

MARKETBEAT ROANOKE

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
3.1% Vacancy Rate	▼	▲
379K Net Absorption, SF	▲	▼
\$5.46 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
160K Roanoke Employment	▲	▲
2.8% Roanoke Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS

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ECONOMIC OVERVIEW: Consumer Goods Demand

As consumer spending increases stay tied to the CPI, the nation's demand for products has not contracted, leading to a continuation of demand for industrial spaces. Although consumer spending remains up, retail sales contracted from 17.3% in Q4 of 2021 to 7.7% in Q4 of 2022, a further indication that the shift to online shopping may be here to stay. A long-term shift of this kind will further solidify demand for warehousing and distribution spaces. Absorption saw a bit of slowing in the last quarter of the year, though new growth continued with 365,000 square feet (sf) being added in the Roanoke region. The average rate increased from \$4.94 psf in late September of 2022 to \$4.98 psf in the fourth quarter.

SUPPLY AND DEMAND: High Premium on Space

The outlook for industrial space in Virginia remains strong due to statewide initiatives among economic development groups to facilitate a second inland port as well as the ongoing expansion of the Norfolk port. With limited site-ready land, demand is expected to stay high into 2023 as companies expand their searches outside of typical interstate corridors. With low unemployment levels, industries needing to expand are forced to look in areas where the labor pool is greater, but the availability of standing site-ready spaces are limited. Local and state initiatives for improving this continue, as well as expanded Public-Private Partnerships.

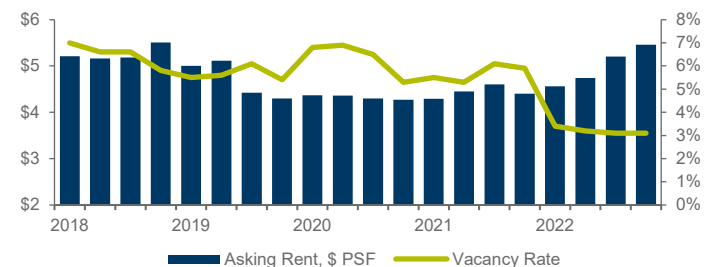
PRICING: Keeping Up With Demand

The industrial sector has attempted to keep up with demand in the U.S. by adding more square footage. Despite the additional inventory, average rental rates have increased by 6.7% over the year-end 2021 average, according to the latest statistics. With steel prices stabilizing, new construction continues to ramp up. Even with rates climbing, the vacancy rate finished the year at an all-time low of 3.1% across all industrial types.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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