

# MARKETBEAT

# ROANOKE

## Office Q2 2017



### ROANOKE OFFICE

#### Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Roanoke Employment	162k	163k	▲
Roanoke Unemployment	3.8%	3.6%	■
U.S. Unemployment	4.9%	4.4%	■

#### Market Indicators (Overall, All Classes)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	9.8%	8.7%	▼
Net Absorption (sf)	19k	91k	■
Under Construction (sf)	17k	0	▲
Average Asking Rent*	\$13.71	\$15.06	■

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

#### Overall Asking Rent/Overall Vacancy

##### 4-QTR TRAILING AVERAGE



### Economy

Economic indicators for the Roanoke metropolitan area reported the overall unemployment rate fell to 3.6%, below the national average of 4.4%. Several overall market developments in the last quarter, including a new expansion by Wholesome Harvest Baking and the opening of Ballast Point Brewery, continue to have positive impacts on employment and the health of the Roanoke economy.

### Market Overview

Net absorption in the second quarter was positive. One major contributor was the sale of the 165,808-square-foot (sf) office building at 1819 Electric Road to VACORP, facilitated by Cushman & Wakefield | Thalhimers, in mid-June. This property reported the largest vacancy in the Southwest Roanoke submarket which will now be occupied by VACORP, with approximately 65,000 sf remaining for lease. As a result, VACORP is now selling their former building at 1315 Franklin Road (36,000 sf). In addition, Chubb Limited's office at 616 Idaho St. is now marketed for sublease, adding 48,580 sf of availability to the market. While the overall vacancy declined, there remains considerable availability in the office market for new tenants.

### Outlook

A recent event to note is the layoffs at Advanced Auto Parts. According to the Roanoke Times, "hundreds of positions at the Roanoke-based company are being shuffled or eliminated, although it has not provided details about where the job cuts are happening." The impact from this transition has yet to be determined; however, other indicators in the office market, including increases in average asking rents and net absorption, as well as decreasing vacancy, indicate continued steady growth and positive market activity in the short-term.

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