

MARKETBEAT

ROANOKE, VIRGINIA OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

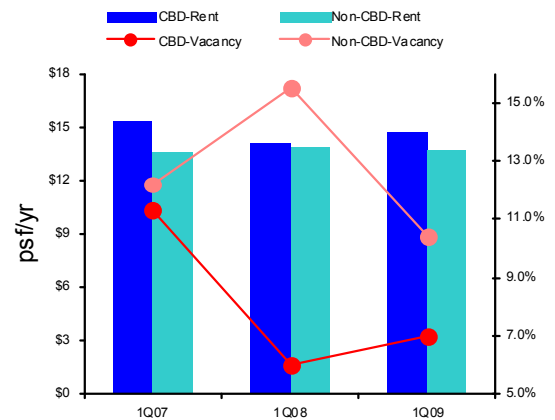


AT A GLANCE

- Although asking rates are holding steady compared to one year ago, actual rates are trending down, with an average discount of 10 percent.
- Inventory is tight with very few large blocks of space available. Class A vacancy dropped from 20.2% one year ago to 4.9% this quarter. This was largely due to TMEIC-GE moving into the Atlantic Building last year.
- Construction of the three-story, 70,000-square foot (sf) Social Security Building on North Jefferson Street is nearing completion.
- The unemployment rate in the Roanoke MSA is 7.4% as of February 2009. That is expected to continue to climb for the remainder of the year before leveling off and recovering slightly later in 2010. Of the thirteen MSA's in Virginia, Roanoke has the sixth lowest unemployment.

MARKET HIGHLIGHTS

Overall Rental vs. Vacancy Rates



ECONOMIC INDICATORS

National	2008	2009	2010F
GDP Growth	1.1%	-2.9%	1.8%
CPI Growth	3.8%	-1.0%	1.9%
Regional			
Unemployment	4.1%	8.5%	8.0%
Employment Growth	-0.3%	-2.5%	0.5%

Source: Moody's | Economy.com, Virginia Employment Commission

MARKET STATISTICS

MARKET	INVENTORY	OVERALL VACANCY	YTD LEASING ACTIVITY	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
Botetourt	63,875	21.0%	0	\$15.00
Roanoke CBD	3,281,734	7.0%	18,681	\$19.61
East Roanoke City	787,240	7.2%	36,000	\$24.00
West Roanoke City	916,120	8.2%	5,034	N/A
East Roanoke County	1,739,253	9.6%	1,680	\$16.36
West Roanoke County	112,627	7.5%	0	\$20.00
Franklin County	55,433	38.4%	0	N/A
Salem City	889,770	15.0%	0	\$15.00
Total	7,846,052	9.0%	61,395	\$17.48

BEAT ON THE STREET

"The lack of office inventory has positioned the Roanoke market to ride out the recession without the large increases in vacancy seen in many other markets around the country."



—Jake Coptly
Commercial Sales and Leasing

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*Market terms & definitions based on BOMA and NAIOP standards.

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