

# MARKETBEAT ROANOKE

## Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
<b>3.4%</b> Vacancy Rate	▼	▼
<b>-604K</b> Net Absorption, SF	▲	▼
<b>\$4.56</b> Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

### ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
<b>158.5K</b> Roanoke Employment	▲	▲
<b>5.0%</b> Roanoke Unemployment Rate	▲	▲
<b>3.6%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

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### ECONOMIC OVERVIEW: Recovery Continues

Roanoke is the largest metro area in Southwest Virginia and has one of the hottest industrial markets of commercial real estate in Virginia. The city's commercial real estate market has been a bright spot due to an increase in e-commerce activities, as well as a shift in retail practices, and a desire to move supply chains closer to end-users. The overall trajectory of commercial real estate and large warehouse spaces continues to spike up the demand, investors looking for small warehouses and flex space face a greater challenge. As the COVID-19 pandemic persists, businesses adopt practices such as localizing supply, enhanced delivery, and remote works leading to increase demand for warehouses and fulfillment centers. The market for small industrial space, warehouses, and flex spaces has become very competitive with a vacancy rate of 1.5%. Not only are small spaces and warehouses hunted for retail operations, but commercial traders such as plumbers, electricians, and small-scale manufacturing.

### SUPPLY AND DEMAND: High Premium on Space

Roanoke's industrial market has been very resilient to the impact of the COVID-19 pandemic and the rapid growth in e-commerce sales has been a key driver of the strong demand for industrial space, particularly warehousing and fulfillment centers. Increases in rent for industrial, warehouse, and flex space accommodate more traditional retail, office functions, and manufacturing operations. The overall industrial vacancy rate has dropped to its lowest level overall in two years, 3.4%, due to the net absorption of industrial space leading to bidding wars for space by prospective tenants. Though the market is resilient, the pandemic and other economic depressions have brought several changes to the industrial landscape which will likely increase the demand for industrial space as the economy continues to open up. With such a limited supply of industrial space, investors are looking to improve the landscape for industrial supply to cap the overwhelming demand in 2022.

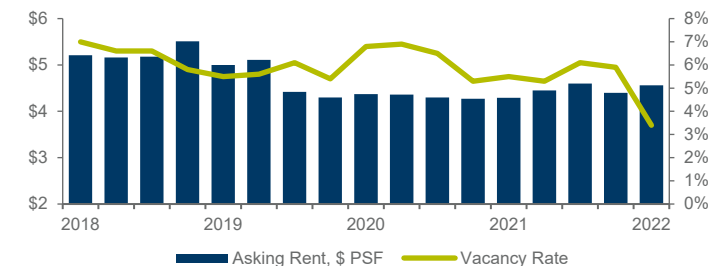
### PRICING: Keeping up with Demand

Roanoke is one of the most affordable places for doing business. Business expansion and relocation in the area created 290 new jobs with \$55 million in new investments. There doesn't seem to be enough industrial, warehouse space, and flex centers for distributors, manufacturers, and contractors to use. It is the ideal choice for commercial and industrial real estate investors looking for investment opportunities.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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