

MARKETBEAT

ROANOKE INDUSTRIAL REPORT

Thalhimer
commercial real estate

1Q10

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

AT A GLANCE

- The Roanoke region's non-seasonally adjusted unemployment rate for February, the most recent data available, is 8.4%. This is slightly above the non-seasonally adjusted unemployment rate of 7.7% for the commonwealth, but well below the national rate of 10.2%. The unemployment rate in February 2009 for the Roanoke MSA was 7.4%.
- The industrial vacancy rate in Roanoke has been trending favorably. One year ago, the overall vacancy rate stood at 12.8%. Last quarter it was 11.7% and this quarter it ticked down slightly to 11.6%. The total space available in the market is just over 3.3 million square feet (msf), but if the five largest spaces available are removed from consideration, that number drops to 2.1 msf, or 7.3% vacant. This indicates that the availability of smaller spaces is tighter than the overall vacancy would indicate.
- Despite the lack of significant sales activity, there are some properties either under contract or coming up for auction. One in particular is being considered for conversion to retail, while another is an investment sale. Buyers and sellers are gradually beginning to see eye-to-eye on valuations.

ECONOMIC INDICATORS

| National | 2009 | 2010F | 2011F |
|-------------------|-------|-------|-------|
| GDP Growth | -2.4% | 2.8% | 3.7% |
| CPI Growth | -0.3% | 1.9% | 2.1% |
| Regional | | | |
| Unemployment | 7.3% | 6.7% | 6.3% |
| Employment Growth | -1.8% | 1.1% | 1.2% |

Source: Moody's | Economy.com, BLS

BEAT ON THE STREET

"Current demand for larger space is very weak; however, there is renewed interest in smaller (12,000 square feet or less) spaces. Despite the lack of closed sales, there are more inquiries on competitively priced buildings available for sale."



—Kent Roberts
Sales and Leasing

MARKET HIGHLIGHTS

SIGNIFICANT 1Q10 NEW LEASE TRANSACTIONS

| BUILDING | TENANT | SF | PROPERTY TYPE |
|---------------------|--------------------|-------|---------------|
| 3320 Shenandoah Ave | PMI | 3,750 | WHS |
| 1101 Piedmont | AMIS Systems, Inc. | 3,648 | FLEX |

SIGNIFICANT 1Q10 SALE TRANSACTIONS

| BUILDING | BUYER | SF | PURCHASE PRICE |
|----------|-------|----|----------------|
| N/A | | | |

SIGNIFICANT 1Q10 CONSTRUCTION COMPLETIONS

| BUILDING | MAJOR TENANT | SF | COMPLETION DATE |
|----------|--------------|----|-----------------|
| N/A | | | |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| BUILDING | MAJOR TENANT | SF | COMPLETION DATE |
|----------|--------------|----|-----------------|
| N/A | | | |

MARKET STATISTICS

| MARKET/SUBMARKET | OVERALL INVENTORY | OVERALL VACANCY RATE | DIRECT WEIGHTED AVERAGE NET RENTAL RATE |
|---------------------|-------------------|----------------------|-----------------------------------------|
| Botetourt | 3,386,134 | 3.0% | \$2.50 |
| Roanoke CBD | 925,073 | 1.5% | \$6.00 |
| East Roanoke City | 8,425,621 | 17.1% | \$3.54 |
| West Roanoke City | 2,761,990 | 23.4% | \$5.62 |
| East Roanoke County | 4,294,661 | 4.2% | \$5.53 |
| West Roanoke County | 544,684 | 4.0% | \$6.44 |
| Franklin County | 1,479,405 | 9.3% | \$3.25 |
| Salem City | 6,919,988 | 10.7% | \$3.99 |
| TOTAL | 28,737,556 | 11.6% | \$4.66 |

*Rental rates reflect \$psf/year

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