

Office Snapshot Q1 2016

Roanoke, VA



CUSHMAN & WAKEFIELD

THALHIMER

ROANOKE OFFICE

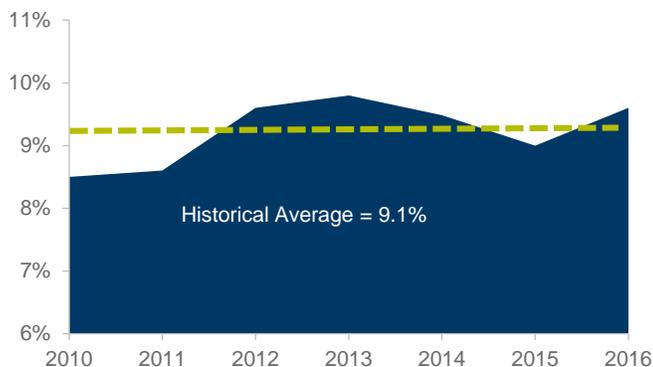
Economic Indicators

	Q1 15	Q1 16	12-Month Forecast
Roanoke Employment	161k	163k	▲
Roanoke Unemployment	4.8%	4.1%	▼
U.S. Unemployment	5.6%	4.9%	▼

Market Indicators (Overall, All Classes)

	Q1 15	Q1 16	12-Month Forecast
Overall Vacancy	9.0%	9.6%	■
Net Absorption	54k	-27k	▲
Under Construction	73k	67k	■
Average Asking Rent	\$14.66	\$13.75	▲

Overall Vacancy



Economy and Market Overview

Roanoke's unemployment rate, although still healthy, ticked up to 4.1% this quarter. This is improved over one year ago when the unemployment rate was 4.8%, but above the low of 3.8% set in December 2015. The largest loser of jobs in the past twelve months was Government with employment down 7.0%. The labor force and the number of employed dropped from one year ago, by 1.4% and 0.7%, respectively.

Market Overview

The Roanoke office market reported a slight increase in vacancy as a result of negative net absorption in Q1 2016 and stagnant leasing activity. Sales activity in the office market also remained slow, with large blocks of space, including the Norfolk Southern Building and Valley Point, still on the market. Notable first quarter activity includes Wells Fargo relocating its main downtown branch from its 50,000-square-foot (sf) downtown location to approximately 7,000 sf in the base of the Wells Fargo Tower. Cushman & Wakefield | Thalhimier is in receivership of the former Allstate Building in southwest Roanoke County, and Roanoke County put two of its former library buildings on the market for sale. Interactive Achievement was acquired by Powerschool out of California, and several state offices vacated 25,000 sf at Crossroads and are now in the market for new space.

Key Lease Transactions Q1 16

PROPERTY	SF	TENANT	CLASS
105 Arbor Drive	4,833	Twenty / 20	B
206 Williamson Road	4,800	Hawk Advisors, Inc.	B
2965 Colonnade Drive	3,681	Valley Wealth Group	B

Key Sales Transactions Q1 16

PROPERTY	SF	BUYER	PRICE / \$PSF
7802 Timberlake Road	11,093	BS Castle LLC	\$2,600,000 / \$234

Outlook

Despite significant changes in the market over the last year, new announcements over the past few months will impact the overall economy and improve the forecast for the real estate market over the next 12 to 24 months. Announcements within just the first quarter of 2016 include Deschutes Brewery (108 direct new jobs), Eldor Corporation (350 direct new jobs), Virginia Community College System administrative division (200 direct new jobs), and the expansion of the Virginia Tech Carilion Research Institute that will bring more than 1,000 students, faculty, and researchers to Carilion's Riverside campus just south of downtown.