

MARKETBEAT

Roanoke

Industrial Q1 2017



ROANOKE INDUSTRIAL

Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Roanoke Employment	162k	164k	▲
Roanoke Unemployment	4.1%	4.1%	■
U.S. Unemployment	4.9%	4.8%	■

Market Indicators (Overall, All Property Types)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	8.3%	8.0%	▼
YTD Net Absorption (sf)	-77k	287k	▲
Under Construction (sf)	0	0	▲
Average Asking Rent*	\$4.23	\$3.94	▲

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Economic indicators for the Roanoke metropolitan area reported an overall unemployment rate remaining steady at 4.1%, below the national average, and job growth up 1.8% from February 2016. According to the Roanoke Regional Partnership, employment gains were “mainly in education, health services, and professional and business services.”

Market Overview

After an inspiring 2016, the Roanoke MSA did not benefit from any new industrial announcements in the first quarter of 2017. The Roanoke MSA was not without any gains in the first quarter, though, as Steel Dynamics announced a \$28-million investment in their Roanoke Bar Division. With this investment, Steel Dynamics will install new equipment to increase production and productivity with a subsequent need for additional employees likely ensuing. The lone reduction was announced in February with FreightCar America's plans to lay off 168 employees this spring. Beyond the Roanoke MSA, the Shenandoah Valley reported numerous expansion announcements from major corporations: Shamrock Farms, Hershey Chocolate, and Munters Corporation. In total, the Shenandoah Valley netted 247 new jobs and \$73.2 million in investments.

Outlook

With the increased activity in Botetourt's Greenfield Industrial Park and the neighboring Shenandoah Valley, the Roanoke MSA is well-positioned to maintain an upward trajectory in 2017. The low vacancy rate coupled with the lack of current availabilities that meet modern industrial needs will hopefully stimulate additional, new construction in the market.

Cushman & Wakefield | Thalhimers
 10 S Jefferson St, Ste 1750
 Roanoke, VA 24011
thalhimers.com

For more information, contact:
 Timothy Morris, Director
 Tel: +1 804 344 7161
tim.morris@thalhimers.com

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