



MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.3% Vacancy Rate	▲	▼
-132.7K YTD Net Absorption, SF	▼	▲
\$5.67 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
168.1K Roanoke MSA Employment	▲	▲
3.4% Roanoke MSA Unemployment Rate	▲	▲
4.6% U.S. Unemployment Rate <small>Source: BLS</small>	▲	▲

ECONOMY: ECONOMIC AND INVESTMENT MOMENTUM CONTINUES

The Roanoke region ended the year with an unemployment rate of 3.4%, marking a slight increase from the end of 2024, yet remains significantly lower than the national average of 4.6%. Roanoke continues to stand out as a growing and attractive market, earning national recognition as one of Livability’s Top 100 Places to Live in the U.S. The region benefits from strong institutional and healthcare investment, highlighted by Roanoke-based Carilion Clinic’s \$105.6-million (M) fundraising effort for the 260,000-square-foot (sf) Carilion Taubman Cancer Center, which is currently under construction and slated to open in 2028. In addition, Virginia Tech ranked #5 nationwide by College Raptor among the best colleges for real estate nationwide further reinforcing the region's economic strength.

SUPPLY AND DEMAND: INCREASE IN VACANCY

The overall vacancy rate increased 30 basis points (bps) quarter-over-quarter (QOQ) and 30 bps year-over-year (YOY) to end the quarter with a vacancy rate of 3.3%. Warehouse properties saw the largest increase in vacancy, closing the year at 2.7% and increasing 40 bps QOQ.

Leasing activity has topped 408,570 sf year-to-date (YTD). Notable lease transactions for the quarter include 26,850 sf of space being leased by an undisclosed tenant at the Nelson Roanoke building located at 901 11<sup>th</sup> St NE in Southeast Roanoke. Also noteworthy is ECC Contracting’s renewal of 22,500 sf of space at 2201 Railroad Ave in Southwest Roanoke.

PRICING: MAJOR INDUSTRIAL TRANSACTIONS

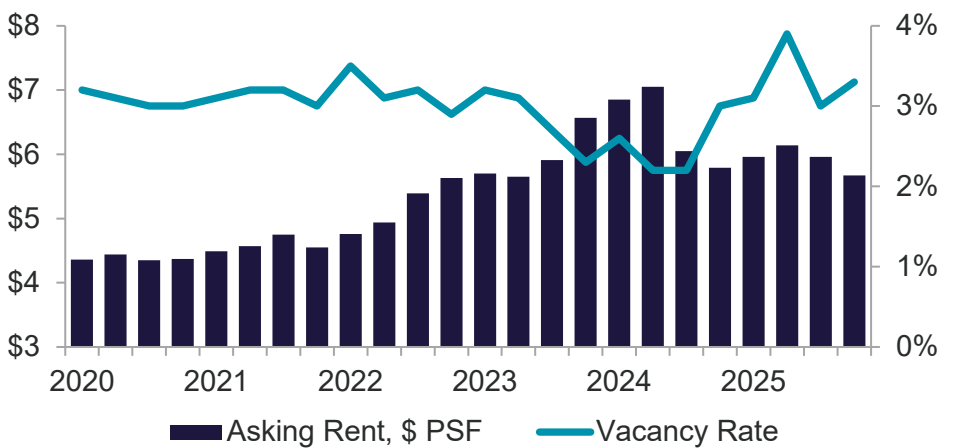
With the supply-side shortage and compressed vacancy, the year closed with continued upward pressure on lease rates. Rates for smaller bay spaces are averaging in the mid to upper \$7 per square foot (psf) range, and for larger bulk space, deals are being struck in the \$6 psf range on the low end.

Sales volume topped \$93.7M YTD, and 48.8% of sales for the year consisted of transactions from the fourth quarter. Topping the transfers for the quarter was 6450 Technology Dr. Box Equities purchased this 353,600-sf manufacturing building in Southwest Roanoke from Urbana Partners for \$31.1M, or \$87.95 psf. Also topping the transactions was ReaderLink Northeast Distribution Center located at 1100 Intervale Dr. Thalhimer Realty Partners purchased this 170,000-sf, fully occupied building from EQT Real Estate for \$11.55M, or \$67.94 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Botetourt County	4,361,478	75,080	1.7%	-75,080	-75,080	0	0	-	-	-
Craig County	58,400	0	0.0%	0	0	0	0	-	-	-
Downtown Roanoke	906,748	0	0.0%	0	0	0	0	-	-	-
North Franklin County	3,412,521	59,194	1.7%	6,000	5,636	0	0	-	-	\$2.50
Northeast Roanoke	10,958,991	548,847	5.0%	-86,982	-134,133	0	0	-	\$10.28	\$6.01
Northwest Roanoke	2,616,819	186,676	7.1%	0	-24,924	0	0	\$6.00	-	-
South Franklin County	883,276	0	0.0%	0	46,530	0	0	-	-	-
Southeast Roanoke	3,481,152	4,266	0.1%	0	-4,266	0	0	-	-	\$4.30
Southwest Roanoke	14,393,457	499,776	3.5%	-19,200	53,504	0	9,900	\$3.00	\$10.47	\$5.61
ROANOKE TOTALS	41,072,842	1,373,839	3.3%	-175,262	-132,733	0	9,900	\$5.79	\$10.35	\$5.41

