

ROANOKE OFFICE

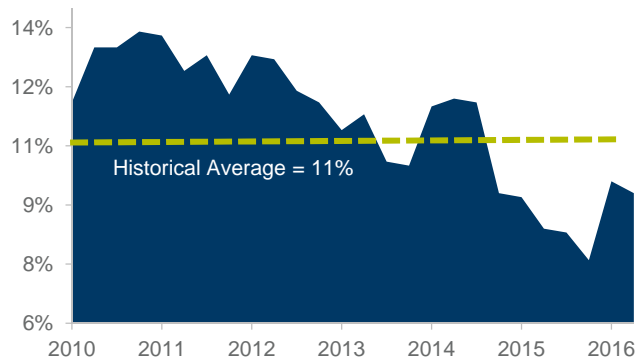
Economic Indicators

	Q2 15	Q2 16	12-Month Forecast
Roanoke Employment	161k	163k	▲
Roanoke Unemployment	4.5%	3.7%	▼
U.S. Unemployment	5.4%	4.9%	▼

Market Indicators (Overall, All Product Types)

	Q2 15	Q2 16	12-Month Forecast
Overall Vacancy	8.4%	9.3%	■
Net Absorption	1,187k	68k	▲
Under Construction	0	250k	■
Overall Average Asking Rent	\$3.92	\$4.10	▲

Overall Vacancy



Economy & Market Overview

Roanoke's average unemployment rate for the second quarter remains strong at 3.7%. This rate is improved over one year ago when the unemployment rate was 80 basis points higher, and it is below the most recent low of 3.8% set in December 2015. The region continues to attract new investment, primarily in the industrial sector. Professional services, which drives office use, has not grown as dramatically.

Market Overview

Momentum from an eventful first quarter continued into the second quarter of 2016 for the Roanoke MSA. Botetourt County received its third major announcement of the year when Ballast Point Brewing and Spirits, the 11th largest craft brewer in the U.S. by volume, selected Greenfield Industrial Park for their East Coast brewery. Ballast Point will purchase the 259,000-square foot former JTEKT building, now owned by Lawrence Transportation. The San Diego based craft brewer plans to invest \$48 million and create about 175 jobs. Ply Gem Windows and Integrity Windows also announced expansions to their current operation. Ply Gem Windows will add 76 jobs to their existing Franklin County operation. Integrity Windows will add 60 jobs to their Roanoke County operation. Two major closings to the area were also announced in the second quarter. Virginia Forge Company will close their Botetourt County operation by the end of the year which will result in 70 jobs lost. Additionally, Innovative Building Systems is closing their Franklin County plant which will result in 219 jobs lost. The second quarter will deliver 25 net new jobs and gain \$51.4 million in new investments.

Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	PROPERTY TYPE
3316 Aerial Way Drive SW	18,960	Extreme Design Landscaping	Warehouse
5075 Hollins Road	18,515	Air Compliance Group	Warehouse
811 Pocahontas Ave NE	8,506	Comfort Systems USA	Warehouse

Key Sales Transactions 2Q 2016

PROPERTY	SF	BUYER	PRICE / PSF
479 Eastpark Drive	81,000	Eastpark Drive Properties, LLC	\$2,800,000 / \$34
6051 N Lee Highway	76,000	Rockbridge Logistics	\$850,000 / \$11
3435 Melrose Ave NW	34,200	Habitat for Humanity	\$800,000 / \$23

Outlook

Major economic announcements from the first and second quarter of 2016 provide confidence in the region's ability to attract new business and diversify the local economy. Obsolete manufacturing facilities account for most vacancies and instability in southwest Virginia which parallels a larger, national trend.