

# MARKETBEAT

## OFFICE SNAPSHOT

### ROANOKE | LYNCHBURG, VA

A Cushman & Wakefield Research Publication

Q2 2015



#### ECONOMIC OVERVIEW

The Roanoke economy remains stable with current population projections from Weldon Cooper Center putting the Roanoke region at its highest population since 1980.

The unemployment rate for the Roanoke region remained steady at 5.0%. This is on par with the unemployment rate for the Commonwealth of Virginia, also at 5.0%. Roanoke County fared even better, coming in at 4.4%. Additionally, Wells Fargo announced plans to hire more than 500 employees at its 400,000-square foot (sf) operations center in Hollins.

The office market continues to show a slight improvement with a downward trend in vacancy and flat to slowing rising rental rates.

#### MARKET ACTIVITY

In Downtown Roanoke, Carilion Clinic plans to build a 15-story building as it expands Roanoke Memorial Hospital in the Riverside District. In the Arts and Financial District, federal government agencies are expanding their footprint in the BB&T Bank Building while Luna Innovations—which relocated from its Riverside location to Blacksburg—leased office space in Parkway 301. Along S. Jefferson Street, the Justice Companies expanded within the Bank of America building, which they previously listed for sale with the intention to relocate. Additionally, Wells Fargo renewed their lease within the Wells Fargo Tower and the remaining Norfolk Southern employees relocated into the Norfolk Southern-owned 210 Shenandoah Ave.

Within the suburban market, the Shenandoah Life Building—an 88,000-sf suburban office building listed at \$4.5 million—is under contract; meanwhile, Shenandoah Life is still in the market to lease office space. Allstate—who is currently constructing a new operations center in Roanoke County—was also in the market for additional space and will be locating in the Stone Printing Building. Cox Communications is offering its 48,000-sf Southwest County building for \$5.4 million, which is garnering interest from several potential purchasers.

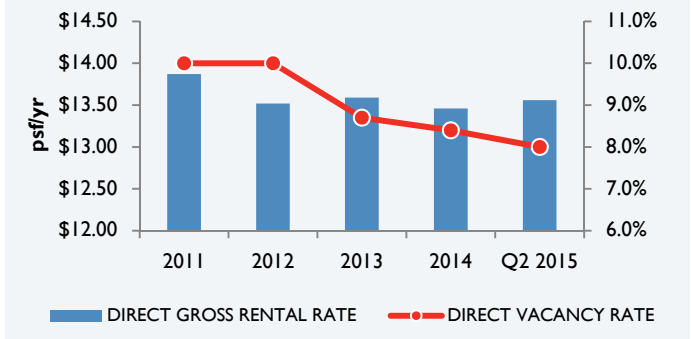
#### OUTLOOK

Norfolk Southern continues to prepare its 203,000-sf office downtown office building to be offered on the market for sale. As the Norfolk Southern building becomes available, inventory will increase significantly as it will be the largest block of contiguous vacant office space within western Virginia.

#### STATS ON THE GO

	Q2 2014	Q2 2015	Y-0-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.2%	8.3%	-0.9 pp	◀▶
Direct Asking Rents (psf/yr)	\$13.34	\$13.56	1.6%	▶▶
YTD Leasing Activity (sf)	78,570	77,847	-0.9%	▶▶

#### DIRECT RENTAL VS. VACANCY RATES



#### LEASING ACTIVITY VS. ABSORPTION

