

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.6% Vacancy Rate	▲	▲
330.6K YTD Net Absorption, SF	▲	▲
\$19.66 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
168.9K Roanoke MSA Employment	▲	▲
2.9% Roanoke MSA Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: POSITIVE OUTLOOK

Roanoke continues to demonstrate economic strength with an unemployment rate of 2.9%, which is significantly lower than the national rate of 4.2%. This economic stability is highlighted by Roanoke’s ranking as the “#2 Best City in the South to Move to” according to USA Today, while Lynchburg also earned recognition at #4 on the list. The city’s growth is fueled by major developments such as Virginia Tech Carilion School of Medicine’s plans to build a new 100,000-square-foot (sf) facility with an estimated initial cost of \$184 million. In 2023, Virginia’s Blue Ridge Region reached a \$1.3 billion economic impact, with visitors spending \$882 million.

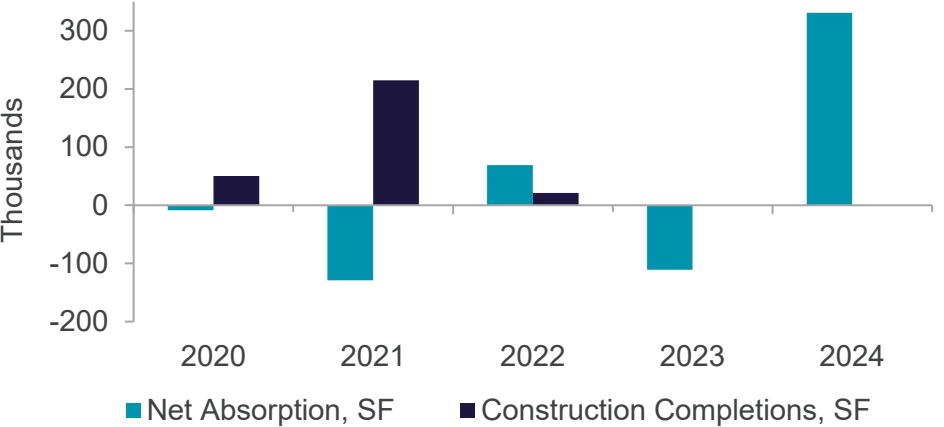
SUPPLY AND DEMAND: AMPLE SUPPLY

The annual net absorption rate is considerably higher than usual due to the removal of around 300,000 sf of space at the Crossroads Corporate Center. The owner removed this property from the leasing market to evaluate other potential uses for the property. This caused the vacancy rate to drop considerably as a result, down 250 basis points (bps) since the mid-year mark. Vacancy has stayed consistent throughout the fourth quarter, with over 34,500 sf of space being leased.

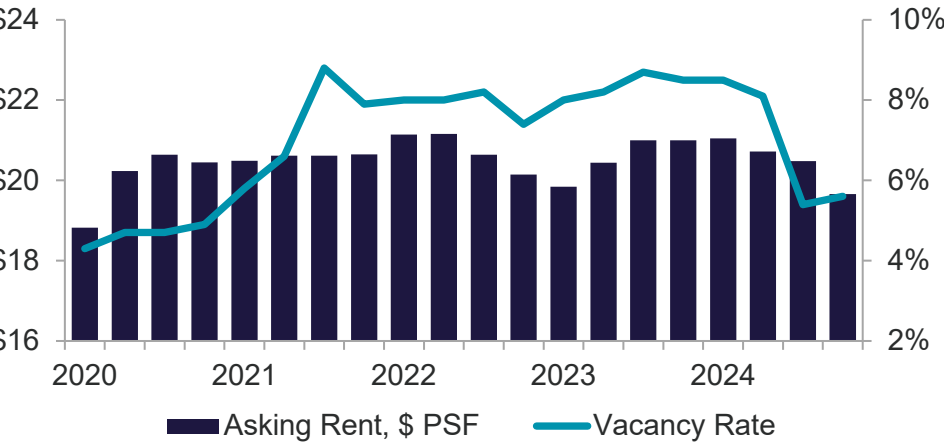
PRICING: RENTS STABLE

Rents remain essentially unchanged quarter-over-quarter (QOQ), and quoted rates remain slightly decreased compared to first quarter numbers, down 3.2%. Notable lease transactions include 2840 Hershberger Road, where Best Choice Roofing leased 9,773 sf. Notable sale transfers for the fourth quarter include Unit B at 1830 Blue Hills Circle. This 10,733 sf office condo transacted for \$4.4 million or \$405.29 per square foot (psf). This was the highest office sale not only of the fourth quarter, but also for the year. The sale of 2727 Franklin Road, a 27,690 sf medical office building, followed as the second largest deal of the year. This building was sold at auction for \$2.8 million or \$102.29 psf at the end of the third quarter.

