

MARKETBEAT

ROANOKE INDUSTRIAL REPORT

1Q11

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

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Overview

The unemployment rate in Roanoke is off of its lows over the past year, but at 7.1% in February of this year, it is well below where it was one year ago when it was 8.4%. According to Bureau of Labor statistics, the most jobs were lost in the past year in the Information and Finance sectors, down 5.0% and 3.8% respectively. The largest increases were seen in State Government (3.1%) and Mining and Construction (2.6%).

Manufacturing Activity

The manufacturing industry in the greater Roanoke market continues to show signs of improvement driven by the availability of skilled and affordable labor, access to transportation, and quality of life. Recent announcements include Dynax America's expansion into 80,000 square feet (sf) formerly occupied by Johnson Controls in Botetourt County. Dynax manufactures parts for automobile transmissions. This expansion is significant in an area where several other suppliers to the automotive industry were forced to close during the recent recession. Also in Botetourt County, Canatal America has opened a 170,850-sf manufacturing facility in the former O'Neal Metals building. Canatal is a Canadian concern that manufactures steel structures for commercial buildings.

In Radford, (Montgomery County) TechLab has announced its purchase of a 54,000-sf building where it will manufacture human and veterinarian medical diagnostic products. TechLab was founded in 1989 by scientists at the Virginia Tech Anaerobe Lab. This announcement is evidence of the growing medical device segment of the local economy. Continental Waste Management, a recycler of waste plastic materials has announced plans to open a plastics

recycling facility in Covington (Alleghany County). Continental will occupy approximately 150,000 sf of the 600,000 sf industrial complex. AET Films will lease 40,000 sf in the complex.

Employment Growth

FreightCar America has received an order for 3,000 coal cars from Norfolk Southern Railway Co. Production will begin in May and will take place at FreightCar's Roanoke facility known locally as the East End Shops. FreightCar anticipates putting 200 people to work on the order.

Volvo Trucks North America has recently reached a five year agreement with the United Autoworkers Union at it Dublin (Pulaski County) plant. Volvo has also just announced the recall of 700 employees at the plant because of a surge in orders. United Health Care has announced that it plans to add 125 employees at its call center in Roanoke.

Outlook

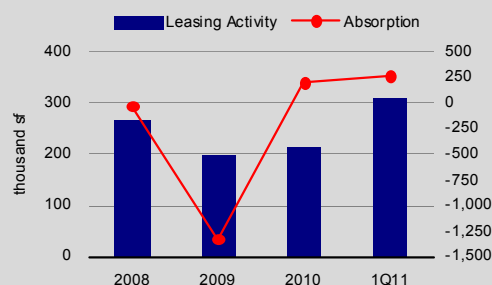
After a period of decline in the industrial sector as a whole, and automotive related business in particular, the Roanoke region is beginning to see a positive shift. The latest employment data points to an improving economy in Roanoke, which should lead to more leasing activity, and investors returning to the market.

Vacancy has remained fairly level over the past six quarters, but as leasing activity picks up and manufacturers increase hiring that is expected to drop. Absorption should push into higher positive territory in the coming quarters.

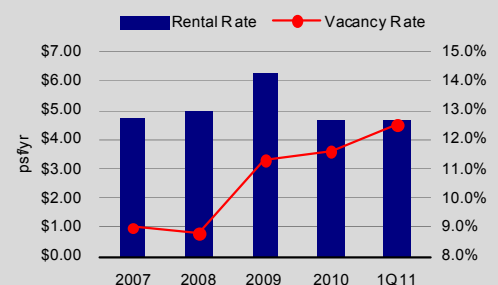
Stats on the Go

	1Q10	1Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	11.6%	12.5%	7.8 pp	▼
Overall Asking Rents	\$4.66	\$4.70	0.9%	◄►
YTD Leasing Activity (sf)	76,381	310,160	306%	▲

Leasing Activity vs. Absorption



Overall Rental vs. Vacancy Rates



Market/Submarket Statistics

Submarket	Inventory	Overall Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Net Absorption	YTD Overall Net Absorption	Direct Weighted Average Net Rental Rate*			
								HT	MF	OS	W/D
Botetourt County	3,391,903	8.4%	0	0	0	96,493	96,493	\$0.00	\$0.00	\$6.00	\$2.95
CBD	961,237	2.4%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$5.04
North Franklin County	1,371,488	5.2%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$3.25
Northeast Roanoke	9,799,562	12.6%	33,160	0	0	(58,345)	(58,345)	\$10.00	\$0.00	\$0.00	\$3.60
Northwest Roanoke	2,178,969	5.4%	274,000	0	0	262,000	262,000	\$0.00	\$8.75	\$0.00	\$7.26
South Franklin County	379,760	54.0%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00
Southeast Roanoke	2,023,266	7.7%	0	0	0	24,000	24,000	\$0.00	\$0.00	\$0.00	\$2.94
Southwest Roanoke	9,173,864	17.0%	3,000	0	0	(64,914)	(64,914)	\$0.00	\$3.00	\$8.10	\$2.52
ROANOKE TOTAL	29,280,049	12.5%	310,160	0	0	259,234	259,234	\$10.00	\$5.09	\$7.83	\$3.40

* Rental rates reflect asking \$psf/year.

HT= High Tech MF=Manufacturing OS= Office Service W/D = Warehouse/Distribution

Market Highlights

SIGNIFICANT 1Q11 LEASE TRANSACTIONS

BUILDING	MARKET	TENANT	SQUARE FEET	PROPERTY TYPE
115 Brand Ave	Salem	Undisclosed	274,000	Warehouse/Distribution
Statesman Industrial Park	Northeast Roanoke	GJ Hopkins	33,160	Warehouse/Distribution

SIGNIFICANT 1Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
The Branwick Center	New River Valley	TechLab	54,000	\$1,600,000
5051 Benois Drive	Southwest Roanoke	Mennel Milling	40,803	\$850,000
1993 Salem Industrial Drive	Southwest Roanoke	L&W Holdings	17,000	\$690,000

SIGNIFICANT 1Q11 CONSTRUCTION COMPLETIONS

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
N/A				

SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
N/A				