

# MARKETBEAT ROANOKE

Office Q1 2022

YoY Chg 12-Mo. Forecast

**8.2%**

Vacancy Rate



**-58K**

Net Absorption, SF



**\$19.81**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

**159k**

Roanoke  
Employment



**5.0%**

Roanoke  
Unemployment Rate



**3.8%**

U.S.  
Unemployment Rate



Source: BLS

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## ECONOMIC OVERVIEW: Rocky Start

The Roanoke economy improved in 2021 and remains stable to start 2022. Unemployment ticked up by 140 basis points (bps) from the previous quarter to 5.0%, though total employment increased slightly by 1,200 jobs. Businesses, however, are investing in the Roanoke region – this quarter Lowe’s announced a \$11 million investment in Roanoke County to bring 70 jobs for a new distribution center; Würth Revcar Fasteners, Inc. announced a \$5 million expansion adding 50 jobs; and A. Duie Pyle announced new logistics operations in Roanoke, adding 20 new jobs.

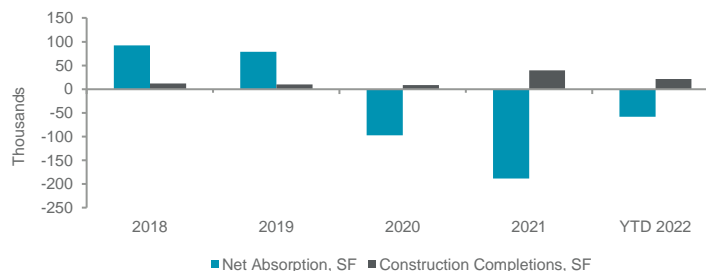
## SUPPLY/DEMAND: Fluctuating Metrics

The Roanoke office market is beginning to see the long-term disruption caused by COVID-19 as companies plan to right-size or vacate office space in favor of remote work. Net absorption was negative in Q1 and vacancy increased to 8.2%, a 70 bps increase from last quarter. Deals of note in Q1 included TEKsystems signing for 6,130 square feet (sf) at Truist Plaza and Hobbs & Associates, Inc. leasing 6,000 sf at 6550 Commonwealth Drive.

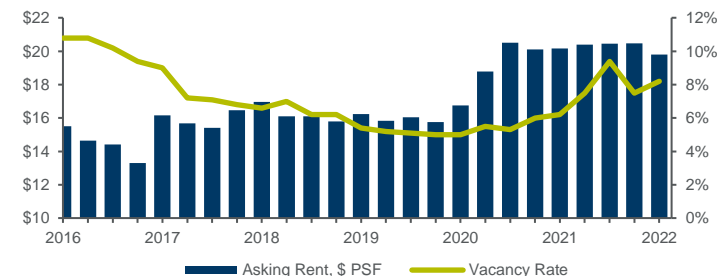
## PRICING: Strong Start

After finishing 2021 strong, office property transactions in the first quarter of 2022 continued the trend with a sales volume of \$6.1M. The largest transaction was the sale of 1936 Blue Hills Drive NE for \$2.86M as an investment. Looking forward in 2022, increasing interest rates and inflation are expected to affect pricing, though owner-user demand for office properties is anticipated to remain strong as companies continue to assess their office footprint and needs.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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