

Delayed decision-making could lead to a robust back half of the year for Triad industrial

▼ 7.8%

Vacancy Rate

▼ 552,894

SF Net Absorption

▲ 1.0M

SF Under Construction

▶ \$6.57

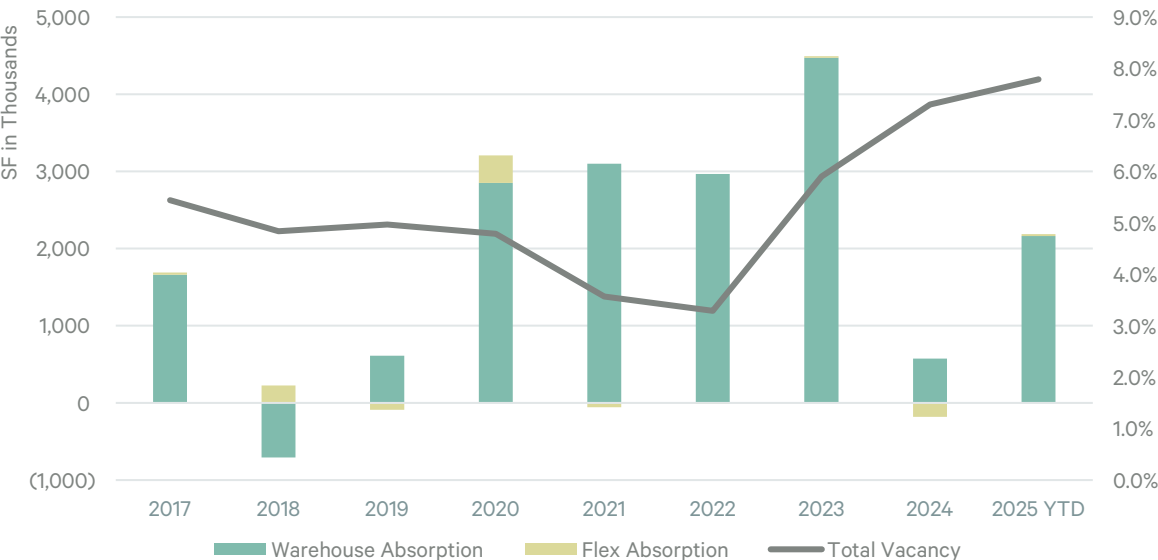
NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET REPORT HIGHLIGHTS

- Absorption was positive for a second consecutive quarter as the market witnessed 552,894 sq. ft. of occupancy gains in Q2. Following the strong results in the first quarter, this brings the year-to-date total to almost 2.2 million sq. ft.
- Overall leasing activity was steady in the second quarter; however, some prospects are delaying decisions to lease space due to uncertainty surrounding tariffs and consumer sentiment. Pent up demand could lead to a strong back half of the year.
- With no deliveries added this quarter, the Triad’s industrial vacancy declined slightly from Q1, dropping 30 bps to 7.8%. Year-over-year the rate is up 52 basis points.
- Construction activity increased in the quarter with 548,280 sq. ft. breaking ground. The largest building to begin is a 350,000 sq. ft. build-to-suit for a large, e-commerce company.
- There was no significant change to Triad industrial’s average asking rate. Newer product continues to command higher rental rates, however, availability in second generation space has kept this in check.

FIGURE 1: Net Absorption and Vacancy Rates



Source: CBRE Research, Q2 2025

Market Fundamentals

The Greensboro/Winston-Salem market saw its second consecutive quarter of absorption in Q2 bringing the year-to-date total to just under 2.2-million sq. ft. This is the strongest start to a year the market has experienced in over a decade. The 523,000 sq. ft. of absorption in the second quarter occurred mostly in the North Forsyth, Southeast Forsyth, and Davie County submarkets. As a result of the positive quarter, overall vacancy declined slightly quarter-over-quarter to 7.8%. Warehouse vacancy remained unchanged at 9.4% in Q2. No deliveries were added to inventory this quarter which helped keep supply fundamentals in check for the market.

Average industrial rents in the Greensboro/Winston-Salem market were relatively steady quarter-over-quarter. Looking at each of the property types, warehouse rents increased by almost 1.5% in Q2 to \$6.48 per sq. ft., while flex rents declined by 3.5% to \$11.13 per sq. ft. Demand for warehouse space, specifically in newer buildings, continues to push rental growth for this product type as the flight-to-quality trend persists.

