

TRIAD MEDICAL OFFICE

# YEAR-END MARKET REPORT

2022



CUSHMAN &  
WAKEFIELD



# TABLE OF CONTENTS

## OVERVIEW

|                                                  |   |
|--------------------------------------------------|---|
| Medical Office Overview & Employment Stats ..... | 4 |
| Triad Medical Office Market Clusters .....       | 6 |

## SUBMARKETS

|                |   |
|----------------|---|
| Forsyth .....  | 7 |
| Guilford ..... | 8 |
| Alamance ..... | 9 |

## CONSTRUCTION

|                                               |    |
|-----------------------------------------------|----|
| Construction Activity - 2022 Deliveries ..... | 10 |
| Construction Activity - Pipeline .....        | 11 |

## LEASES

|                                              |    |
|----------------------------------------------|----|
| 2022 Lease Transactions MOB Highlights ..... | 12 |
| 2022 Investment Sales MOB Highlights .....   | 13 |

## OUR TEAM

|                                             |    |
|---------------------------------------------|----|
| C&W Healthcare Advisory Team Overview ..... | 14 |
|---------------------------------------------|----|



# MEDICAL OFFICE OVERVIEW & TRIAD HEALTHCARE NEWS

## MEDICAL OFFICE OVERVIEW

Greensboro/Winston-Salem weathered shifting economic tides and inflationary pressures through the end of 2022. The unemployment rate increased by 50 basis points (bps) to 4.1% during the fourth quarter; however, more than 16,400 jobs in total were added over the course of the year. Ambulatory Health Care Service jobs – including offices of physicians, dentists, and medical and diagnostic laboratories – continued to increase, climbing 3.5% throughout 2022 to nearly 33,700 jobs. Employment growth in these fields is expected to persist with an estimated 6.8% employment growth by the end of 2025.

Available space options in the market receded with the overall vacancy rate decreasing by 60 bps in 2022 to 4.9%, sinking below the five-year average of 5.1%. Alamance and Forsyth Counties both remain especially tight with recorded vacancy rates of 2.2% and 2.6%, respectively.

Average gross asking rental rates jumped to a new historical high of \$25.17 per square foot. This represents a 10.7% increase year-over-year after a relatively flat rental rate trend since 2018, indicating the sector's demand for new supply.

The first and fourth quarters were the most active of 2022 in terms of leasing activity with more than 69,000 square feet (sf) of new leases and renewals signed between the two, driving the annual total to 107,000 sf. The market recorded healthy occupancy gains in 2022 with nearly 83,000 sf of positive net absorption, outpacing new construction deliveries.

One 30,000-sf property adjacent to Alamance Regional Medical Center, developed by Samet Corporation, delivered in 2022 providing much-needed new supply to the market. Over the past five years, only 98,000 sf of new product has been built, growing the market's inventory by 1.8% in that time.

## EMPLOYMENT STATS - Q4 2022

**644.7K**

Triad Employment

YOY  
Chg



12-Mo.  
Forecast



**4.1%**

Triad Unemployment Rate



**3.7%**

U.S. Unemployment Rate



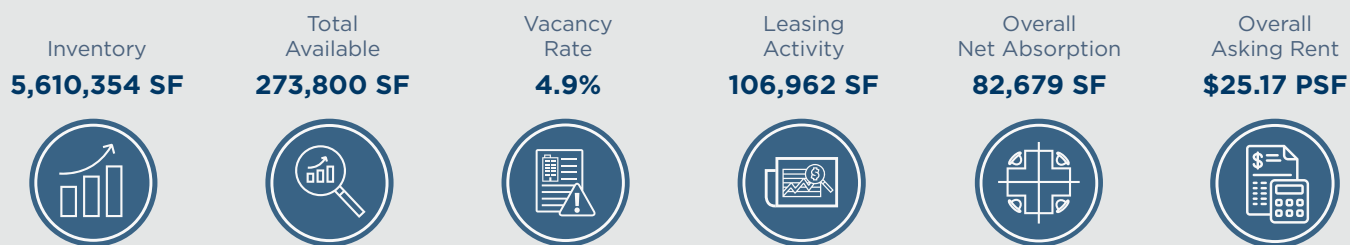
## DIRECT RENTAL RATE VS. OVERALL VACANCY RATE



