

# MARKETBEAT

# ROANOKE

Office Q4 2017



## ROANOKE OFFICE

### Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
Roanoke Employment	162.5k	164.6k	▲
Roanoke Unemployment	4.1%	3.6%	▼
U.S. Unemployment	4.7%	4.1%	▼

### Market Indicators (Overall, All Classes)

	Q4 16	Q4 17	12-Month Forecast
Vacancy	9.1%	6.2%	▼
Net Absorption (sf)	98k	5k	▼
Under Construction (sf)	17k	0	▼
Average Asking Rent*	\$13.13	\$15.97	▲

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

### Overall Asking Rent/Overall Vacancy

#### 4-QTR TRAILING AVERAGE



## Economy

Roanoke continued to experience increased investment and an improving economic base throughout 2017. For the year, unemployment decreased by 70 basis-points while more than 2,000 jobs were added to the market in 2017.

## Market Overview

The office market experienced a significant increase in occupancy in 2017. Vacancy decreased from 9.1% at the end of 2016 all the way down to 6.2% as major vacancies were filled or taken off the market throughout the year. Overall net absorption in 2017 was 300,000 square feet (sf), a 400% increase over 2016's total.

In the Central Business District (CBD), One Ten Franklin, a 193,000 sf Class A tower, announced two new tenants in September as PowerSchool took 40,000 sf and Associated Asphalt leased 20,000 sf. Meanwhile, Johnson Ayers and Matthews leased approximately 10,000 sf at the BB&T Bank Building.

Significant sales in the CBD included Franklin Plaza (136,000 sf), which sold for \$6.4 million to Time Equities out of New York City, and the Anthem Building (131,000 sf), which sold for \$14.2 million as part of a portfolio sale. In the suburban market, Crossroads Corporate Center (337,000 sf) in northwest Roanoke sold for \$6.1 million while the vacated former Allstate Building (166,000 sf) sold to owner-user VACORP for \$4.0 million.

## Outlook

The outlook for the Roanoke office market remains positive, as additional investment in the region should continue in 2018. We expect new large tenant announcements in the region as employment continues to improve.

Cushman & Wakefield | Thalhimer  
10 S Jefferson St, Ste 1750  
Roanoke, VA 24011  
[thalhimer.com](http://thalhimer.com)

For more information, contact:  
Price Gutshall  
Tel: +1 540 767 3011  
[price.gutshall@thalhimer.com](mailto:price.gutshall@thalhimer.com)

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