

# MARKETBEAT

## Roanoke

### Industrial Q3 2019



CUSHMAN & WAKEFIELD

THALHIMER

#### ROANOKE INDUSTRIAL

##### Economic Indicators

	Q3 18	Q3 19	12-Month Forecast
Roanoke Employment	161.7k	163.9k	▲
Roanoke Unemployment	2.8%	2.8%	■
U.S. Unemployment	3.8%	3.7%	▼

Source: BLS, Moody's Analytics. 2019 Q3 Data are based on latest available data.

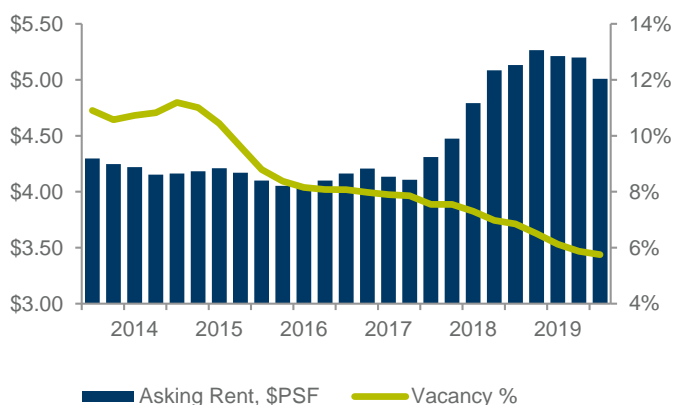
##### Market Indicators (Overall, All Property Types)

	Q3 18	Q3 19	12-Month Forecast
Vacancy	6.9%	5.8%	▼
Net Absorption (sf)	55k	-150k	▲
Under Construction (sf)	0	60,000	▲
Average Asking Rent*	\$5.27	\$4.42	▼

\*Rental rates reflect net asking \$psf/year

##### Overall Asking Rent/Overall Vacancy

##### 4-QTR TRAILING AVERAGE



## Economy

The Roanoke area unemployment rate ended the third quarter of 2019 with a slight increase from the second quarter, rising from 2.6% to 2.8%. The 2.8% rate is on par with the Commonwealth of Virginia and below neighboring states. While the rate of unemployment increased slightly, the number of employed individuals also increased by approximately 2,200 individuals.

## Market Overview

The Roanoke, Lynchburg and New River Valley markets are best described as tight. In the Roanoke market vacancy has decreased from 6.9% in Q3 2018 to 5.8% in Q3 2019. The shortage of quality inventory beginning to be reflected in average offering rent. Offering rents increased steadily from a low of \$4.11 per square foot (psf) Q2 2017 to a high of \$5.27 psf in Q3 2018. Beginning in Q1 2019, offering rents have been declining from the high of \$5.27 psf in Q3 2018 to an average asking rent of \$4.42 psf in Q3 2019. There were no announcements of significance, new projects or layoffs / facility closings, during the quarter made by the Virginia Economic Development Partnership. The market is stable, and the economy is strong. In recent years, there have been and continue to be significant gains in the technology and healthcare sectors. Industrial growth has recently been skewed toward manufacturing, as evidenced by Eldor Automotive Powertrain facility that is now in production and Pratt Industries enlarging their newly acquired manufacturing facility in Botetourt County with a 60,000 square foot expansion. The challenges that the industrial market faces are a lack of inventory, a shortage of available labor, an aging population, and slow population growth.

## Outlook

There is a renewed emphasis on attracting people to the area and retaining those that are here today. An example of this is evidenced by marketing of the region as an outdoor destination, not only with an eye toward tourism but also to companies considering coming to the area. These efforts are bearing fruit, raising awareness of the area among younger potential residents and employers seeking to locate in markets that enjoy a high quality of life. There has also been greater focus on outreach programs to area colleges and universities with the goal of retaining graduates by promoting quality of life and career opportunities. There is no silver bullet or quick fix to the challenges that face the regional industrial market, but the long-term outlook remains positive.

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