# TRIAD MEDICAL OFFICE MARKET CLUSTERS

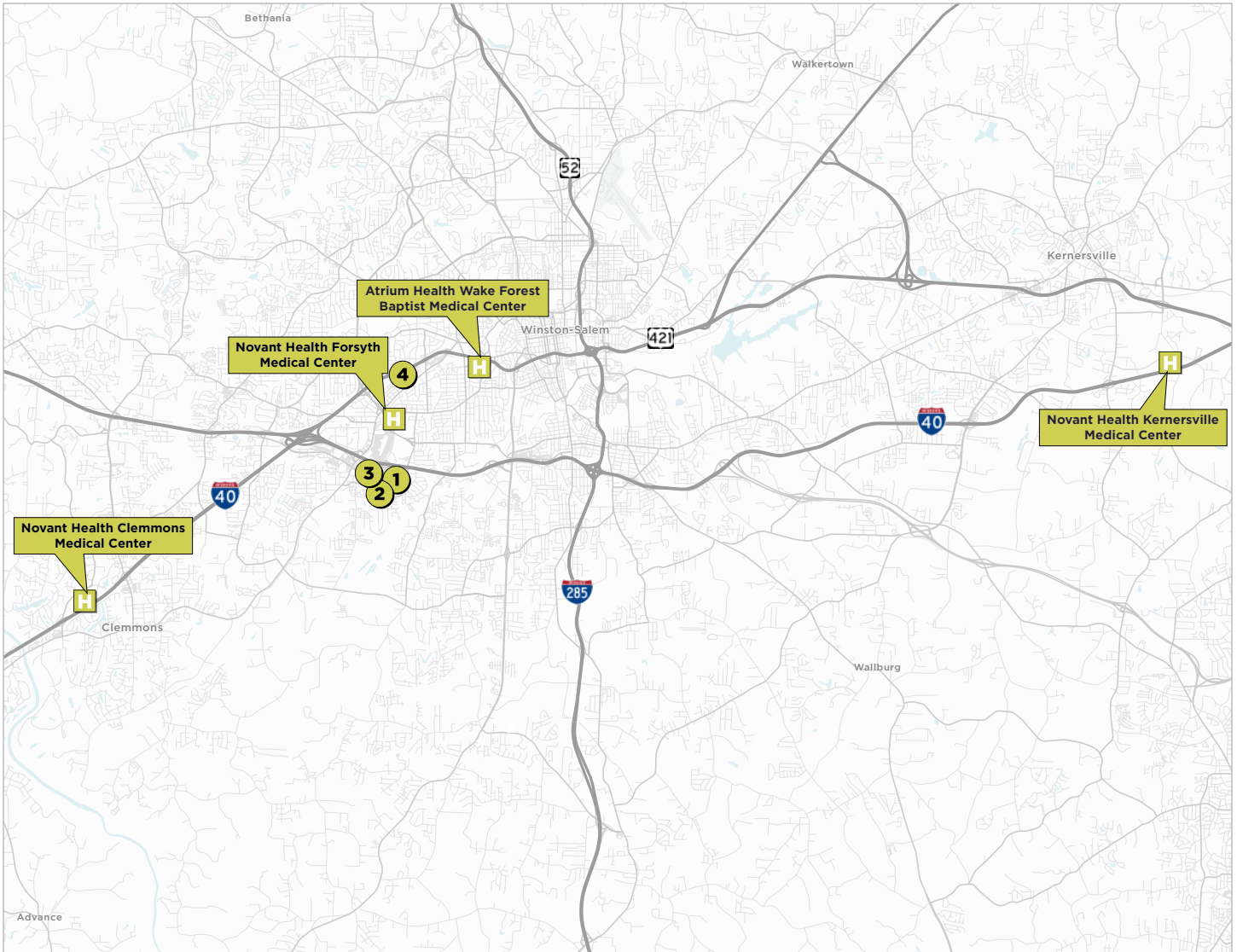


## REGIONAL HEALTHCARE MARKET SUMMARY



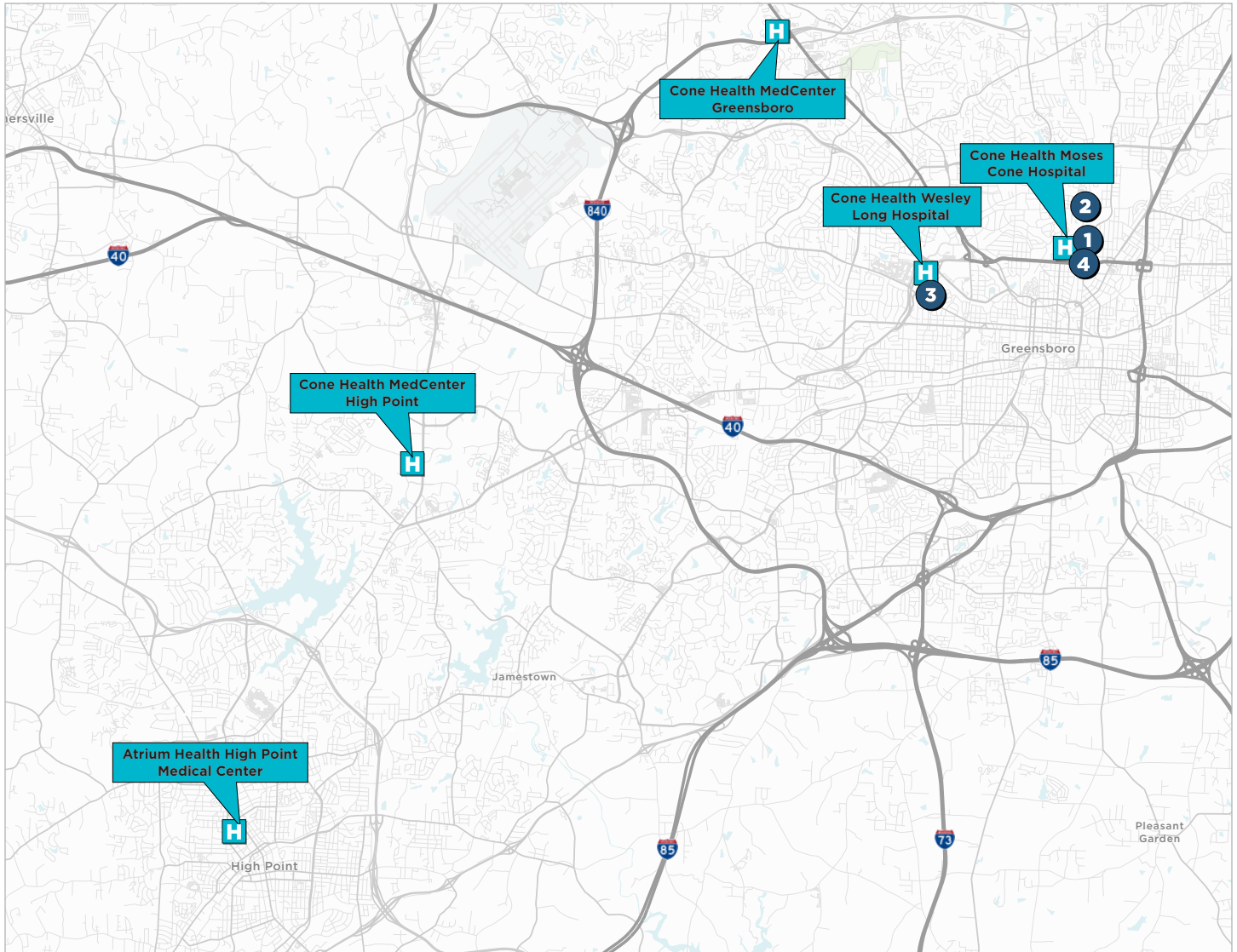
| COUNTY                            | FORSYTH      | GUILFORD     | ALAMANCE    |
|-----------------------------------|--------------|--------------|-------------|
| Inventory:                        | 2,525,062 SF | 2,804,428 SF | 553,864 SF  |
| Total Available:                  | 58,678 SF    | 202,935 SF   | 12,187 SF   |
| Vacancy Rate:                     | 2.6%         | 7.2%         | 2.2%        |
| Leasing Activity                  | 31,220 SF    | 51,742 SF    | 24,000 SF   |
| Overall Net Absorption            | 15,721 SF    | 25,990 SF    | 40,968 SF   |
| Overall Asking Rent (All Classes) | \$22.03 PSF  | \$25.77 PSF  | \$28.10 PSF |

