

# MARKETBEAT ROANOKE

## Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
<b>6.1%</b> Vacancy Rate	▼	▲
<b>-519K</b> Net Absorption, SF	▲	▼
<b>\$4.33</b> Asking Rent, PSF	▲	▼
Overall, Net Asking Rent		

### ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
<b>156.3k</b> Roanoke Employment	▲	▲
<b>5.1%</b> Roanoke Unemployment Rate	▲	▼
<b>6.0%</b> U.S. Unemployment Rate	▲	▼

Source: BLS

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### ECONOMIC OVERVIEW: Early-Stage Recovery Gaining Momentum

The unemployment rate in the Roanoke market during the first quarter stands at 5.1%, up from 4.7% in the fourth quarter of 2020. Employment in the market remains strong with a modest increase during the first quarter. This is indicative of more people entering the labor market as the economy improves. Several business announcements during the quarter will jumpstart the industrial development pipeline. Munters Corporation announced plans to build a 365,000 square foot (sf) facility in Botetourt Center at Greenfield. The new facility will house manufacturing, R&D, and the sales of data center cooling systems and high-temperature industrial process systems. In neighboring Henry county, Crown Holdings announced plans to build a 355,000-sf plant in Commonwealth Crossing. Crown will be the third major tenant in the park. Additional announcements included MOOG Components in Radford, Belvac in Lynchburg, Intertape Polymer Group in Pittsylvania county, and Mohawk in Carrol county.

### SUPPLY AND DEMAND: Limited Supply

The pace of leasing activity during the quarter increased with eleven new leases signed ranging in size from 1,500 to 72,000 sf. Total square footage of new leases as reported by CoStar was 291,350 sf and two lease renewals totaled 25,515 sf. Inventory of quality space continues to be quite low with vacancy at 6.1%. Net absorption in the Roanoke / Lynchburg markets is reported to be -519k sf. The significant change in absorption is related to the former GE Drives and Controls plant in Salem. Production ceased at the 760k sf plant in late 2018 and early 2019 but the facility was not brought to the market until March 2021. The facility consists of 500k sf of production and distribution space and 200k sf of office. GE plans to leaseback 30k sf of office.

### PRICING: Minimal Change

Overall net asking rent hovers around \$4.33 per square foot (psf) as it has for several quarters. This is reflective of the quality and characteristics of much of the available inventory. Newer and more desirable space is offered at \$5.00 to \$6.00 psf or more. Pricing is expected to stay steady until there is a considerable change to the supply available.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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