

MARKETBEAT ROANOKE

Office Q3 2023

CUSHMAN &
WAKEFIELD
THALHIMER

7.9%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



-36K

Net Absorption, SF



\$21.05

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

165k

Roanoke
Employment

YoY
Chg



12-Mo.
Forecast



2.5%

Roanoke
Unemployment Rate



3.7%

U.S.
Unemployment Rate



Source: BLS

PRICE GUTSHALL

Vice President

+1 540 767 3011

price.gutshall@thalhimer.com

thalhimer.com

ECONOMIC OVERVIEW: Healthy Despite Recession Fears

The Roanoke region unemployment rate dropped 50 basis points (bps) quarter-over-quarter (QOQ), indicating continued job growth in the region. Per the Roanoke Regional Partnership, the region boasts the highest job growth rate in 30 years, outperforming state and most Virginia metros. In notable economic news released in the third quarter, Wells Fargo announced it will invest \$87 million to modernize and expand its customer support center in Roanoke County and to create approximately 1,100 new jobs in addition to its current 1,650 employees.

SUPPLY/DEMAND: Stagnant Leasing Activity

The office real estate market experienced stagnant activity and mild changes in key indicators in the third quarter. Net absorption was negative for the quarter, and the vacancy rate increased 30 basis points QOQ. Allstate listed its 72,000 square foot (sf) office building at 1745 Loch Haven Drive for sublease, adding a significant block of vacancy to the market. Leasing activity for the quarter totaled only 42,000 sf, representing a 46% drop QOQ. Notable deals include Keller Williams leasing 8,000 sf at 3060 Electric Road, the lease of 9,000 sf at 3663 Peters Creek to the Virginia Institute of Autism, the lease of 6,500 sf at 3070 Electric Road to Sentara Health Plans, Inc., and the 3,600 sf lease to Energix, Inc. at 310 First Street in downtown Roanoke.

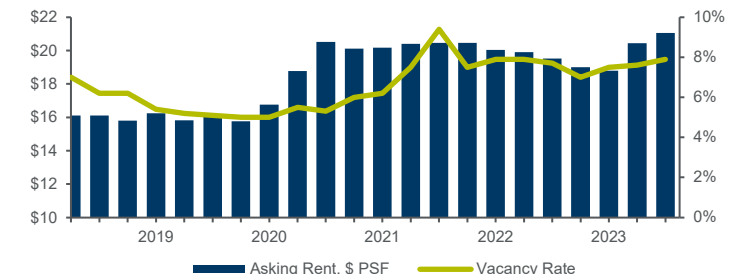
PRICING: Sales Volume Steady

Total sales volume dropped 65% QOQ to just \$12 million in the third quarter. The most notable sale was the Jefferson Surgical facility in southwest Roanoke, which sold for \$5.95 million at the end of September.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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