# SPOTLIGHT FORSYTH COUNTY



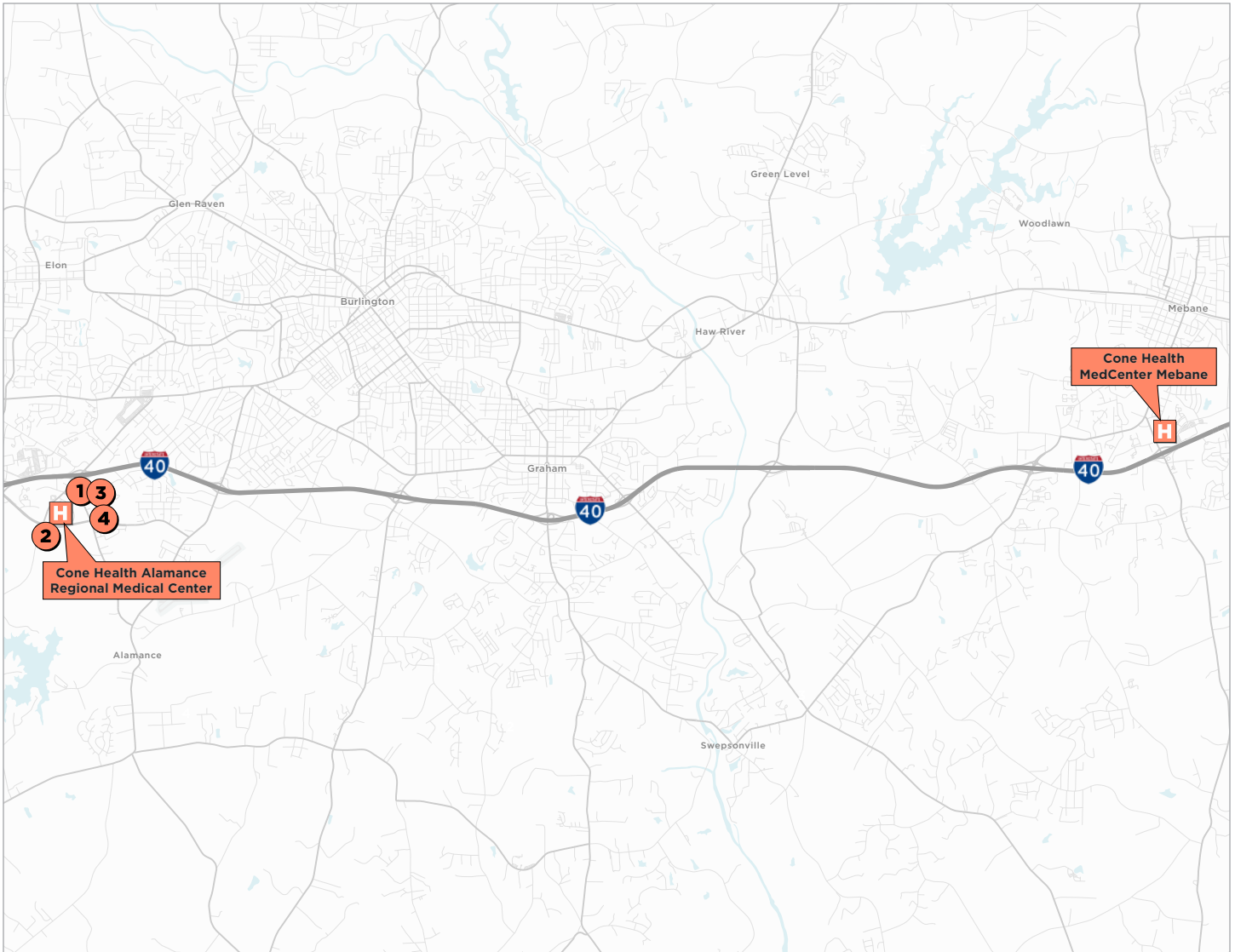
|   | ADDRESS                 | OWNER                            | YEAR BUILT | TOTAL RBA | TOTAL AVAILABLE | VACANCY RATE | ASKING RATE (GROSS) |
|---|-------------------------|----------------------------------|------------|-----------|-----------------|--------------|---------------------|
| 1 | 145 Kimel Park Dr       | Front Street Capital             | 2003       | 67,000    | 5,621           | 8%           | \$23.75             |
| 2 | 175 Kimel Park Dr       | Freeman Commercial Real Estate   | 1998       | 20,169    | 1,674           | 8%           | \$20.00             |
| 3 | 2025 Frontis Plaza Blvd | Welltower Inc.                   | 1998       | 50,128    | 10,976          | 22%          | \$18.75             |
| 4 | 111 Hanestowne Ct       | Lyndhurst Gynecologic Associates | 2016       | 55,700    | 0               | 0%           | N/A                 |

