

Office Snapshot Q4 2015

Roanoke, VA



CUSHMAN & WAKEFIELD

THALHIMER

ROANOKE OFFICE

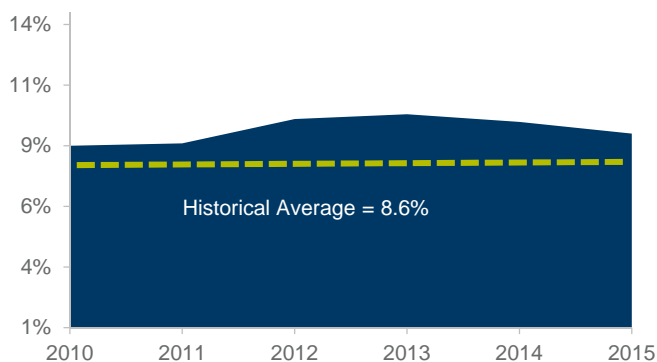
Economic Indicators

	Q4 14	Q4 15	12-Month Forecast
Roanoke Employment	160k	161k	▲
Roanoke Unemployment	4.9%	4.6%	▼
U.S. Unemployment	5.7%	5.0%	▼

Market Indicators (Overall, All Classes)

	2014	2015	12-Month Forecast
Overall Vacancy	8.9%	8.4%	▲
Net Absorption	-4k	168k	▲
Under Construction	7k	73k	■
Overall Average Asking Rent	\$13.70	\$13.69	▲

Overall Vacancy



Economy and Market Overview

Roanoke's unemployment rate continues to decline, settling at 3.9% for November, the latest data available at the time of this report. Professional and business services employment, a good indicator of office demand, rose 0.9% over the past twelve months. The largest gainers over the last year were Education and Health Services and Leisure and Hospitality, adding 3.0% and 2.9% to their employment base, respectively. The largest loser of jobs was Government with employment down 7.5%.

Market Overview

While leasing activity is up over last year and overall vacancy is down, the lower vacancy rate is temporary as a number of companies are vacating space, including Norfolk Southern, Cox Communications, and Allstate. Norfolk Southern is vacating their 204,000-square foot (sf) downtown office tower and putting it up for sale. Most employees will be given the opportunity to move to the Atlanta or Norfolk locations.

Sales activity was strong in 2015 as eight buildings comprising just over 1 million square feet traded for a total value of \$69.0 million. The largest of these was the 443,181-sf Wells Fargo operations center on Plantation Road that was part of a six-property portfolio sale. The Klein Family Trust was the purchaser at just over \$34 million.

Key Lease Transactions 2015

PROPERTY	SF	TENANT	CLASS
602 S Jefferson Street	130,995	Anthem BC/BS	B
116 N Jefferson Street	48,000	Allstate	B
The Executive Park at Pheasant Ridge	15,000	Shenandoah Life	B
5305 Valley Park Drive	14,000	Nexstar Broadcsting	B
105 Arbor Drive	7,097	Volvo Group	A
1312 Plantation Road	4,362	Security Force Inc	B

Key Sales Transactions 2015

PROPERTY	SF	BUYER	PRICE / \$PSF
7711 Plantation Road	443,181	Klein Family Trust	\$34,054,000 / \$77
602 S Jefferson Street	142,430	Oak Tree Real Estate Capital, LLC	\$11,000,000 / \$73
111 Franklin Plaza	139,191	Fortress	\$3,950,000 / \$28
2301 Brambleton Avenue	88,000	Carilion Clinic	\$4,600,000 / \$51
800 Graves Mill Road	75,560	Liberty University	\$7,000,000 / \$93
5538 Peters Creek Road	54,168	Triple J, LLC	\$2,900,000 / \$54

Outlook

The speed with which the office market can backfill the large blocks of space coming vacant will determine the future health of the market. Roanoke has proven to have strong office demand, and these vacancies present a great opportunity for a large user to relocate to the Roanoke area.