

SEMI-ANNUAL INDUSTRIAL REPORT

GREENSBORO | Q1 2021



Market Performance

New corporate locations, expansion projects and current development activity are illustrative of a significant momentum underway throughout the Triad. The region boasts excellent connectivity to the country's most important transportation routes, and is **well positioned to capitalize on the growth of e-commerce**.

Vacancies remain near record lows. The market's 21Q1 average **vacant available space rate of 4.8%** is 460 basis points below the 10-year average quarterly rate of 9.4%.

Leasing demand is driven by retail and manufacturing sectors and **focused on sites along I-40 and I-85**.

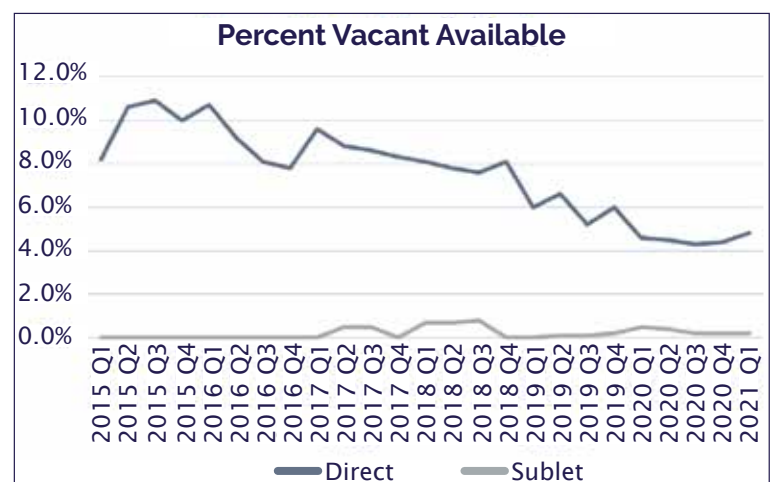
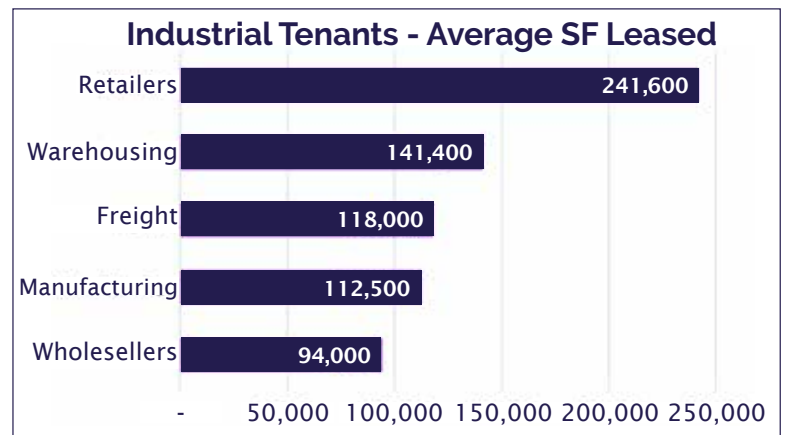
The market realized **495,535 square feet of positive net absorption** in 21Q1. Direct asking rents average \$3.79 per square foot, representing a 10.8% increase over five years, and 27% increase over ten years. We are seeing **the highest asking rents, an average of \$5.03**, in the Airport submarket, the largest of the Triad submarkets housing 21% of the market's inventory. Fast-growing Alamance County is also experiencing significant rent growth; an increase of 43% over five years.

New construction and **development activity is at a record high**. Approximately 583,000 square feet was added to the market in 21Q1, and another 2.1 million square feet is under construction with planned delivery by or before year-end; potentially 3.5 times the 10-year average annual volume of deliveries.

State-supported **economic development project wins** of 2020 include Canada-based furniture manufacturer, PrePac Manufacturing, which will occupy 260,000 square feet at the Rock Creek Center in East Guilford once the property delivers in 21Q4. Belgian-based Ontex Group will occupy 254,000 square feet at South Rockingham Corporate Park in Stokesdale, also planned for delivery in Q4. Another notable lease transaction was executed by Rhode Island-based textile manufacturer, Cranston Print Works Company, which has signed on to 110,000 square feet at 780 Pegg Road in the Airport submarket, a newly delivered warehouse property built by Scannell Properties.

Market Indicators	Q1 2021	QOQ	YOY
Vacancy - Direct	4.80%	→	↑
WA Asking Rent - Direct	\$3.79	↓	↓
Net Absorption - Direct SF	495,535	↑	↓
Deliveries - SF	583,117	↑	↓
Under Construction (SF)	1,567,866	↓	↑

A quarterly rent change of ±1% or less is deemed to be flat.
A quarterly vacancy rate change of ±10 basis points or less is deemed to be flat.



