

MARKETBEAT ROANOKE



Office Q1 2023

	YoY Chg	12-Mo. Forecast
7.5% Vacancy Rate	▼	▲
-35K Net Absorption, SF	▼	▼
\$18.80 Asking Rent, PSF	▼	▲

(Overall, All Property Classes)

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: Healthy Despite Recession Fears

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. No major layoffs have been announced in the region and, despite concerns in the banking industry and higher interest rates, there are no signs of a recession in the region.

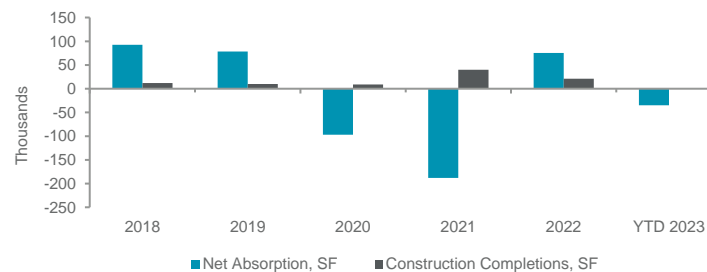
SUPPLY/DEMAND: Active Leasing & Limited Deal Size

Office space demand is limited, and the available inventory is gradually expanding though overall vacancy decreased 40 basis points (bps) year-over-year (YOY). Market rents are steady, though they reflect a small decrease from this time last year. The largest office lease transaction in the first quarter was 5,023 square feet (sf) leased at 2800 Electric Road. Most lease activity is averaging less than 4,000 sf per deal, with suburban office experiencing the most leasing interest. Leasing activity is expected to remain limited throughout the year.

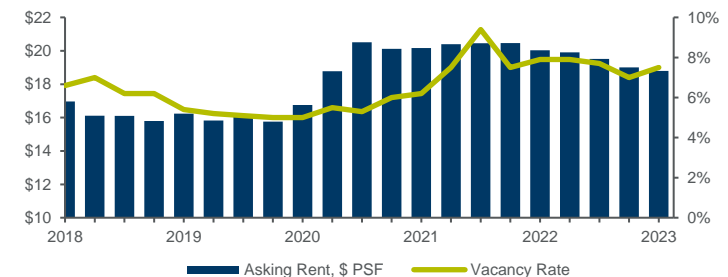
PRICING: Sales Volume Steady

There have been multiple office sales transactions in the first quarter. Notably, Ridgewood Hills Corporate Center, a 30,000-sf office building that was 67% occupied sold for \$3.8 million in March as an investment. Office property sales are expected to be limited as the impact from remote work and rising interest rates affects pricing and cash flows in the office sector.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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