

Office Snapshot 2Q 2016

Roanoke, VA

CUSHMAN &
WAKEFIELD

THALHIMER

ROANOKE OFFICE

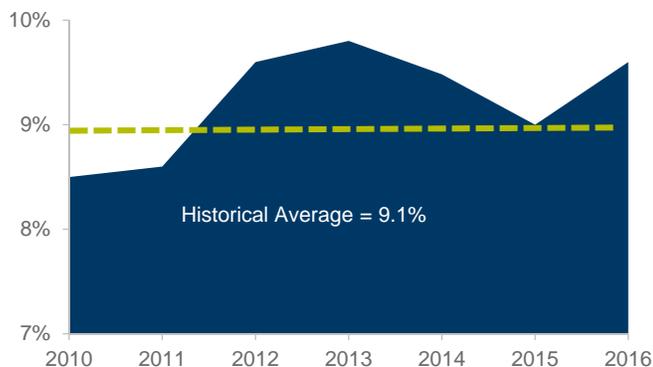
Economic Indicators

	Q2 15	Q2 16	12-Month Forecast
Roanoke Employment	161k	163k	▲
Roanoke Unemployment	4.5%	3.7%	▼
U.S. Unemployment	5.4%	4.9%	▼

Market Indicators (Overall, All Classes)

	Q2 15	Q2 16	12-Month Forecast
Overall Vacancy	8.5%	9.8%	■
Net Absorption	70k	140k	▲
Under Construction	73k	83k	■
Average Asking Rent	\$13.79	\$13.71	▲

Overall Vacancy



Economy and Market Overview

Roanoke's unemployment rate remains strong at 3.7%. This rate improved over one year ago declining by 80 basis points and is below the most recent low of 3.8% set in December 2015. The region continues to attract new investment, primarily in the industrial sector. Professional services, which drives office use, has not grown as dramatically.

Market Overview

The Roanoke office market is stable despite two large office buildings on the market for sale or lease within the Central Business District (CBD) and Southwest County markets. The former Norfolk and Southern buildings in the CBD are still available for purchase after one year on the market. Additionally, the former Allstate Building in Southwest County is being marketed for lease for the first time since its construction.

Steady leasing activity within Class B properties, less than 100,000 square feet, thru the first half of the year has helped maintain vacancy at a reasonable level. Leasing activity has included new offices for financial, construction, and engineering providers.

Key Lease Transactions 2Q 16

PROPERTY	SF	TENANT	CLASS
5075 Hollins Road	18,515	The Air Compliance Group	B
631 Abney Road	2,654	Roanoke Accident Support Services	B
4504 Starkey Road	2,053	New Vision	B

Key Sales Transactions 2Q 16

PROPERTY	SF	BUYER	PRICE / \$PSF
320 W Main Street	12,700	Chrysolite Management Group	\$950,000 / \$75

Outlook

The Roanoke office market will not experience any dramatic change in the occupancy level throughout the second half of the year. Currently, area brokers are busy touring office properties with several businesses planning to expand. The Commonwealth of Virginia has also been searching for properties to occupy. It is expected that proposals will turn into relocation and expansion announcements as the fall approaches.