

# MARKETBEAT INDUSTRIAL SNAPSHOT

## ROANOKE | LYNCHBURG, VA

A Cushman & Wakefield Research Publication

Q1 2015



### ECONOMIC OVERVIEW

The unemployment rate in February for the Roanoke region was 5.0%, down 0.9 percentage point from one year prior. Hospitality, healthcare, and food services are the biggest drivers in employment gains. Population growth is expected to continue at approximately 5% per year.

### MARKET ACTIVITY

There were seven sale transactions in the Roanoke/Salem market and one transaction of significance in the Winchester market during the first quarter. The transactions range in size from a low of 5,225 square feet (sf) to 245,000 sf. Square foot prices achieved range from \$8.40 per square foot (psf) to \$67.42 psf. All of these properties were warehouse or distribution properties. Leasing activity is off to a slow start, just as it was in 2014.

### INDUSTRIAL PROJECT ANNOUNCEMENTS

The pace of announcements continued in line with recent quarters with manufacturing leading the way. In the greater market (I-81 corridor and southwest Virginia), twelve new projects have been announced. Eleven of these projects are the expansion of existing businesses and one is a new market entrant. Eleven of the announced projects are manufacturing in nature with one call center expansion. These projects represent an anticipated investment of \$29.85M and the creation of 335 jobs. There were no closings or significant reductions announced during the quarter. In addition, Dynax America, a manufacturer of transmission clutch disks for the automotive industry, broke ground on a 144,000-sf, \$33.0M expansion of its Botetourt county facility. Dynax has expanded several times since locating in Botetourt in 1995. The company employs approximately 600 people and is one of the largest private employers in the county.

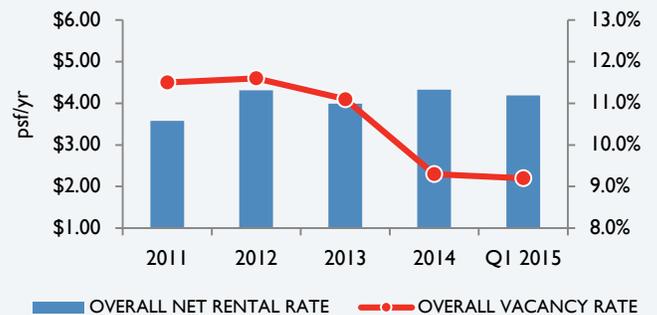
### OUTLOOK

Slow but steady improvement in market fundamentals is expected across the region. The expansion of existing manufacturing and new market entrants representing a wide range of industries is encouraging. Despite the lack of significant leasing activity in Q1, it is anticipated to gain momentum throughout the year. Vacancy will remain relatively unchanged, keeping speculative new construction off the table until vacancy rates begin to decrease.

### STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.5%	9.2%	-2.3 pp	↕
Direct Asking Rents (psf/yr)	\$4.08	\$4.19	2.7%	↕
YTD Leasing Activity (sf)	33,768	21,080	-37.6%	▲

### OVERALL RENTAL VS. VACANCY RATES



### LEASING ACTIVITY VS. OVERALL NET ABSORPTION