# SPOTLIGHT GUILFORD COUNTY



|   | ADDRESS          | OWNER                                | YEAR BUILT | TOTAL RBA | TOTAL AVAILABLE | VACANCY RATE | ASKING RATE (GROSS) |
|---|------------------|--------------------------------------|------------|-----------|-----------------|--------------|---------------------|
| 1 | 1126 N Church St | Healthcare Realty Trust Incorporated | 2003       | 68,672    | 3,500           | 5%           | \$28.00             |
| 2 | 2001 N Church St | Healthcare Realty Trust Incorporated | 2018       | 25,936    | 0               | 0%           | N/A                 |
| 3 | 510 N Elam Ave   | Healthcare Realty Trust Incorporated | 1989       | 35,292    | 1,876           | 5%           | \$23.50             |
| 4 | 1002 N Church St | Flagship Healthcare Properties       | 1999       | 91,352    | 5,571           | 6%           | \$24.00             |

# SPOTLIGHT ALAMANCE COUNTY



|   | ADDRESS                     | OWNER                     | YEAR BUILT | TOTAL RBA | TOTAL AVAILABLE | VACANCY RATE | ASKING RATE (GROSS) |
|---|-----------------------------|---------------------------|------------|-----------|-----------------|--------------|---------------------|
| 1 | 963 Kirkpatrick Rd          | Montgomery Assets, LLC    | 2023       | 24,000    | 0               | 0%           | \$37.50             |
| 2 | 4030 Oaks Professional Pkwy | Samet Corporation         | 2022       | 30,000    | 3,387           | 11%          | Negotiable          |
| 3 | 2921 Crouse Ln              | Burlington Medical Center | 2004       | 14,355    | 14,355          | 100%         | \$26.50             |
| 4 | 1041 Kirkpatrick Rd         | Cone Health               | 1995       | 23,500    | 0               | 0%           | N/A                 |



The property is the first of multiple proposed buildings at the Burlington Medical Office Park project with over 100,000 sf of additional medical office development possible.



|                |                   |
|----------------|-------------------|
| Size:          | 30,000 SF         |
| Owner:         | Samet Corporation |
| Delivery Date: | Q2 2022           |
| Submarket:     | Alamance County   |





# CONSTRUCTION ACTIVITY PIPELINE

Three medical office buildings are active in the construction pipeline. A 24,000-sf building is underway in Burlington with plans to deliver in Q2 2023. The project, which is 100% pre-leased, is within walking distance of Alamance Regional Medical Center. In Greensboro, 2101 N Church St. is under construction less than a mile from Moses Cone Hospital. The 7,392-sf speculative redevelopment project is slated to deliver in the first half of 2023 and remains fully available. Front Street Capital of Winston-Salem has broken ground on a 36,000-sf property located on the corner of Kimel Park Dr. and Burke Mill Rd. The three-story building is expected to deliver in Q2 2023 and is pre-leased to two tenants.

