

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.6% Vacancy Rate	▼	▼
320.9K YTD Net Absorption, SF	▲	▲
\$20.34 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
169.6K Roanoke MSA Employment	▼	▲
2.8% Roanoke MSA Unemployment Rate	—	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

ECONOMY: FULL EMPLOYMENT

Regional unemployment remained unchanged from the mid-year mark rates and well below the national average at full employment. On a state level, Virginia has been named America’s Top State for Business by MSNBC, an award won by the state six times since the list’s inception. Virginia also ranked first in the nation for its education system, third for infrastructure, and fifth for business friendliness. The region also received \$13 million in state grants to be used for infrastructure improvements to position area sites for development.

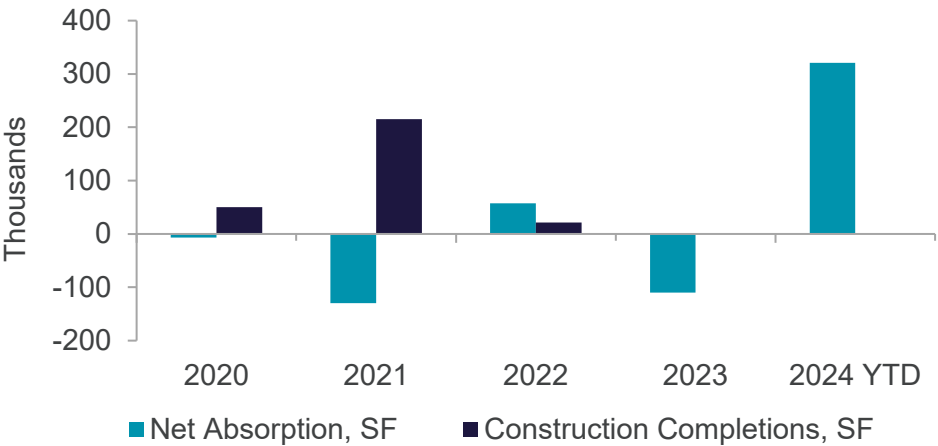
SUPPLY: AVAILABILITY HOLDS STEADY

The year-to-date (YTD) net absorption rate is significantly higher than average due to the large block of approximately 300,000 square feet (sf) at Crossroads Corporate Center being removed from the market for lease while the owner considers alternative uses for the property. The vacancy rate dropped considerably as a result, down 260 basis points (bps) quarter-over-quarter (QOQ). Otherwise, vacancy has remained stable through the third quarter, with no significant new vacancies or leases.

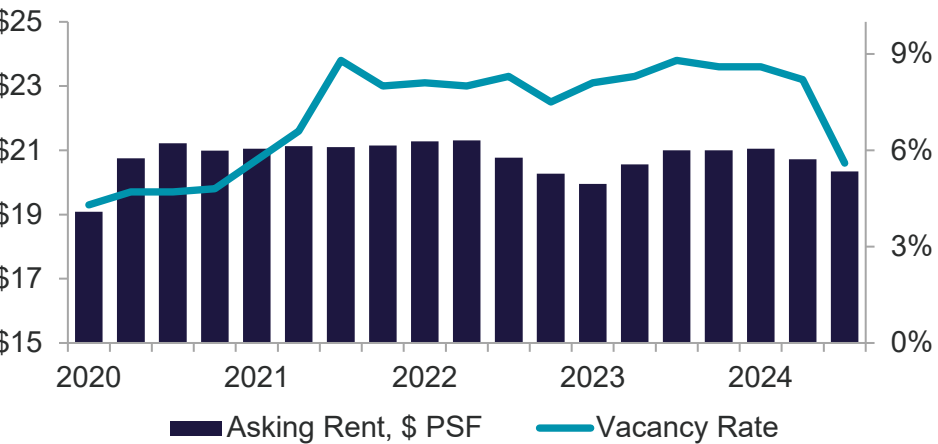
PRICING: LEASE RATES STABLE

Market rents were essentially unchanged QOQ, and quoted rates decreased slightly compared to prior year numbers, down 3.1% year-over-year (YOY). Sale pricing for office buildings also remained flat, and notable transfers include the sale of 2727 Franklin Road which traded for \$2.8 million or \$102 per square foot (psf) as an investment, and 4502 Starkey Road, a 45,756-sf office building in Southwest Roanoke, which sold for it land value at \$2 million.