\*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
901 11 <sup>th</sup> St NE	Southeast Roanoke	Undisclosed	26,850	New
2201 Railroad Ave	Southwest Roanoke	ECC Contracting	22,500	Renewal
1919 Plantation Rd	Northeast Roanoke	Zero Waste Recycling	8,445	New
5151 Starkey Rd	Southwest Roanoke	Mountain Valley Pipeline, LLC	4,950	New
1807 Murry Rd SW	Southwest Roanoke	Undisclosed	2,500	New

\* Renewals not included in leasing activity

KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
6450 Technology Dr	Southwest Roanoke	Urbana Partners / Box Equities	353,600	\$31.1M / \$88
1100 Intervale Dr	Southwest Roanoke	EQT Real Estate / Thalhimer Realty Partners	170,000	\$11.6M / \$68
629-659 S Broad St	Southwest Roanoke	Undisclosed / McCormick Insulation Supply, Inc.	19,000	\$1.2M / \$63
2774 Nicholas Ave	Northeast Roanoke	Jack St Clair, Inc. / Clark Electrical Service, Inc.	9,785	\$1.3M / \$133
2121 Roanoke Blvd	Southwest Roanoke	L & M Properties, LLC. / Undisclosed	6,250	\$561.3K / \$90

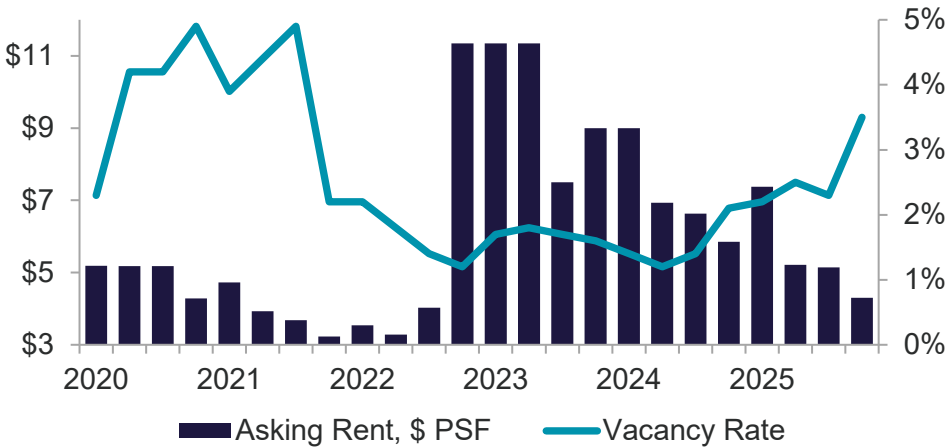
The statistics provided below are for the **Blacksburg** and **Lynchburg** areas, located immediately adjacent to the Roanoke market. These market areas are **not** included in the Roanoke market statistics included on the prior pages of this report but are presented separately due to notable market activity.

BLACKSBURG & LYNCHBURG MARKET STATISTICS

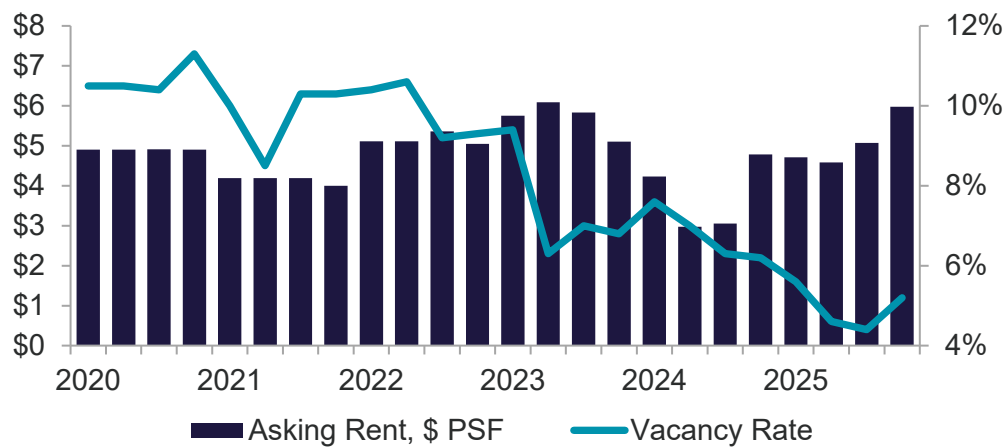
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY SUBLET (SF)	YTD LEASING ACTIVITY TOTAL (SF)	OVERALL WEIGHTED AVERAGE NET RENT (W/D)
Blacksburg	12,117,458	424,580	3.5%	-147,820	-189,070	0	0	0	408,770	\$4.30
Lynchburg	19,804,394	1,029,205	5.2%	-109,455	254,767	89,100	64,275	0	150,238	\$4.74
BLACKSBURG & LYNCHBURG TOTALS	31,921,852	1,453,785	4.4%	44,240	-257,275	89,100	64,275	0	559,008	\$4.52