## 963 KIRKPATRICK RD

|                |                        |
|----------------|------------------------|
| Size:          | 24,000 SF              |
| Status:        | Under Construction     |
| Delivery Date: | Q2 2023                |
| Owner:         | Montgomery Assets, LLC |
| Submarket:     | Alamance County        |



## 2101 N CHURCH ST

|                |                    |
|----------------|--------------------|
| Size:          | 7,392 SF           |
| Status:        | Under Construction |
| Delivery Date: | Q1 2023            |
| Owner:         | LDJ Development    |
| Submarket:     | Guilford County    |



## 195 KIMEL PARK DR

|                |                      |
|----------------|----------------------|
| Size:          | 36,000 SF            |
| Status:        | Under Construction   |
| Delivery Date: | Q2 2023              |
| Owner:         | Front Street Capital |
| Submarket:     | Forsyth County       |





# 2022 HIGHLIGHTS LEASE TRANSACTIONS

|                                                                                     | PROPERTY                           | TENANT                         | SIZE      | TYPE      | SUBMARKET       |
|-------------------------------------------------------------------------------------|------------------------------------|--------------------------------|-----------|-----------|-----------------|
|    | <b>195 Kimel Park Dr</b>           | Digestive Health Specialists   | 24,532 SF | Pre-Lease | Forsyth County  |
|    | <b>195 Kimel Park Dr</b>           | Piedmont Retina Specialists    | 12,000 SF | Pre-Lease | Guilford County |
|   | <b>4030 Oaks Professional Pkwy</b> | DRI Alamance                   | 10,000 SF | Pre-Lease | Alamance County |
|  | <b>3804 Vest Mill Rd</b>           | Monarch                        | 7,210 SF  | New Lease | Forsyth County  |
|  | <b>5921 W Friendly Ave</b>         | Eagle Physicians               | 5,208 SF  | New Lease | Guilford County |
|  | <b>1507 Westover Ter</b>           | Carolina Age Mgmt. Institution | 4,625 SF  | New Lease | Guilford County |
|  | <b>6 N Pointe Ct</b>               | Eagle Physicians               | 3,100 SF  | New Lease | Guilford County |



# 2022 HIGHLIGHTS SALE TRANSACTIONS

|                                                                                     | PROPERTY                     | SALES PRICE            | BUYER                           | SALE DATE     | SUBMARKET       |
|-------------------------------------------------------------------------------------|------------------------------|------------------------|---------------------------------|---------------|-----------------|
|    | <b>709 Green Valley Rd</b>   | \$10.8M<br>(\$564 psf) | LeBauer Healthcare              | January 2022  | Guilford County |
|    | <b>300 Gatewood Ave</b>      | \$1.8M<br>(\$198 psf)  | Peters Development              | January 2022  | Guilford County |
|   | <b>445 Pineview Dr</b>       | \$8.8M<br>(\$222 psf)  | Anchor Health Properties        | February 2022 | Forsyth County  |
|  | <b>2718 Henry St</b>         | \$2.6M<br>(\$290 psf)  | Christian Richard Bruning IV    | May 2022      | Guilford County |
|  | <b>1492 Rymco Dr</b>         | \$3.1M<br>(\$394 psf)  | Bonavita Properties             | June 2022     | Forsyth County  |
|  | <b>3155 Maplewood Dr</b>     | \$21.5M<br>(\$548 psf) | Catalyst Healthcare Real Estate | December 2022 | Forsyth County  |
|  | <b>603 Dolley Madison Rd</b> | \$5.1M<br>(\$193 psf)  | Tilghman & Company              | December 2022 | Guilford County |

