MARKETBEAT

ROANOKE

Office Q4 2022



YoY Chg

12-Mo. **Forecast**

7.0% Vacancy Rate





75K Net Absorption, SF





\$19.01 Asking Rent. PSF





(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022

160k

Roanoke **Employment**



YoY

Chg



12-Mo.

Forecast

2.7%

Roanoke **Unemployment Rate**



Unemployment Rate





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ECONOMIC OVERVIEW: Healthy but Recession Fears Mount

Despite the year being defined by soaring gas prices and record inflation, the unemployment rate held steady, and the US job market remains healthy as total employment returns to its pre-pandemic levels. Nevertheless, hiring may slow as recession fears continue to mount and rising interest rates impact investment strategies in the short- and long-term.

SUPPLY/DEMAND: Active Leasing and Limited Size

Strong, positive net absorption in Q4 2022 capped off a year of renewed office leasing activity, flipping the trend of the last two years during the pandemic. Market vacancy declined only 50 basis points (bps) from the same time last year, with the majority of new leasing activity being renewals and/or downsizes. Notable lease transactions during Q4 included 5,238 square feet (sf) leased at Fountain Square to DiGioia Gray & Associates and 11,346 sf leased at 2131 Valley View Boulevard to Catholic Charities USA.

Market rates are stable, having had little fluctuation over the last two years due to limited demand. Asking rents are anticipated to grow due to inflation, increased building operating costs, and tenant improvement upfits.

PRICING: Sales Volume Steady

Office sales volume exceeded \$40 million in the Roanoke market in 2022, a slight decrease from the previous year. The largest transaction of Q4 included the sale of 1936 Blue Hills Drive, a 71,840-sf office building with warehouse space, which sold for \$4.2 million. Other notable sales included the 7,812-sf office building at 2609 McVitty Road for \$1.1 million and the former Girl Scouts office at 3663 Peters Creek Road, a 9,434-sf building that sold for \$940,000.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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