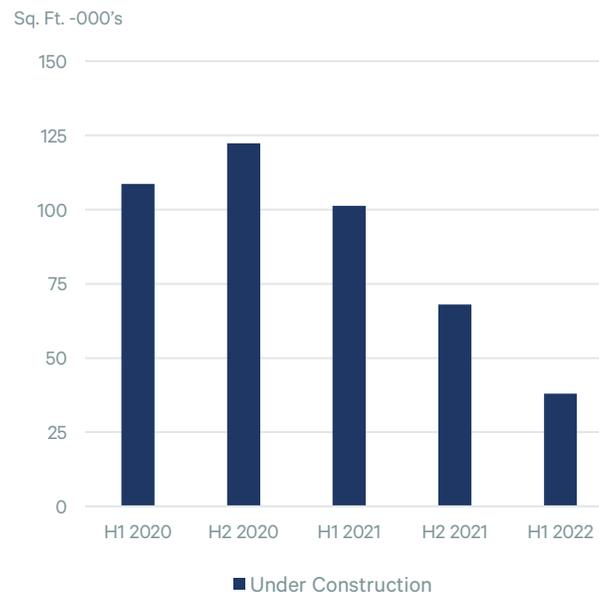


Source: CBRE Research, H1 2022

Vacancy decreases in H1

The overall vacancy rate decreased 54 basis points to 6.08%. Guilford County’s vacancy rate decreased 17 basis point to 8.51%, Forsyth’s decreased 92 basis points to 4.30%, and Alamance’s decreased 90 basis points to 2.14%.

FIGURE 7: Construction Activity



Source: CBRE Research, H1 2022

Construction slows in H1

Total new construction included on 38,000 sq. ft. build-to-suit in Central Guilford. There are multiple proposed retail construction projects likely to break ground before the end of the year.

FIGURE 8: Unemployment Rates



Source: U.S. Labor Bureau, May 2022.

Unemployment rates remain stable in Q2

Unemployment rates seemingly stabilized at current levels in Q2. The unemployment rate remained level at 3.8% in the Triad, decreased ten basis points in North Carolina to 3.6%, and decreased twenty basis points in the U.S. to 3.6%

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.

Availability Rate: Total Available Sq. Ft. divided by the total building Area.

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.

Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.

Net Absorption: The change in Occupied Sq. Ft. from one period to the next.

Occupied Sq. Ft.: Building Area not considered vacant.

Sublease Sq. Ft.: Total Available Sublease Sq. Ft.

Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.

Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all retail buildings 30,000 sq. ft. and greater in size in Guilford, Forsyth, and Alamance counties.

Buildings which have begun construction as evidenced by site excavation or foundation work.

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