"Data! Data! Data! I can't make bricks without clay."
-Sir Arthur Conan Doyle

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Sale Transactions

There have been seventeen individual industrial properties of an average of 280,000 square feet sold in the last 12 months for a combined **\$202.2 million, or \$42.55 per square foot**. Notable property sales include:

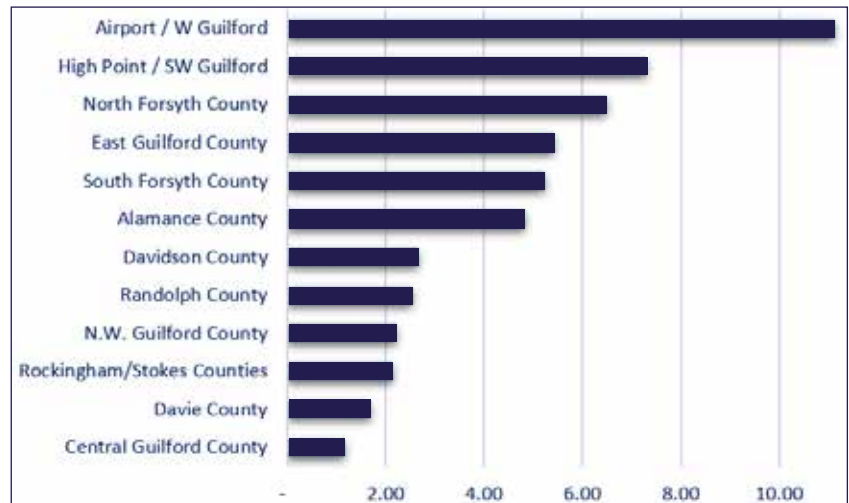
- Nestle Purina Petcare Co. purchased the former MillerCoors Brewery in Eden for \$18.86 million. **Nestle plans to invest \$450 million** to redevelop the property into a 1.3 million square feet manufacturing plant for pet foods. The facility is expected to be operational in 2022, eventually employing over 300.
- **The 1.5 million square foot former K-Mart distribution center** situated on 94 acres on Penry Rd in East Guilford, was sold to NFI Industries for \$74 million, or \$47.84 per square foot. NFI Industries, a third-party supply chain solutions provider, had been leasing the facility in its entirety since 2016. The seller, a joint venture between Pacer Partners and Drake Real Estate Partners, originally acquired the property in March 2019 for \$44.75 million.

Notable land sales include:

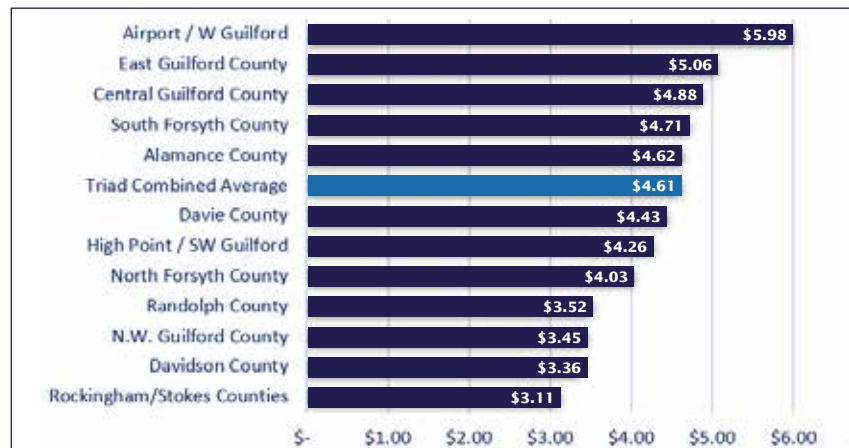
- **Chick Fil A purchased 79 acres on Park Center Drive in Mebane for \$3.9M, or \$49,500 per acre.** Alamance County earned the project win after beating out Ohio, Indiana and Texas. Chick Fil A's planned \$52 million investment includes the construction of a new 182,000 square foot facility to be used for both cold storage and vehicle maintenance. The distribution center, which will employ 160, will support 175 restaurants regionally.
- **FedEx purchased a combined 25 acres on Old Greensboro Road in Kernersville for \$4.98 million, approximately \$19,904 per acre.** The land is adjacent to the existing FedEx 493,000 square foot distribution facility at 1544 Old Greensboro Road. No plans for expansion have been announced.

