

# MARKETBEAT ROANOKE

## Industrial Q4 2019

	YoY Chg	12-Mo. Forecast
<b>5.4%</b> Vacancy Rate	▲	▬
<b>9K</b> Net Absorption, SF	▼	▲
<b>\$4.30</b> Asking Rent, PSF	▼	▲
Overall, Net Asking Rent		

### ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
<b>164.3k</b> Roanoke Employment	▲	▬
<b>2.7%</b> Roanoke Unemployment Rate	▼	▲
<b>3.6%</b> U.S. Unemployment Rate	▼	▲

Source: BLS

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### ECONOMIC OVERVIEW

Overall, the Roanoke area economy remains strong. The Roanoke Regional Partnership just released statistics indicating that the Gross Metropolitan Product (GMP) for the manufacturing sector in the Roanoke MSA increased by 3.2% in 2018 compared to 2017. Employment in the MSA increased by 2.2% through November 2019 compared to November 2018. From a regional perspective, it was a quiet quarter with a few notable exceptions. Ikea closed its manufacturing facility in Danville eliminating 300 jobs. This closing was announced in July of 2019. In October, Morgan Olson, a manufacturer of aluminum step in vans announced that it is backfilling the IKEA plant. An investment on the order of \$57.8 million is expected, which will employ up to 703 employees. Morgan Olson's move into the area is expected to spur demand for space in the region and is welcome news. In addition to the IKEA closing there were two additional layoff announcements in the region. Volvo Trucks North America in Pulaski county will lay 700 people off in January. This is not uncommon at this facility as it manages its production staff with inventory and outstanding orders. TEVA Pharmaceuticals announced the closing of its Bedford county facility in November, resulting in the loss of 220 jobs.

### SUPPLY AND DEMAND

Eleven leases for industrial space were signed during the quarter, ranging in square footage from 2,400 square foot to 76,400 sf. Seven of these leases were smaller than 17,000 sf. Twelve industrial sales closed during the quarter at an average price of \$35.22 per square foot. The total dollar volume of these transactions was \$4,435,000 and total building square footage was 127,908. The supply of quality space in the market remains constrained. Two new projects of significance broke ground during the quarter. In October, Stik-Pak Solutions broke ground on its 100,000 square foot facility in Summit View Business Park in neighboring Franklin county. Pratt Industries started construction on a 60,000 sf expansion in Botetourt county. The overall industrial vacancy rate is down from the previous year to 5.4% compared to 5.8% in Q4 2018.

### PRICING: Asking Rents Decline

Asking rents in the market fell from \$5.01 psf in Q3 to \$4.30 psf in Q4. The decline is largely attributable to the quality of the available inventory. This is likely to rebound when more desirable space becomes available.

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### OVERALL VACANCY & ASKING RENT

