

MARKETBEAT

Roanoke

Industrial Q4 2017



ROANOKE INDUSTRIAL

Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
Roanoke Employment	162.5k	164.6k	▲
Roanoke Unemployment	4.1%	3.6%	▼
U.S. Unemployment	4.7%	4.1%	▼

Market Indicators (Overall, All Property Types)

	Q4 16	Q4 17	12-Month Forecast
Vacancy	7.2%	7.2%	■
YTD Net Absorption (sf)	69,980	6,011	▼
Under Construction (sf)	250k	250k	■
Average Asking Rent*	\$4.32	\$4.98	▲

*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 that the fourth quarter overall unemployment rate fell slightly to 3.6%, 50 basis-points below both the local number from fourth quarter 2016 and the current national average of 4.1%.

Market Overview

In the fourth quarter there were three significant announcements in the greater Roanoke market. Humm Kombucha, an Oregon-based manufacturer of specialty teas that are popular in the health food community, announced plans to locate its east coast manufacturing facility at the Roanoke Center for Industry and Technology. This facility represents a \$10 million investment and will employ 46 people. ALTEC Industries announced a \$30 million expansion to its facility in Botetourt Center in Greenfield that will add 180 jobs while Harkness Screens leased a 100,000-square foot (sf) facility in EastPark Commerce Center, also in Botetourt County, where it will manufacturer large 2-D and 3-D screens for cinema. Construction of the Eldor Corporations manufacturing facility in Botetourt Center at Greenfield is on schedule and expected to begin production in the second quarter of 2018. Construction of a 100,000-sf shell building proximate to Eldor is also on schedule.

Outlook

Overall vacancy in the Roanoke region has declined steadily and asking rents have trended generally upward since the second quarter of 2014. Taking a larger view, Southwest Virginia, Southside, and the I-81 corridor continue steady and diverse growth. Both Mega Parks Commonwealth Crossing in Henry County and Berry Hill in Pittsylvania County are attracting interest with several projects under consideration. In Franklin County, ground has been broken on Summit View Business Park, a 550-acre business and recreational park north of Rocky Mount. Continued steady growth is anticipated in 2018.

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