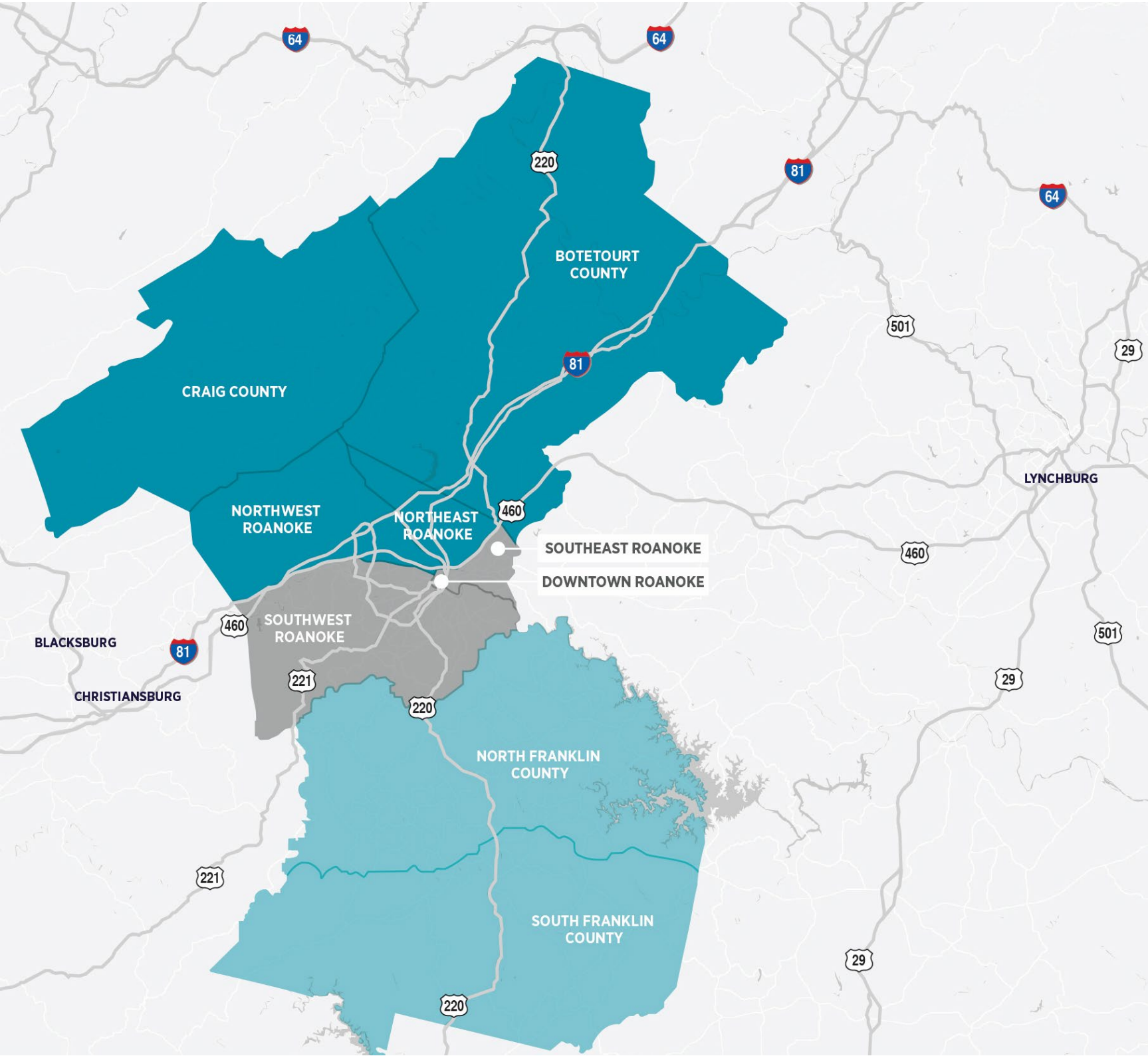
SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



OFFICE SUBMARKETS



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