

MARKETBEAT

Roanoke

Industrial Q1 2018



ROANOKE INDUSTRIAL

Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Roanoke Employment	160.8k	159.9k	▼
Roanoke Unemployment	3.9%	3.8%	▼
U.S. Unemployment	4.7%	4.1%	▼

Numbers above are quarterly averages; Jan., Feb., March 2018 data used to represent Q1 2018.

Market Indicators (Overall, All Property Types)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	8.0%	7.0%	▼
YTD Net Absorption (sf)	-442k	480k	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$4.43	\$5.21	▲

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Economic indicators for the Roanoke metropolitan area are reported that the first quarter overall unemployment rate was 3.8%, a slight increase from 3.6% reported in the fourth quarter of 2017 and 30 basis points below the first quarter of 2017. The national average of 4.1%. Practically speaking, the Roanoke market has reached full employment. The attraction and retention of employees at all skill levels has become a high priority with local economic development authorities.

Market Overview

The greater market continued to benefit from the expansion of existing businesses. In Pittsylvania County, south of Lynchburg, Graham Packaging announced it will enlarge its manufacturing facility by 137,000 square feet (sf), more than doubling its size. Also in Pittsylvania County, Amthor International announced a \$7.0-million expansion of its tanker truck manufacturing facility. In Bedford County, west of Lynchburg, Innovairre Communications will expand its direct mail materials printing facility, while Tessy Plastics has invested \$9.2-million in its Lynchburg facility and Mohawk Industries will spend \$10.0-million to add a production line at its Rockbridge County plant. Two new manufacturers announced plans to locate in Giles County south of Roanoke in the New River Valley. These manufacturers were Interstate Group, a manufacturer of enclosed cargo trailers and COGAR Manufacturing, a manufacturer of materials handling equipment. Panaceutics announced plans to locate a \$5.8-million R&D / High Tech manufacturing facility in Pittsylvania County. The company manufactures personalized medicine and nutrition solutions.

Outlook

Overall vacancy in the Roanoke region continues its steady decline, a trend that began in late 2014. As would be expected in a tight market, offering rents have increased. This has been especially true since the second quarter of 2017. The outlook for the foreseeable future is good, although the lack of inventory and the tight labor market has the potential to dampen continued near term economic growth.

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