

MARKETBEAT

ROANOKE, VIRGINIA OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

2Q09

AT A GLANCE

- Through May 2009, Roanoke has an unemployment rate of 7.5%. This is better than the national unemployment rate of 9.1%, but slightly worse than the Virginia unemployment rate of 7.0%. Rising unemployment will continue to put pressure on the Roanoke office market if companies down-size and give back space.
- The old YMCA building was sold to a developer for rehabilitation into a mixed use property that will include office, retail, and residential. The property is located at 425 Church Avenue SW and was transferred to the developer by the city for ten dollars.
- Despite an overall vacancy in the market of almost 10%, there are very few large blocks of space available in the market. Downtown Roanoke is even tighter, with class A vacancy hovering around 5%.
- The Virginia Tech Carilion School of Medicine got accredited this past quarter, which means they can begin admitting students. This could prove to be a big boost to the economy as related businesses develop around the school.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
Regional			
Unemployment	4.1%	8.5%	8.0%
Employment Growth	-0.3%	-2.8%	1.0%

Source: Moody's | Economy.com

BEAT ON THE STREET



"The Roanoke office market continues to perform well in spite of the economic slowdown. The market has seen some softening in the class B and C properties but overall vacancy remains relatively low with some modest new leasing activity. Very little new construction is coming on line with the exception of smaller build to suit suburban buildings."

—Jake Coptly
Commercial Sales and Leasing

MARKET HIGHLIGHTS

SIGNIFICANT 2Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
5332 Williamson Road	Dominion Youth Services	3,370	C

SIGNIFICANT 2Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
425 Church Ave SW	Anthony Smith	81,712	N/A

SIGNIFICANT 2Q09 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Social Security Building	Social Security	70,000	5/09
740 W Main St	Salem Electric Department Service Center and Administration Building	56,621	6/09

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
2700 Electric Road	N/A	10,259	9/09

MARKET STATISTICS

MARKET	INVENTORY	OVERALL VACANCY	YTD LEASING ACTIVITY	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE psf/yr
Botetourt	95,559	20.6%	0	\$18.21
Roanoke CBD	3,391,804	9.1%	18,681	\$19.61
East Roanoke City	813,319	7.5%	36,800	\$24.00
West Roanoke City	965,146	8.2%	5,034	N/A
East Roanoke County	1,917,621	10.0%	8,050	\$16.36
West Roanoke County	100,627	0.9%	0	N/A
Franklin County	55,433	38.4%	0	N/A
Salem City	960,962	14.1%	0	\$15.00
Total	8,300,471	9.9%	68,565	\$17.48

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