

MARKETBEAT

ROANOKE INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

3Q10

AT A GLANCE

- Although the unemployment rate in Roanoke (7.5%) is higher than the state unemployment rate of 7.0%, the Roanoke rate has held steady for three months, is well below its peak of 8.4% in February, and is lower than one year ago when it was 7.8%. Among the thirteen MSA's in the state, Roanoke's unemployment rate is just above the median rate of 7.4%.
- Volvo Trucks North America hired back 270 employees at its Pulaski plant. This is a positive sign for the industrial market as well as the local economy. Volvo brought back employees to meet increased demand for its heavy-duty trucks.
- Radford lost the opportunity for a \$500 million Microsoft data center to Mecklenburg County, but the Radford Industrial Development Authority reports continued interest from other companies to locate data centers in the area.
- Absorption has been positive for each of the past four quarters. This is a marked improvement over record levels of negative absorption in the first half of 2009. Plant closings mentioned in previous reports contributed to the negative trend, and now we are beginning to see some recovery, albeit a slow recovery.

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.6%	2.7%	3.1%
CPI Growth	-0.3%	1.6%	1.6%
Regional			
Unemployment	7.2%	7.4%	7.6%
Employment Growth	-4.2%	-1.3%	1.5%

Source: Moody's | Economy.com

BEAT ON THE STREET



"Norfolk Southern has completed bridge and tunnel clearance projects along the Heartland Corridor to accommodate double stack container shipments between The Port of Virginia and the Midwest. In September the Heartland was opened for double stacked container shipments. This significant milestone coupled with anticipated intermodal facilities in Elliston, VA and Prichard, WV will greatly enhance the desirability of these markets for industrial development."

—Kent Roberts
Sales and Leasing

MARKET HIGHLIGHTS

SIGNIFICANT 3Q10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
7670 Enon Drive	ITT Gallium Arsenide	22,733	FLEX
1518 Carlisle Ave	Cardinal Rubber & Seal	5,000	WHS
515 Electric Road	N/A	3,500	WHS

SIGNIFICANT 3Q10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
160 Industrial Drive	Trinity Packaging Corp	177,190	\$1,600,000
1214 Trapper Circle	A&O Holdings LLC	16,350	\$710,000
3953 Daugherty	Arbaugh LLC	10,040	\$675,000

SIGNIFICANT 3Q10 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	3,476,883	3.3%	\$2.50
Roanoke CBD	937,586	3.7%	\$5.36
East Roanoke City	8,312,007	19.6%	\$3.74
West Roanoke City	2,936,633	23.8%	\$6.01
East Roanoke County	3,664,324	4.9%	\$7.50
West Roanoke County	557,787	3.9%	\$6.44
Franklin County	1,549,381	14.1%	\$3.25
Salem City	6,942,720	10.6%	\$3.98
TOTAL	28,377,321	13.0%	\$4.94

*Rental rates reflect \$psf/year

*The Market terms and definitions in this report are based on NAIOP standards.

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