

MARKETBEAT

ROANOKE, VIRGINIA OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

4Q09

AT A GLANCE

- The Roanoke region's non-seasonally adjusted unemployment rate for November, the most recent data available, is 7.1%. This is slightly above the non-seasonally adjusted unemployment rate of 6.4% for the commonwealth, but well below the national rate of 10.0%. The unemployment rate in October 2008 for the Roanoke MSA was 4.1%.
- Overall absorption in the Roanoke office market was flat for the year. Even though no significant buildings were delivered during the year, the lack of business growth kept absorption down.
- An analysis of asking rates shows a decline for the year in suburban office rates and a slight increase in Central Business District (CBD) rates. Suburban rates are 5% lower, while CBD rates are just under 1% higher. The overall vacancy in the CBD is a reasonable 8.5%, and class A CBD is even lower at 2.9%. There is no new significant construction under way or planned for the immediate future.

ECONOMIC INDICATORS

	2008	2009F	2010F
National			
GDP Growth	0.4%	-2.5%	2.3%
CPI Growth	3.8%	-0.4%	1.7%
Regional			
Unemployment	4.1%	6.9%	6.7%
Employment Growth	-1.0%	-1.6%	1.0%

Source: Moody's | Economy.com, BLS

BEAT ON THE STREET

"Interest in class A and B office space has been stronger than in past quarters. Occupancy rates are currently remaining stable in spite of the recession. Vacancies that have occurred as a result of the downturn in the economy are being shown and we anticipate a decrease in vacancy rates in 2010."



—Todd Conner
Investment Sales

MARKET HIGHLIGHTS

SIGNIFICANT 2009 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
Crossroads Business Park	Advance Auto	90,000	B
Lee Hi Business Center	ITT Technical College	18,800	B
Penn Forest Corporate Center	Pyramid Insurance Co.	2,352	B

SIGNIFICANT 2009 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
1401 Franklin Road	1401 Franklin Road, LLC	10,719	\$750,000
25 Church Ave	Dalton Investment Properties, LLC	4,020	\$623,500

SIGNIFICANT 2009 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	56,621	6/09
2670 Electric Rd	N/A	10,258	9/09
200 Summers Way	N/A	11,902	11/09

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

MARKET STATISTICS

MARKET	INVENTORY	OVERALL VACANCY	YTD LEASING ACTIVITY	DIRECT WTD. CLASS A GROSS RENTAL RATE psfyr	AVG. RENTAL RATE psfyr
Botetourt	530,318	7.4%	1,200	N/A	
Roanoke CBD	3,704,085	8.5%	22,512	\$20.85	
East Roanoke City	1,038,900	8.3%	36,800	\$24.00	
West Roanoke City	1,798,027	7.4%	9,036	N/A	
East Roanoke County	2,172,514	10.5%	24,103	\$16.77	
West Roanoke County	90,627	0.0%	0	N/A	
Franklin County	92,433	33.8%	0	N/A	
Salem City	970,713	12.3%	24,860	N/A	
Total	10,397,617	9.2%	118,511	\$18.17	

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