

# MARKETBEAT

# ROANOKE

## Office Q3 2018



### ROANOKE OFFICE

#### Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Roanoke Employment	160.0k	161.6k	▲
Roanoke Unemployment	3.8%	3.0%	▼
U.S. Unemployment	4.4%	3.9%	▼

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

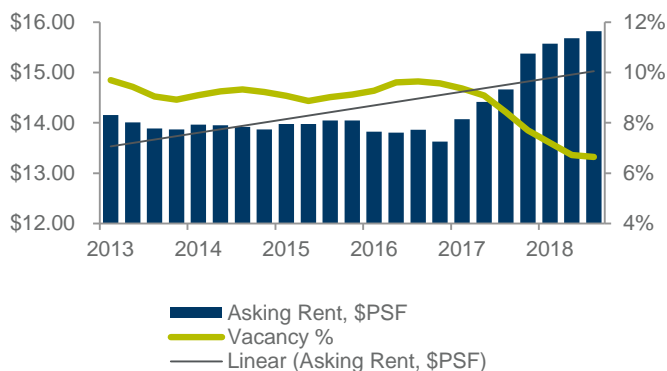
#### Market Indicators (Overall, All Classes)

	Q3 17	Q3 18	12-Month Forecast
Vacancy	7.1%	6.8%	▼
Net Absorption (sf)	40k	1k	▼
Under Construction (sf)	0	0	■
Average Asking Rent*	\$14.94	\$15.55	▲

\*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 3.0% unemployment rate. The regional employment level is at its highest level since 2008, according to the latest numbers from the Bureau of Labor Statistics. Additionally, home sales in the region are highest since any period going back to 2006<sup>(1)</sup>.

## Market Overview

Significant activity in the market during the third quarter were sales in Downtown including the Heironymous building (\$3.5 million) to a developer, Liberty Trust Building (\$1.3 million) to a hotel developer, the former WSLs 10 building in Downtown Roanoke (\$875,000) to an owner/user, and the Roanoke Printing Building (\$675,000) to a developer.

Office vacancy continues to decrease while asking rents increase slightly. The largest lease transactions included 16,291 square feet (sf) at 5241 Valleypark Drive in Northeast Roanoke by the state government; 7,250 sf leased at 5369 Peters Creek Road in Northeast Roanoke; approximately 4,000 sf leased at 5461 Fallowater Lane in Southwest Roanoke; and 4,223 sf subleased in the Wells Fargo Tower in Downtown Roanoke. Additionally, 4,000 sf is leased by multiple office tenants in the BB&T Bank Building in Downtown Roanoke.

## Outlook

The short-term and the long-term outlook for the economy and the office market are positive. Vacancy continues to decrease in Downtown due to both increased leasing activity and Class C office buildings being converted to a non-office use. The suburban market remains tight and limited in available inventory, particularly for contiguous blocks of office space ranging from 4,000 sf to 8,000 sf. New construction is not expected in the short-term.

(1) Source: ("[Employment Growing in the Roanoke Region](#)") The Roanoke Regional Partnership..

#### About Cushman & Wakefield

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