Sources: Costar Group, Real Capital Analytics, Greensboro-High Point Economic Development, Economic Development Partnership of North Carolina, NC Commerce

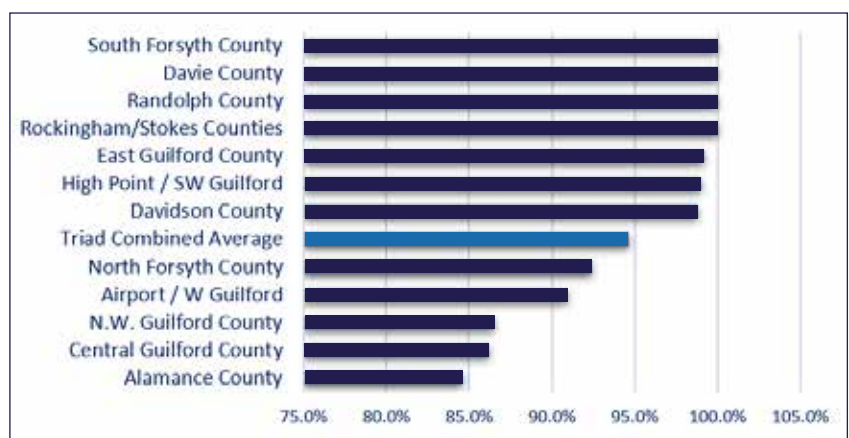
Total Square Footage (in millions) by Submarket



Market Rent by Submarket



Occupancy by Submarket



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Submarket Breakdown								
Class A & B ⁽¹⁾			Vacant Available		Net Absorption - SF			
Submarket	Total Bldgs	Average Building Size (SF)	Total RBA ⁽¹⁾	Average Direct Asking Rent ⁽²⁾	Market Rent ⁽³⁾	Direct Vacant Available %	Net Absorption Direct 21Q1	Net Absorption Direct 2020
Airport / W Guilford	81	137,300	11,121,322	\$5.03	\$5.98	6.80	57,262	774,345
N.W. Guilford County	2	1,114,034	2,228,067	\$2.00	\$3.45	13.50	-	762,946
Central Guilford County	14	83,686	1,171,603	\$3.50	\$4.88	6.00	110,117	(37,752)
High Point / S.W. Guilford	40	182,406	7,296,253	\$3.15	\$4.26	0.90	16,355	(80,892)
East Guilford County	26	208,536	5,421,941	\$4.14	\$5.06	0.70	37,900	40,000
North Forsyth County	33	196,977	6,500,248	\$3.75	\$4.03	7.60	27,000	(27,000)
South Forsyth County	20	261,131	5,222,619	-	\$4.71	0.00	68,350	-
Alamance County	34	141,858	4,823,158	\$4.62	\$4.62	15.40	(191,590)	54,000
Davie County	9	187,132	1,684,190	-	\$4.43	0.00	-	184,678
Davidson County	16	166,953	2,671,254	Undisclosed	\$3.36	2.20	221,800	(275,620)
Randolph County	18	141,422	2,545,595	-	\$3.52	0.00	148,341	(148,341)
Rockingham/Stokes County	11	194,472	2,139,190	-	\$3.11	0.00	-	-
Combined Totals	305	173,402	52,887,756	\$3.79	\$4.61	4.80	495,535	1,246,364

(1) Class A & B Industrial buildings of 50K SF or greater, non-owner occupied, non-government.

(2) Weighted Average Asking Rents based on current availability

(3) Costar derived Market Rents are modeled gross asking rents, informed by current asking rents and lease comps; taking into consideration the entire inventory rather than current availabilities only.

Deliveries						
Property Name	Property Address	City	Submarket Name	Delivered	RBA	% Leased
Alamance Ridge I	3875 Senator Ralph Scott Pkwy	Graham	Alamance County	Q1 2021	297,000	0.0%
Spec Bldg.	2335 Campground Rd	Greensboro	Central Guilford	Q1 2021	110,117	0.0%
Pegg Road Industrial Park	780 Pegg Road	Greensboro	Airport-West Guilford	Q1 2021	176,000	100.0%
Total Square Footage					583,117	30.0%

Under Construction						
Building Park	Property Address	City	Submarket Name	Est. Delivery	RBA	% Pre-Leased
Spec Build - Shell Condition	1037 N Nc 68	Greensboro	NW Guilford County	Q3	220,000	0.0%
Spec. Build - Distribution	3801 Burlington Rd	Greensboro	East Guilford	Q3	350,000	0.0%
Rock Creek Center	TBD	Whitsett	East Guilford	Q4	260,000	100.0%
Park at 74 - Building 5	00 Wallburg Rd	Winston-Salem	South Forsyth	Q4	250,000	0.0%
Pegg Road Industrial Park - Bldg 2	720 Pegg Rd	Greensboro	Airport	Q4	234,000	0.0%
So. Rockingham Corporate Park	1 US 73 Hwy	Stokesdale	Rockingham County	Q4	253,866	100.0%
Total Square Footage					1,567,866	33.0%

All information contained herein is from sources deemed reliable; however, no representation or warranty is made to the accuracy thereof.

Please feel free to contact us.
APG ADVISORS | www.apgcre.com

David Adams
dadams@apgcre.com

MJ Parker
mjparker@apgcre.com