

# MARKETBEAT

## Roanoke

### Industrial Q3 2018



#### ROANOKE INDUSTRIAL

##### Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Roanoke Employment	160.0k	161.6k	▲
Roanoke Unemployment	3.8%	3.0%	▼
U.S. Unemployment	4.4%	3.9%	▼

Numbers above are quarterly averages; July/Aug./Sept. 2018 data used to represent Q2 2018.

##### Market Indicators (Overall, All Property Types)

	Q3 17	Q3 18	12-Month Forecast
Vacancy	7.1%	6.6%	▼
YTD Net Absorption (sf)	95k	55k	▼
Under Construction (sf)	0	0	■
Average Asking Rent*	\$4.99	\$5.18	▲

\*Rental rates reflect net asking \$psf/year

##### Overall Asking Rent/Overall Vacancy

###### 4-QTR TRAILING AVERAGE



## Economy

The Roanoke area unemployment rate ended the third quarter of 2018 at 3.0%, a decrease of 30 basis points (bps) from the second quarter of 2018 and an 80-bp reduction when compared to third quarter 2017. The Roanoke area unemployment continues to be less than the current national average of 3.9%. Unemployment in the Lynchburg VA MSA is also hovering around 3.5%. Practically speaking, both the Roanoke and Lynchburg markets are at full employment.

## Market Overview

There were seven significant projects announced by The Virginia Economic Development Partnership in the greater Roanoke and Lynchburg markets during the quarter. Press Glass will invest \$43.6 million in a 280,000-square-foot (sf) manufacturing facility in Commonwealth Crossing Business Centre. Press Glass, a manufacturer of flat glass products based in Poland, will be the first tenant in the Henry county mega park. Berry Hill Mega Park will now be called 'Southern Virginia Mega Site at Berry Hill'. Interest in Berry Hill has also picked up recently with several sites under option to undisclosed buyers. Berry Hill is a 3,400-acre mega park in neighboring Pittsylvania county. WestRock announced in September that it will invest \$248.4 million in its Covington facility. Six of the project announcements are expansions of existing businesses with Press Glass being the only new entrant to the market. These projects represent an anticipated investment of approximately \$341.2 million and the creation of 664 jobs. Nine sale transactions closed during the quarter representing 395,908 sf totaling just under \$11.4 million in value. The average price per square foot was \$28.71. Six leases were signed during the quarter totaling 72,476 sf.

## Outlook

The economy in both the Roanoke and Lynchburg markets continues to be healthy and stable. The majority of projects in recent quarters have been expansions of existing businesses as opposed to new to the market. There is a shortage of inventory of desirable industrial space as well as pad ready sites in both markets. The tight market is putting upward pressure on rents. The lack of inventory coupled with a tight labor market is expected to continue for the foreseeable future. While there is no significant new construction in the pipeline, some progress is being made in the creation of pad ready sites. The is an important creation of pad ready sites is an important first step in the long term.

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