

MARKETBEAT

ROANOKE

Industrial Q3 2020

	YoY Chg	12-Mo. Forecast
6.5% Vacancy Rate	▼	▲
-96K Net Absorption, SF	▼	▬
\$4.30 Asking Rent, PSF	▼	▼

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
153k Roanoke Employment	▼	▲
6.6% Roanoke Unemployment Rate	▲	▼
8.8% U.S. Unemployment Rate	▲	▼

Source: BLS

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ECONOMIC OVERVIEW: Early Stage Recovery

Roanoke continues to contend with the economic effects of the ongoing coronavirus pandemic. The unemployment rate fell from 10.2% to a current 6.6%. While this is a significant decline, it remains nearly double the pre-pandemic unemployment level. The Q3 decline can be partially attributed to the loosening of restrictions and a projected market correction. The Roanoke market was fortunate to have two consecutive quarters of no significant business closings while also receiving two expansion announcements. Fleetwood Homes announced an expansion of 60 new jobs and \$2.1 million investment at their Rocky Mount manufacturing facility. Additionally, Torc Robotics completed the expansion of their Blacksburg facility. This 16,000 square foot (sf) expansion doubles the size of their headquarters and will accommodate their \$8.5 million investment and 350 new jobs planned for this location.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

SUPPLY AND DEMAND: Limited Supply

According to Costar, seven industrial leases were executed in the third quarter. The leases ranged in size from 1,400 sf to 68,736 sf. Of particular importance to the region, Wurth Revcar expanded their Roanoke presence with a 50,000 sf new lease in Statesman Industrial Park located in northeast Roanoke. Four sales were also completed in the quarter. The sizes ranged from 6,636 sf to 78,664 sf. Supply is expected to remain limited to mostly older industrial properties with only one new construction project anticipated to be completed by the end of the year in neighboring Pulaski County's NRV Commerce Park.

PRICING: Minimal Change

The Roanoke market experienced a slight dip in the asking rent from \$4.36 per square foot (psf) to \$4.30 psf with a correspondingly minor decrease in the vacancy rate. Between limited activity and market / political volatility, pricing and vacancy are expected to remain mostly static through the end of the year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

