

MARKETBEAT

ROANOKE

Office Q2 2019



CUSHMAN & WAKEFIELD

THALHIMER

ROANOKE OFFICE

Economic Indicators

| | Q2 18 | Q2 19* | 12-Month Forecast |
|----------------------|--------|--------|-------------------|
| Roanoke Employment | 161.6k | 163.1k | ▲ |
| Roanoke Unemployment | 3.1% | 2.9% | ■ |
| U.S. Unemployment | 3.9% | 3.6% | ▼ |

*Q2 19 data based on the latest available data

Source: BLS, Moody's Analytics, Cushman & Wakefield Research

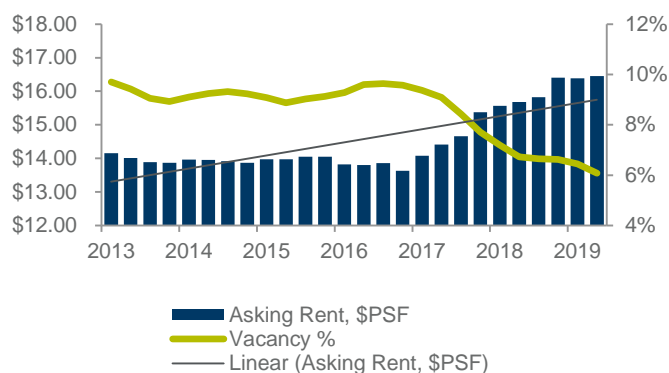
Market Indicators (Overall, All Classes)

| | Q2 18 | Q2 19 | 12-Month Forecast |
|-------------------------|---------|---------|-------------------|
| Vacancy | 6.8% | 5.3% | ▼ |
| Net Absorption (sf) | -60k | 18k | ▼ |
| Under Construction (sf) | 0 | 0 | ■ |
| Average Asking Rent* | \$15.50 | \$15.78 | ▼ |

*Rental rates reflect gross asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Employment gains continued in Roanoke. The metropolitan area's unemployment rate is historically low at 2.9% with the economy adding 1,500 jobs from the previous year.

Market Overview

Roanoke's office market fundamentals continue to tighten. The overall vacancy rate declined 150 basis points (bps), while direct asking rents climbed slightly to \$15.78 over the past twelve months. In the downtown Roanoke submarket, leasing activity continued to be relatively quiet, with approximately 12,800 square feet (sf) leased or renewed in the first quarter. Notable lease transactions in downtown included Nicus Software leasing 9,389-sf at 130 Church Avenue and Whiting-Turner Construction Company leasing 2,167-sf at the BB&T Bank Building. In the suburban markets, approximately 47,000-sf was leased in the second quarter. Most notably, the Department of Veterans Affairs leased 14,000-sf of space at 1410 Coulter Drive.

The most notable office building sales in the second quarter were 1948 Franklin Road SW, a 93,000-sf flex office building that sold for \$2.7 million in the South Roanoke neighborhood and 4320 Brambleton Avenue, a 7,000-sf that sold for \$900,000 in Southwest Roanoke.

Outlook

The outlook remains the same as in the previous quarter, with asking rents slowly rising and vacancy continuing to decline. Leasing activity is expected to remain steady and limited, largely due to limited available inventory and no buildings under construction in the Roanoke market.

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About Cushman & Wakefield

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