

MARKETBEAT ROANOKE

Office Q1 2020



YoY
Chg

12-Mo.
Forecast

5.0%

Vacancy Rate



-48K

Net Absorption, SF



\$16.76

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2020

YoY
Chg

12-Mo.
Forecast

162.3k

Roanoke
Employment



2.8%

Roanoke
Unemployment Rate



3.6%

U.S.
Unemployment Rate



Source: BLS

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ECONOMIC OVERVIEW: Coronavirus Disruption

Long-term impacts from the coronavirus pandemic are uncertain, causing significant volatility in markets and in the real estate industry. Prior to major local and state policies impacting daily life in the United States due to the pandemic, economic fundamentals remained sound throughout January and most of February with low unemployment, strong job growth, and continued business expansion and investment. In January, Mack Trucks announced a \$13 million investment in Roanoke County to build a new line of medium-duty trucks and hire 250 employee. Additionally, Traditional Medicinals, Inc., a wellness tea producer, announced a \$29.7 million investment creating 56 jobs in Franklin County.

SUPPLY/DEMAND: Limited Activity

Office vacancy rates remain low at 5.0%, but the Roanoke market experienced negative net absorption in Q1 2020. Significant leases during Q1 2020 included 9,038 square feet (sf) leased by American Federation of Government Employees at 3441 Brandon Avenue; GE Oil & Gas leased 5,946-sf at 1325 Electric Road, Moseley Real Estate Schools leased 4,129-sf in the Wells Fargo Tower in Downtown Roanoke; and, Maxim Healthcare leased approximately 4,000-sf at Century Business Center. Sales activity was limited in the first three months of the year – the most significant sale was Northpark Business Center, a multi-tenant single story office building in Northeast Roanoke, for \$3.2 million as an investment.

PRICING: Steady and Uncertain

Pricing slowly increased from 2019 with the overall average asking rent increasing 6.2% year-over-year to \$16.76 per square foot. This trend was anticipated to continue through 2020; however, the coronavirus pandemic will certainly affect leasing activity through Q2 2020 while its long-term effects on the market are uncertain.

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OVERALL VACANCY & ASKING RENT