Leasing Highlights

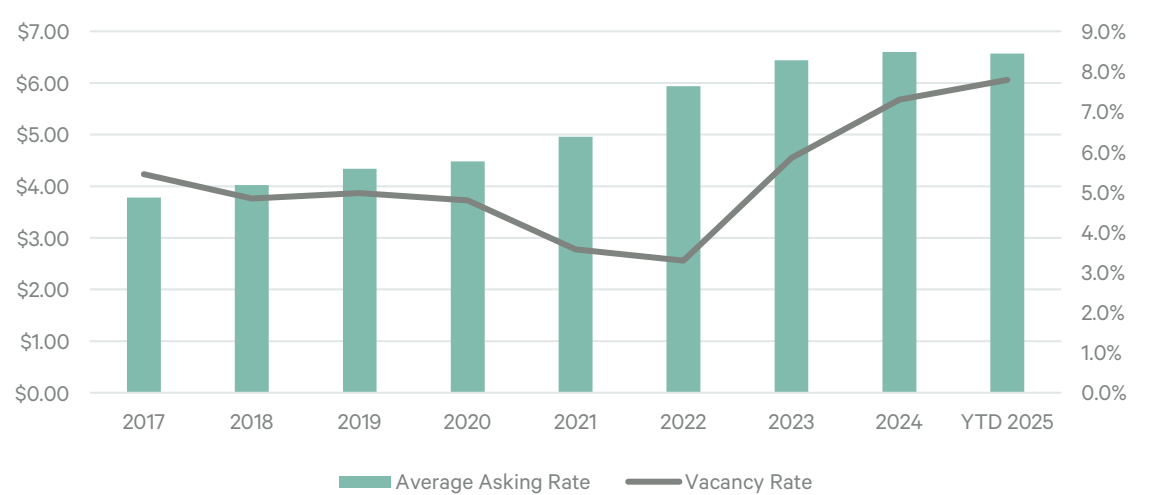
Though not as strong as last quarter, leasing activity finished above the 3-year average in Q2. The Airport submarket accounted for the highest number of deals, as well as the most amount of space leased in the quarter. The largest transaction was a build-to-suit lease by a large, e-commerce company in the South Greensboro submarket whose building broke ground this quarter. Elsewhere, Mohawk Carpet subleased 343,000 sq. ft. from Hanesbrand at 4190 Eagle Hill Rd. which helps fill a void left by the apparel company. On the whole, demand for industrial space in the Greensboro/Winston-Salem market remains high; however, economic uncertainty has slowed the decision-making process for companies. This pent up demand is anticipated to ease in the back half of the year which could lead to a solid level of leasing to finish 2025.

FIGURE 2: Select Lease Transactions Q2 2025

Tenant	Property	Type	Square Feet	Submarket
Confidential	240 Ritters Lake Rd.	New	350,000	South Greensboro
Mohawk Carpet Distribution*	4190 Eagle Hill Dr.	Sublease	343,000	PTI Airport
Le Bleu	244 Quality Dr.	New	152,160	Davie County
Starr Electric	3401 Burlington Rd.	New	100,000	North Guilford
International Paper*	Federal Ridge BP – 5	New	55,126	PTI Airport
Sealy Mattress	150 Welborn Farm Dr.	New	40,000	Davidson County

