

MARKETBEAT INDUSTRIAL SNAPSHOT



ROANOKE | LYNCHBURG, VA

A Cushman & Wakefield Research Publication

Q2 2015



ECONOMIC OVERVIEW

The Roanoke economy remains stable with current population projections from Weldon Cooper Center putting the Roanoke region at its highest population since 1980.

The unemployment rate for the Roanoke region remained steady at 5.0%. This is on par with the unemployment rate for the Commonwealth of Virginia, also at 5.0%. Roanoke County fared even better, coming in at 4.4%.

MARKET ACTIVITY

In Q2, six industrial properties were sold in the Roanoke market ranging in size from 175,000 square feet (sf) to 6,990 sf. Square foot prices paid range from a low of \$5.68 per square foot (psf) to \$60.53 psf. Leasing activity picked up during the quarter. Elizabeth Arden renewed its lease and expanded its space on Brand Ave. in Salem. Elizabeth Arden now occupies in excess of 482,000 sf in the former Home Shopping building. Optical Cable leased 36,000 sf at 3030 Nicholas Ave. in Roanoke and MW Manufacturing leased 80,000 sf in Rocky Mount on a short-term basis. An additional transaction of note is TREAD Corporation's sale/leaseback of its 74,274-sf facility in Botetourt County for \$2.7 million.

INDUSTRIAL PROJECT ANNOUNCEMENTS

The Virginia Economic Development Partnership made twenty announcements of industrial expansions and one new market entry.

Announced expansions cover a wide range of business in both manufacturing and distribution. The new entrant is Qore Systems, a manufacturer of hand sanitizers, which will locate in Washington County. These projects represent potentially 1,221 new jobs and an investment in excess of \$182.8 million.

Two closings were announced. Mundet-Hermetiet, Inc. announced plans to close its Rockbridge County plant, moving that production to other facilities. Earlier this month Home Shopping Network announced its intention to close its Roanoke County fulfillment center beginning in April 2016 which will result in the loss of 350 jobs. HSN is consolidating this operation into its Piney Flats, Tennessee operation.

OUTLOOK

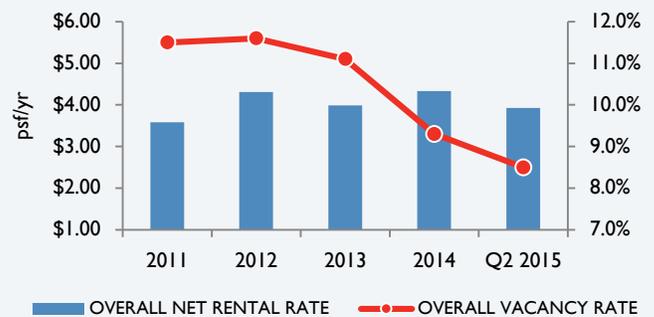
Second quarter activity in southwestern Virginia is in line with the pattern seen in recent years of starting the year slowly and building momentum as the year progresses. The market, particularly south

and west of Staunton on the I-81 corridor, is hampered by the lack of available inventory. The pace of business expansion and investment is encouraging, however the slow pace of new market entrants continues to be a challenge. That being said, the outlook for the market overall remains positive as the business climate improves. The location along the I-81 corridor, low cost of doing business, skilled labor force, and quality of life combine to make this market an attractive option for industries seeking to locate or expand in the region.

STATS ON THE GO

	Q2 2014	Q2 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.7%	8.5%	-3.2 pp	◀▶
Direct Asking Rents (psf/yr)	\$4.08	\$3.93	-3.7%	◀▶
YTD Leasing Activity (sf)	162,081	146,580	-9.6%	▶

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. OVERALL NET ABSORPTION



Thalhimer
10 S. Jefferson Street, Suite 1750
Roanoke, VA 24011
www.cushmanwakefield.com/knowledge

For more information, contact:
Brad McGetrick, Director of Brokerage Services
804 697 3558
brad.mcgetrick@thalhimer.com

The market terms and definitions in this report are based on NAIOP standards. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

© 2015 Cushman & Wakefield, Inc. All rights reserved.