

MARKETBEAT

Roanoke

Industrial Q3 2016



ROANOKE INDUSTRIAL

Economic Indicators

	Q3 15	Q3 16	12-Month Forecast
Roanoke Employment	161k	163k	▲
Roanoke Unemployment	4.2%	3.6%	▼
U.S. Unemployment	5.2%	4.9%	▼

Market Indicators (Overall, All Property Types)

	Q3 15	Q3 16	12-Month Forecast
Vacancy	8.3%	8.3%	▼
Net Absorption (sf)	53k	-71k	▲
Under Construction (sf)	0	250k	■
Average Asking Rent*	\$3.93	\$4.18	■

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Roanoke's economic base continues to strengthen with new business investments in the region from Deschutes Brewery, Ballast Point Brewery, Virginia Community College System, and Eldor. Additionally, Carilion Clinic—the region's largest

employer—and Virginia Tech announced plans to expand the research institute on S. Jefferson Street in order to establish an "Innovation Corridor" between the new business accelerator in Downtown and Carilion Memorial Hospital. The intention of this area is to house growing start ups and commercializing medical innovations stemming from the institute. Roanoke's growing reputation as a place to invest in technology and innovation is further strengthened by the recent acquisitions of two locally-based technology companies: Interactive Achievement by PowerSchool in California and Meridian by GE Digital.

Market Overview

Momentum from Q1 and Q2 of 2016 did not carry over into the third quarter of 2016. After many major announcements in the first half of the year, Q3 did not produce a new industrial expansion or opening announcement in the Roanoke MSA. An expansion was announced in late June for Integrity Windows to add 60 jobs to their Roanoke County distribution facility. Integrity Windows' expansion announcement was balanced out when Virginia Forge Company publicized plans of closing their Buchanan, VA manufacturing facility by year-end. The 60,000-square-foot building's upcoming closing will result in 70 jobs lost. In total, the Roanoke MSA gained \$1.7 million dollars in new investment due to Integrity Windows expansion, but lost 10 jobs with Virginia Forge's upcoming layoff.

Outlook

Major economic activity from the first two quarters of the year overshadows a sluggish third quarter. Optimism is still high in the region with its success of attracting new, diversified business. Roanoke City, Roanoke County, and Salem have confidence in their ability to attract new business evidenced by their cooperation in purchasing 106 acres along I-81, near Exit 143, for \$5.2 million dollars. This will be the only site above 100+ acres available for industrial development in an otherwise difficult region to assemble larger sites with the goal of attracting high-wage, high-employment companies to the Roanoke Region.

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