

MARKETBEAT ROANOKE

Industrial Q1 2023

YoY
Chg

12-Mo.
Forecast

3.0%

Vacancy Rate



-262K

Net Absorption, SF



\$5.65

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

YoY
Chg

12-Mo.
Forecast

165K

Roanoke
Employment



3.3%

Roanoke
Unemployment Rate



3.5%

U.S.
Unemployment Rate



Source: BLS

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ECONOMIC OVERVIEW: Consumer Goods Demand

The Roanoke region closed 2022 with more than 434 new jobs and \$132 million in capital investment, and regional economic development reports more than twice the annual number of inquiries from prospective inquiries interested in the area. While recession fears loom, the unemployment rate is holding steady at a low 3.3% after the first quarter of the year. As consumer spending drives economic growth, an increase in spending on goods drives demand for warehousing and distribution space, which is already stretched thin. Despite concerns over a possible recession, the market fundamentals remain strong.

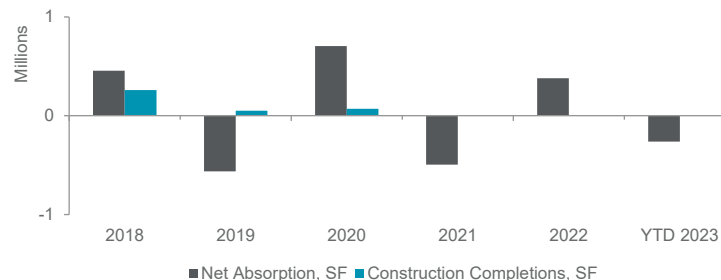
SUPPLY AND DEMAND: High Premium on Space

Regional vacancy rates hit an all-time low at the end of 2022 and increased just 10 basis points (bps) in the first quarter. Not only are available spaces quickly re-leased or acquired, but new construction remains low due to material and labor costs with effectively no space in the pipeline currently. With no new additions of square footage, available space is likely to remain contracted. This is demonstrated by the negative net absorption rate, as fewer companies are vacating their spaces and more space is becoming obsolete or outdated.

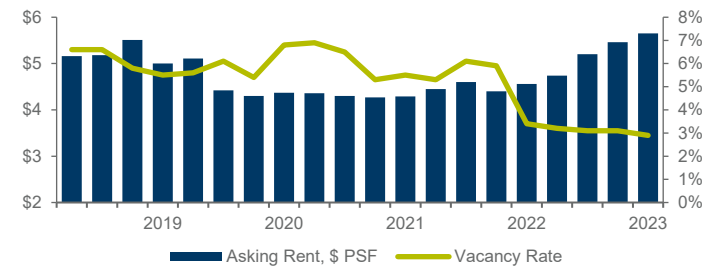
PRICING: Keeping Up With Demand

As expected, the all-time low vacancy rate continues to drive up pricing per square foot. Rates are up 24% year-over-year (YOY) and are forecasted to continue to rise. Beyond the impact of e-commerce on logistics needs, changes in market preferences for development of other commercial sectors increase demand for last-mile delivery centers, also putting upward pressure on pricing. Demand continues to increase for modern facilities with robotic and other advanced technological systems, which can typically command higher rental rates.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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