

# MARKETBEAT ROANOKE

## Industrial Q3 2023



YoY  
Chg

12-Mo.  
Forecast

**2.9%**  
Vacancy Rate



**146K**  
Net Absorption, SF



**\$5.76**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2023

YoY  
Chg

12-Mo.  
Forecast

**165K**  
Roanoke  
Employment



**2.5%**  
Roanoke  
Unemployment Rate



**3.7%**  
U.S.  
Unemployment Rate



Source: BLS

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### ECONOMIC OVERVIEW: Consumer Goods Demand

At the close of the third quarter, industrial leasing activity was strong and driven in large part by renewals, which accounted for 35% of all third quarter deals. Companies are opting to renew as increased economic uncertainty, climbing interest rates, and more stringent underwriting decreases the feasibility of purchase as an alternative to leasing. Economic uncertainty is having an impact on demand from third-party logistics companies, which is expected to decline as food and beverage as well as automotive users expand following the contraction caused by the COVID-19 pandemic.

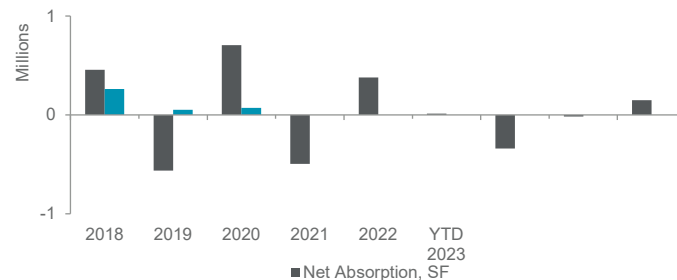
### SUPPLY AND DEMAND: High Premium on Space

Although the overall vacancy rate reached 2.9% by the end of the third quarter and may potentially reach 3.2% by the year's end, a decrease in construction starts is expected to push this rate down again by mid-2024. Leasing performance has been particularly robust for smaller industrial facilities. Leases for units ranging from 20,000 square feet (sf) and up have slightly lagged behind last year's pace, whereas leases for units under 20,000 sf have shown significant growth in the last two years.

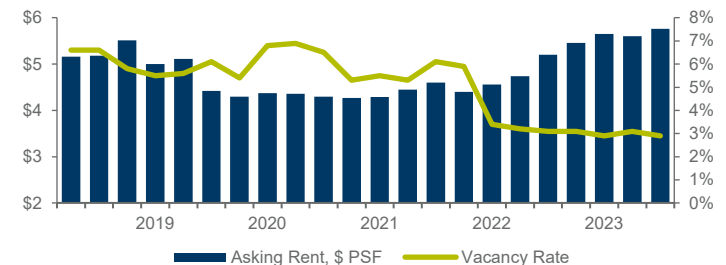
### PRICING: Keeping Up With Demand

The industrial market is still on track to achieve double-digit rent growth this year, with average first-year base rent increasing by 18% in the first three quarters of 2023. Sales volume has notably decreased after reaching its peak in 2022.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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