

MARKETBEAT INDUSTRIAL SNAPSHOT



THALHIMER
INDEPENDENTLY OWNED AND OPERATED

ROANOKE, VA

A Cushman & Wakefield Alliance Research Publication

Q2 2013



ECONOMIC OVERVIEW

The unemployment picture in Roanoke is better than a year ago, with current unemployment at 6.0%, down from 6.5%. However, it should be noted that the number of people in the labor force has dropped also.

Job growth is not only the key to an overall economic recovery, but also to a sustained commercial real estate recovery.

SALES AND LEASING ACTIVITY

Demand for smaller industrial space that was evident during the first quarter continues with several smaller spaces finding tenants after prolonged vacancy.

AllergEase, LLC, a manufacturer of organic allergy relief lozenges, has announced that it will move its headquarters and distribution facility to the city of Danville bringing 150 new job and investing \$7.5 million. Other new market entrants include CakeBoxx Technologies, a manufacturer of doorless intermodal shipping containers and Central Virginia Manufacturers, a sheet metal fabricator. Six existing businesses announced expansion plans in the region. Expansions and new entrants will invest on the order of \$95.6 million and bring 449 jobs to the area.

Three companies announced reductions during the quarter resulting in the loss of 164 jobs. There was one closing announced. Amcor Packaging in Danville announced that it is shutting down this facility resulting in a net loss of 30 jobs.

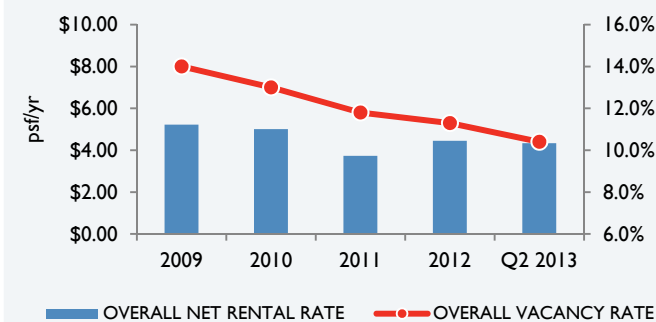
OUTLOOK

Overall the outlook remains positive. Continued movement in smaller properties suggests improving confidence in the small business arena. While the pace of new market entrants and expansions slowed during the quarter the pace of reductions and closures slowed as well. A number of manufacturing and distribution companies are giving serious consideration to locating in the region and significant announcements are anticipated in the near future.

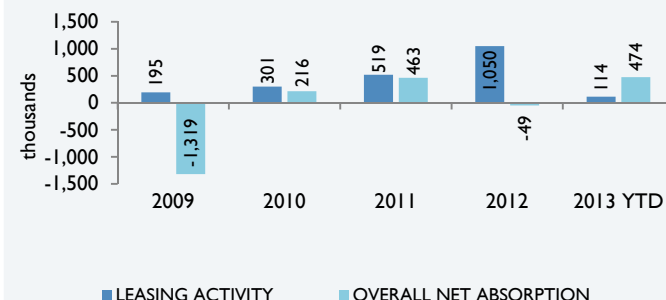
STATS ON THE GO

	Q2 2012	Q2 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.9%	10.4%	-1.5pp	◀▶
Direct Asking Rents (psf/yr)	\$4.69	\$4.34	-7.5%	▶▶
YTD Leasing Activity (sf)	768,980	1,14,070	-85.2%	▲

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. OVERALL NET ABSORPTION



ROANOKE, VA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
								HT	MF	OS	W/D
Downtown Roanoke	1,067,798	0.3%	7,425	0	0	4,301	4,301	\$0.00	\$0.00	\$0.00	\$0.00
Botetourt County	3,602,082	9.0%	4,200	0	0	66,900	66,900	\$0.00	\$0.00	\$0.00	\$0.00
North Franklin County	1,415,712	9.3%	0	0	0	700	700	\$0.00	\$0.00	\$0.00	\$1.75
Northeast Roanoke	10,369,760	9.4%	5,250	0	103,000	202,202	202,202	\$11.50	\$0.00	\$6.82	\$2.44
Northwest Roanoke	1,665,753	13.1%	40,896	0	0	69,450	69,450	\$0.00	\$8.75	\$5.25	\$5.84
South Franklin County	498,736	39.5%	0	0	0	(77,016)	(77,016)	\$0.00	\$0.00	\$0.00	\$0.00
Southeast Roanoke	1,992,877	7.9%	16,225	0	0	40,572	40,572	\$6.50	\$0.00	\$5.00	\$2.75
Southwest Roanoke	9,763,967	11.7%	40,074	0	0	166,997	166,997	\$5.40	\$2.90	\$6.76	\$3.21
TOTALS	30,376,685	10.4%	114,070	0	103,000	474,106	474,106	\$8.87	\$4.86	\$6.62	\$2.95

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF= MANUFACTURING OS= OFFICE SERVICE W/D= WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

Significant Q2 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
1350 Roanoke Boulevard	Salem City	N/A	Flex	9,100
1701 Midland Road	Salem City	Fame Allstars	Warehouse	8,050
719 Gainsboro Road	Downtown Roanoke	Fisher Auto Parts	Flex	7,000
Significant Q2 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
3435 Chip Drive	Northeast Roanoke	SUNCAP Roanoke, LLC	\$10,200,000 / \$99	103,000
203 22 nd St NW	Northwest Roanoke	Premier Electrical Staffing	\$320,000 / \$168	1,908
2717 Shenandoah Avenue	Downtown Roanoke	DEWEY, LLC	\$160,000 / \$15	10,625
Significant Q2 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
3435 NE Chip Drive	Northeast Roanoke	Federal Express	Q2 2013	103,000
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS