

MARKETBEAT

Roanoke

Industrial Q2 2017



ROANOKE INDUSTRIAL

Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Roanoke Employment	162k	163k	▲
Roanoke Unemployment	3.8%	3.6%	■
U.S. Unemployment	4.9%	4.4%	■

Market Indicators (Overall, All Property Types)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	8.1%	7.9%	▼
YTD Net Absorption (sf)	63k	1.1M	▲
Under Construction (sf)	250k	250k	▲
Average Asking Rent*	\$4.10	\$3.99	▲

*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 fell to 3.6%, below the national average of 4.4%. Several overall market developments in the last quarter, including a new expansion by Wholesome Harvest Baking and the opening of Ballast Point Brewery, continue to have positive impacts on employment and the health of the Roanoke economy.

Market Overview

After a sluggish first quarter, the second quarter of 2017 delivered numerous industrial expansion announcements in southwest Virginia. In Salem, Virginia, Integra (Lake Region Medical) announced plans to invest \$7 million to increase manufacturing capabilities while adding 136 new jobs. Additionally, Wholesome Harvest Baking will invest \$22 million for upgrading equipment and expanding a production line at their Roanoke City for Industry and Technology facility. In the New River Valley, Aeroprobe, Spectrum Brands, and Phoenix Packaging Operations all announced expansion plans. The lone closing announcement was from LSC Communications. Located in Roanoke County, the closing of LSC Communication's 278,000-square-foot book printing plant in Valley Tech Park will result in 140 layoffs. In aggregate, between the Roanoke MSA and the New River Valley, the second quarter produced \$86 million in additional investment and 212 new jobs.

Outlook

The Roanoke MSA is well-positioned to continue its steady growth in 2017. Limited inventory to accommodate modern industrial operations remains the largest challenge facing the region's growth. The combined recent successes of neighboring New River Valley and Shenandoah Valley are encouraging for the general southwest Virginia's stable growth.

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