# HEALTHCARE ADVISORY TEAM WHO WE ARE

## BY THE NUMBERS



**60**

COUNTRIES



**400**

OFFICES



**50,000**

EMPLOYEES



**\$9.4B**

2021 REVENUE  
USD



**4.8B**

MANAGED SF



**35M**

square feet  
of healthcare  
properties under  
management



**\$2B**

healthcare and  
senior housing  
investment sales  
in 2019



**300+**

healthcare  
advisory  
practice  
professionals



**\$4.6B**

landlord and  
tenant leasing  
transaction value  
in 2019

## HIGH-PERFORMING TEAM

### RYAN GIOFFRE

*Director*

+1 336 821 3822  
ryan.gioffre@cushwake.com

- 15+ years of experience
- Triad Lead  
Healthcare Advisory Practice

### KATIE TUCKER

*Brokerage Coordinator*

+1 336 289 2548  
katie.tucker@cushwake.com

- 12+ years of experience
- Team Member  
Healthcare Advisory Practice

### DREW WALTERS

*Research Analyst*

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

- 2+ years of experience
- MBA

# WE DELIVER MEASURABLE RESULTS

Cushman & Wakefield's Healthcare Advisory Group provides healthcare organizations with strategic and transformational real estate services that directly affect positive business outcomes. More than 300 real estate specialists drawn from a variety of real estate disciplines, including consulting, brokerage, project management, property/ facilities management, and valuation, help clients make decisions that enhance patient care and accessibility, generate efficiencies across their platforms, and maximize the value of their real estate. We assist in aligning real estate with healthcare missions, whether that focus involves executing on a single specialty, planning for new care delivery models, or combining multiple practices.

Our expertise in the healthcare industry, combined with deep local market knowledge, strong relationships with health systems, physician practices, and other healthcare providers, allows for rapid response to our healthcare clients' needs.

## Services Provided

- » *Develop and execute plans for ambulatory care centers and other patient-centric services*
- » *Align the real estate portfolio with clinical and business strategies, including expansion plans*
- » *Manage real-estate leases and/or properties*
- » *Evaluate acquisition and disposition opportunities*
- » *Maximize margins and access additional capital*

## NATIONAL RESOURCES

### LORIE DAMON

*Managing Director*

+1 314 813 9526  
lorie.damon@cushwake.com

- 15+ years of experience
- Ph.D.
- National Healthcare Advisory Practice Leader

### TRAVIS IVES

*Managing Director*

+1 858 334 4041  
travis.ives@cushwake.com

- 10+ years of experience
- National Healthcare Advisory Practice Capital Markets Co-lead

### GINO LOLLIO

*Managing Director*

+1 312 338 7061  
gino.lollo@cushwake.com

- 10+ years of experience
- National Healthcare Advisory Practice Capital Markets Co-lead



# HEALTHCARE ADVISORY TEAM

## CONTACT INFORMATION

**Ryan Gioffre**  
Director  
+1 336 821 3822  
[ryan.gioffre@cushwake.com](mailto:ryan.gioffre@cushwake.com)

**Katie Tucker**  
Brokerage Coordinator  
+1 336 289 2548  
[katie.tucker@cushwake.com](mailto:katie.tucker@cushwake.com)



[cushmanwakefield.com](http://cushmanwakefield.com)

©2023 Cushman & Wakefield. All rights reserved. The material in this presentation has been prepared solely for information purposes, and is strictly confidential. Any disclosure, use, copying or circulation of this presentation (or the information contained within it) is strictly prohibited, unless you have obtained Cushman & Wakefield's prior written consent. The views expressed in this presentation are the views of the author and do not necessarily reflect the views of Cushman & Wakefield. Neither this presentation nor any part of it shall form the basis of, or be relied upon in connection with any offer, or act as an inducement to enter into any contract or commitment whatsoever. NO REPRESENTATION OR WARRANTY IS GIVEN, EXPRESS OR IMPLIED, AS TO THE ACCURACY OF THE INFORMATION CONTAINED WITHIN THIS PRESENTATION, AND CUSHMAN & WAKEFIELD IS UNDER NO OBLIGATION TO SUBSEQUENTLY CORRECT IT IN THE EVENT OF ERRORS.