\*Rental rates reflect full service asking

BLACKSBURG OVERALL VACANCY & ASKING RENT



LYNCHBURG OVERALL VACANCY & ASKING RENT



KEY SALE TRANSACTIONS Q4 2025

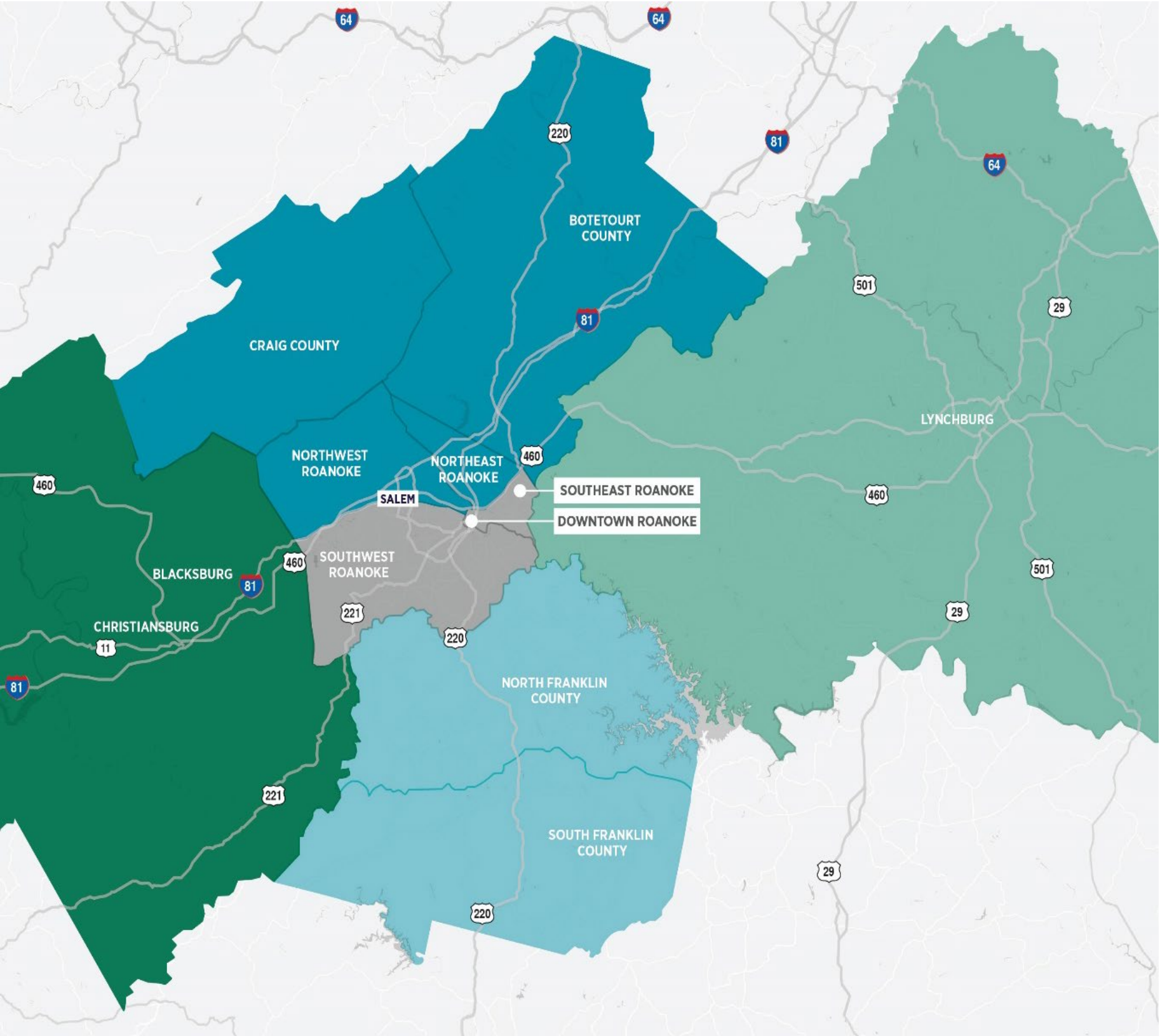
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2170 Julia Simpkins Rd	Blacksburg	Cathay Industries / New River Industries, LLC.	80,600	\$800K / \$10
3432 Forest Brook Rd	Lynchburg	Carter Myers Automotive / Undisclosed	11,364	\$950K / \$84

KEY CONSTRUCTION PROJECTS Q4 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
293 Ewing Dr	Lynchburg	Undisclosed	45,000	Campbell County Economic Development / Undisclosed
2732 Clover Pl	Lynchburg	Undisclosed	30,000	Dantas Properties, LLC / Undisclosed
3200 Carroll Ave	Lynchburg	Undisclosed	14,100	Undisclosed / Undisclosed



INDUSTRIAL SUBMARKETS



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