*Denotes CBRE Transaction

FIGURE 3: Vacancy Rates vs. Average Asking Lease Rates



Source: CBRE Research, Q2 2025

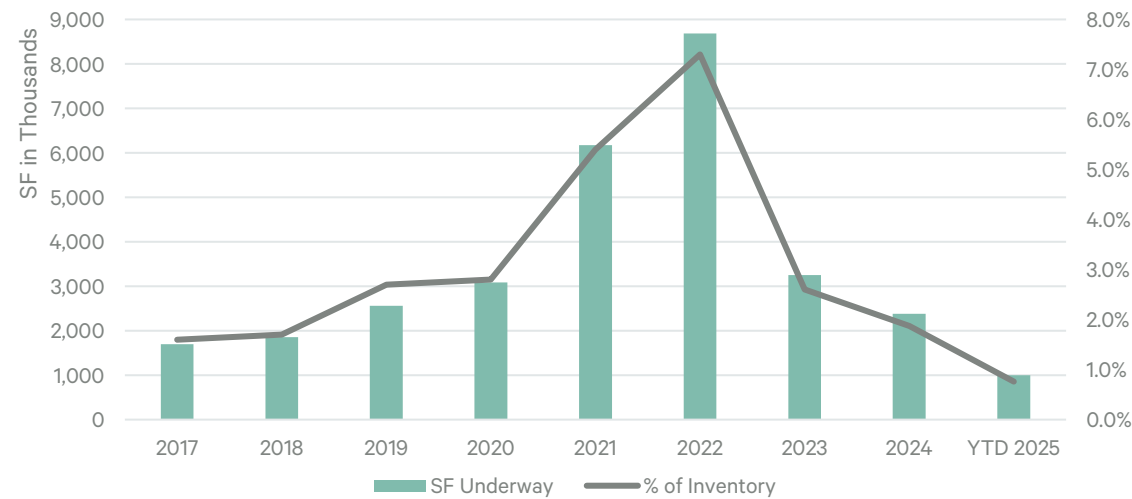
Construction Activity

Even though there were no deliveries in the second quarter, the Greensboro/Winston-Salem market had over a half-million square feet break ground. As mentioned earlier, the largest of these is a 350,000 sq. ft. build-to-suit located in the South Greensboro submarket. Crescent Communities’ 173,280 sq. ft. spec industrial warehouse at 7915 Triad Center Dr. was the other building to begin this quarter. In total, just under 1-million sq. ft. of industrial is under construction in the market. Barring any delays, the majority of this space is anticipated to deliver over the next 6 months.

Market Outlook

The ever-changing economic landscape at the macro level has resulted in uncertainty which has led to companies taking a wait-and-see approach to decision-making on commercial real estate leasing. Although policy announcements and the news cycle – not economic fundamentals – are driving sentiment, much of the angst at the beginning of the quarter has subsided. Even so, commercial real estate markets are taking all in stride and looking more at the steady economic data. At the local level, the Greensboro/Winston-Salem industrial is not immune to the challenges facing the market. Though demand remains solid, the hesitancy to sign for deals is pushing the positive activity down the road. Nevertheless, as more of the national economic landscape becomes clearer, the pent up demand in the Triad should result in a strong back half of the year, leading to a strong year of activity in 2025.

FIGURE 4: Historical Industrial Construction Activity



Source: CBRE Research, Q2 2025

FIGURE 5: Top Construction Activity

Property Name	Submarket	Total Square Feet	Construction Status
240 Ritters Lake Rd – Confidential BTS	South Greensboro	350,000	Under Construction
187 Whites Kennel Rd.	Southwest Alamance	187,500	Under Construction
7915 Triad Center Dr.	PTI Airport	173,280	Under Construction
238 Ritters Lake Rd - JPM Building Services BTS	South Greensboro	160,000	Under Construction
5670 Millstream Rd. – Core Technology BTS	SE Guilford	104,000	Under Construction