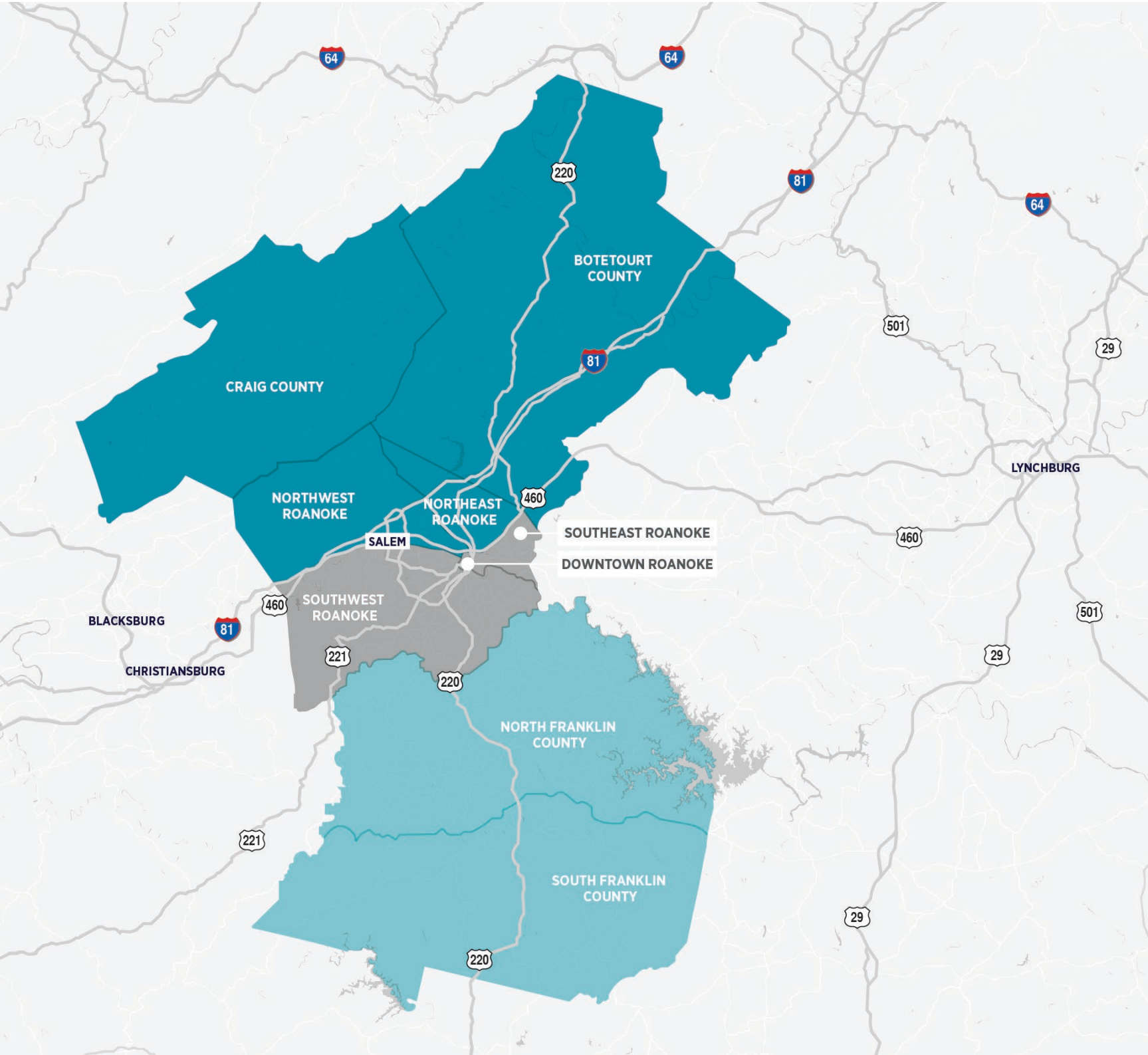
SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



OFFICE SUBMARKETS



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