

MARKETBEAT

ROANOKE INDUSTRIAL REPORT

Overview

The most recent quarter has been a little slower than the past several in terms of transactions. However, skilled and affordable labor, access to transportation, a wide range of properties in available inventory, and quality of life attributes position the region to benefit from growth when the general economy improves.

The unemployment picture in Roanoke is better than Virginia or the nation. As of August, non-seasonally adjusted unemployment registered 6.7%. This was down from 7.4% one year ago, and well off the peak of 8.4% hit in January 2010.

Manufacturing Activity

Manufacturing continues to be the most active sector of the industrial market in Roanoke. TREAD Corporation announced a \$5 million expansion of its facility in Botetourt County that will bring roughly 100 new jobs to the area. TREAD Corporation is a manufacturer of bulk handling equipment for the explosives industry.

FC Tech has announced a new facility, also in Botetourt County, in Botetourt Center at Greenfield. FC Tech is new to the area. It is the U.S. subsidiary of an Austrian optical fiber manufacturer. The \$5-million facility will bring 25 high-tech/high-pay jobs to the area.

FreightCar America announced the addition of a second production line to its Roanoke City facility. The addition of a second line is the

result of increased demand and will bring as many as 200 jobs.

Yokohama Tire has completed a \$13-million expansion of its Salem facility. The expansion will improve efficiency and increase output 10 to 12%. In addition, the expansion will add 50 employees.

Blue Bird Resins will locate its second U.S. facility in the town of Pulaski. Blue Bird Resins is an industrial recycling operation that will initially occupy 7,000 square feet (sf) in the Pulaski Furniture Complex with the capability to grow to over 40,000 sf.

Norfolk Southern Corporation has announced plans for a bulk transfer facility at its east end Roanoke shops. The new facility will serve customers without access to rail that ship or receive a wide range of commodities.

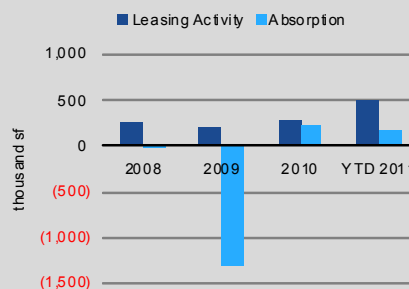
Outlook

A number of industrial and distribution users are actively considering the greater Roanoke market for new projects. Included in the list of prospects that have been announced are Sheetz Incorporated, which is considering its options to locate a 200,000-sf to 250,000-sf distribution center. Sierra Nevada is considering the area as a site for an East Coast brewery. A number of other as yet unidentified prospects are actively looking at opportunities in the market. The long term outlook is favorable.

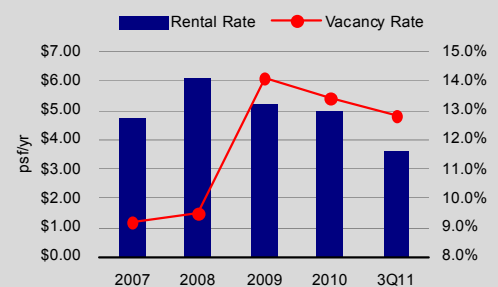
Stats on the Go

	3Q10	3Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	13.0%	12.8%	-0.2 pp	▼
Overall Asking Rents	\$4.94	\$3.65	-26.1%	◄►
YTD Leasing Activity (sf)	261,465	491,840	88.1%	▲

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	3,454,903	8.2%	1,500	0	0	132,979	132,979	\$0.00	\$0.00	\$6.00	\$2.95
CBD	972,409	2.4%	8,700	0	0	500	500	\$0.00	\$0.00	\$0.00	\$5.04
North Franklin County	1,378,510	2.8%	0	0	0	3,820	3,820	\$0.00	\$0.00	\$0.00	\$3.25
Northeast Roanoke	9,920,682	12.7%	119,270	0	0	(113,568)	(113,568)	\$0.00	\$3.25	\$4.50	\$3.27
Northwest Roanoke	1,893,505	6.5%	274,000	0	0	247,200	247,200	\$0.00	\$0.00	\$5.25	\$4.87
South Franklin County	394,130	53.8%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00
Southeast Roanoke	2,024,631	7.7%	2,800	0	0	24,000	24,000	\$0.00	\$0.00	\$0.00	\$3.50
Southwest Roanoke	9,398,016	17.8%	85,570	0	0	(119,239)	(114,239)	\$0.00	\$2.75	\$7.83	\$2.36
ROANOKE TOTAL	29,436,786	12.8%	491,840	0	0	175,692	180,692	\$10.00	\$2.91	\$6.49	\$3.03

* Rental rates reflect asking \$psf/year.

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

Market Highlights

SIGNIFICANT 3Q11 LEASE TRANSACTIONS

BUILDING	MARKET	TENANT	SQUARE FEET	PROPERTY TYPE
308 Thacker Road	Covington	Dawn Warehousing, Inc.	122,000	Warehouse/Distribution
2428 Patterson Ave	Southwest Roanoke	Carroll Tire, Inc.	51,000	Warehouse/Distribution
1634 Granby Ave	Northeast Roanoke	S-L Distribution, Inc.	28,000	Warehouse/Distribution

* Renewal – not included in Leasing Activity Statistics

SIGNIFICANT 3Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
1825 Blue Hills Dr	Northeast Roanoke	Blue Hills, Inc.	111,200	\$5,779,300
1302 Rockland Ave	Northwest Roanoke	Lester Group, Inc.	32,000	\$1,975,000
105 Industrial Park	Christiansburg	M&T Development, LLC	16,500	\$1,000,000

SIGNIFICANT 3Q11 CONSTRUCTION COMPLETIONS

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
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N/A

SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
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N/A