

# MARKETBEAT

# ROANOKE

## Office Q2 2018



### ROANOKE OFFICE

#### Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Roanoke Employment	160.1k	161.4k	▼
Roanoke Unemployment	3.9%	3.3%	▼
U.S. Unemployment	4.3%	3.8%	▼

Numbers above are quarterly averages; May 2018 data used to represent Q2 2018 for Roanoke

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

	Q2 17	Q2 18	12-Month Forecast
Vacancy	8.7%	6.8%	▼
Net Absorption (sf)	91k	-61k	▼
Under Construction (sf)	0	0	■
Average Asking Rent*	\$15.06	\$15.50	▲

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

#### Overall Asking Rent/Overall Vacancy

##### 4-QTR TRAILING AVERAGE



## Economy

Roanoke's economy is near full employment with the current 3.3% unemployment rate. According to a report in *USA Today*, Roanoke is noted as "one of the best metro job markets in 2018." The ranking is provided by Zippia, which used data from the Bureau of Labor Statistics to rank top market.(1)

## Market Overview

Office vacancy is lower than in Q2 2017, but remains flat for the year. New leases in the second quarter included the 8,400-square-foot (sf) GSA lease at the Commonwealth Building in Downtown Roanoke and the 5,317-sf lease for Brambleton Computer, Inc. at 3634 Brambleton Avenue in southwest Roanoke. The office supply in southwest Roanoke continues to shrink as multiple leases of smaller available office space absorb the remaining availability. Major sales transactions in the office market included Healthcare Realty's portfolio sale of medical office buildings in Salem and Roanoke City to HCA for \$44,582,055.

## Outlook

The short-term and the long-term outlook for the economy and the office market are positive. Within the last 24 months, the Roanoke Regional Partnership announced more than 2,200 direct news jobs from companies expanding or locating in the Roanoke region. Additionally, new initiatives and investment from institutions such as Carilion Clinic, Virginia Tech, Radford University and state and local governments will produce new jobs and require more workers in an already tight labor pool. In the short-term, vacancy in the downtown submarket will continue to decrease as new and existing businesses expand or relocate within the available stock. In the suburban market, vacancy will remain low in the short-term as office space availability remains limited.

(1) Source: "[Roanoke Named Top Market for Jobs by USA Today](#)" The Roanoke Regional Partnership.

#### About Cushman & Wakefield

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