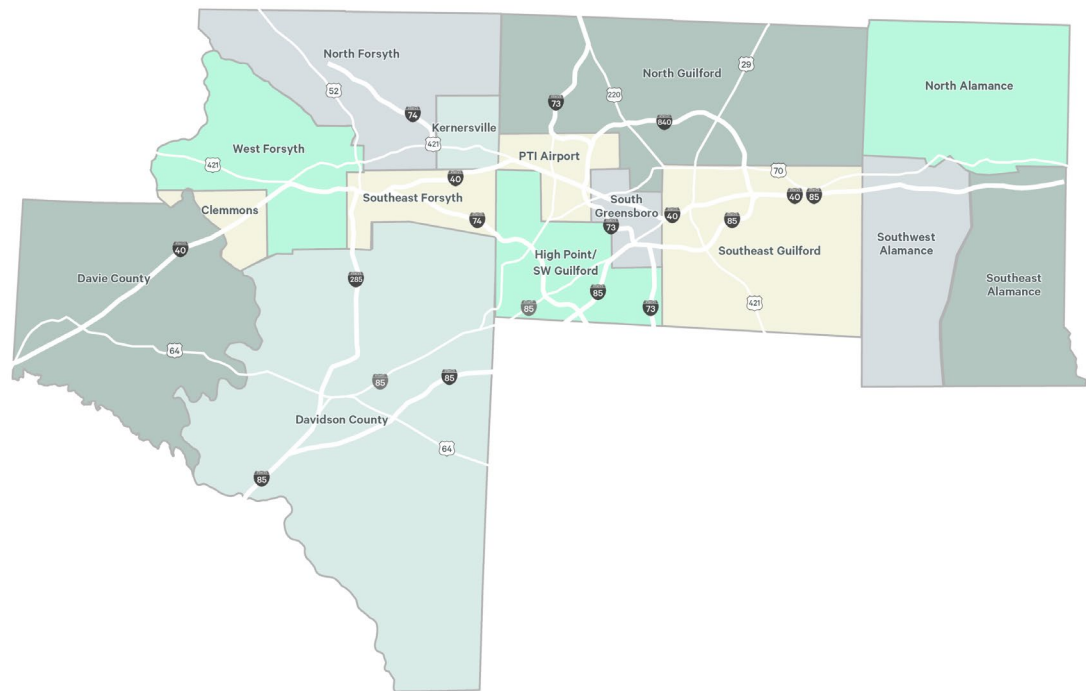
FIGURE 6: Submarket Breakdown

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Availability Rate	Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	NNN Avg. Asking Lease Rate (SF/Yr)
Piedmont Triad Airport	19,180,128	1,894,022	9.9%	13.3%	(10,800)	1,785,312	198,280	\$7.27
North Guilford	7,463,883	215,800	2.8%	1.6%	-	(10,000)	-	\$4.09
South Greensboro	6,076,678	569,906	9.4%	9.8%	(11,343)	(40,643)	510,000	\$7.75
Southeast Guilford	7,982,878	766,460	9.6%	11.4%	-	200,000	104,000	\$7.08
High Point/SW Guilford	7,674,237	178,767	2.3%	2.9%	77,074	173,985	-	\$4.39
North Forsyth	7,121,454	178,635	2.5%	10.5%	195,030	174,686	-	\$6.04
Kernersville	4,014,659	65,540	1.6%	11.2%	-	(15,742)	-	\$11.57
West Forsyth	5,365,113	1,019,660	19.0%	27.9%	(64,790)	(935,730)	-	\$5.72
Southeast Forsyth	7,167,564	132,380	1.8%	2.7%	159,375	159,375	-	\$5.28
Clemmons	477,159	50,000	10.5%	10.5%	50,000	50,000	-	\$6.50
Southeast Alamance	6,722,130	1,780,496	26.5%	26.5%	-	(15,000)	-	\$7.00
North Alamance	5,958,153	367,155	6.2%	5.5%	49,730	(60,270)	-	\$3.68
Southwest Alamance	5,377,961	344,208	6.4%	6.1%	(22,841)	(26,865)	187,500	\$5.42
Davidson County	25,728,515	1,626,459	6.3%	7.8%	(50,415)	(58,510)	-	\$5.12
Davie County	8,551,384	524,862	6.1%	5.5%	152,160	782,652	-	\$6.32
Warehouse Totals	124,861,896	9,714,350	7.8%	9.4%	523,180	2,163,250	999,780	\$6.48

FIGURE 6: Submarket Breakdown

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Availability Rate	Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	NNN Avg. Asking Lease Rate (SF/Yr)
Piedmont Triad Airport	1,632,921	51,290	3.1%	3.5%	13,112	13,342	-	\$11.03
North Guilford	344,006	59,992	17.4%	17.4%	-	-	-	\$10.82
South Greensboro	1,595,511	112,117	7.0%	7.4%	21,771	21,569	-	\$10.35
Southeast Guilford	234,047	5,000	2.1%	2.1%	(5,000)	(5,000)	-	\$9.00
High Point/ SW Guilford	388,073	50,540	13.0%	13.0%	10,705	10,705	-	\$13.89
North Forsyth	706,952	61,856	8.7%	11.0%	(1,450)	(2,055)	-	\$11.12
Kernersville	612,010	88,882	14.5%	14.9%	(10,798)	(16,387)	-	\$11.66
West Forsyth	293,291	42,068	14.3%	14.3%	1,374	1,303	-	\$9.72
Southeast Forsyth	78,178	-	-	-	-	-	-	-
Flex Totals	5,884,989	471,745	8.0%	8.6%	29,714	23,477	-	\$11.13
Industrial Totals	130,746,885	10,186,095	7.8%	9.7%	552,894	2,186,727	999,780	\$6.57

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.

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 industrial buildings 20,000 sq. ft. and greater in size in Guilford, Forsyth, Alamance, and Davie counties.

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

Contact

Dodson Schenck

Executive Vice President, Industrial Services
+1 336 478 0234
Dodson.Schenck@cbre.com

Kenlie Chap

Associate Research Director
+1 704 612 9102
Kenlie.Chap@cbre.com

Tom Fritsch

Senior Managing Director
+1 919 831 8245
Tom.Fritsch@cbre.com