

# MARKETBEAT ROANOKE

Office Q1 2021

YoY Chg 12-Mo. Forecast

**6.2%**  
Vacancy Rate



**-17K**  
Net Absorption, SF



**\$20.21**  
Asking Rent, PSF

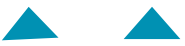


(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

**156.3k**  
Roanoke  
Employment



**5.1%**  
Roanoke  
Unemployment Rate



**6.0%**  
U.S.  
Unemployment Rate



Source: BLS

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## ECONOMIC OVERVIEW: Coronavirus Recovery

The unemployment rate increased 40 basis points (bps) from the fourth quarter 2020 to 5.1% in Roanoke, but below the national rate of 6.0%. Restrictions associated with the COVID-19 pandemic are lifting and many businesses have re-opened. While some companies are still following work-from-home protocols for their employees, more people are returning to work as vaccinations increase. Following the governor's announcement that all Virginians will be eligible for the COVID-19 vaccine in April, optimism remains for a strong economic rebound for the remainder of the year.

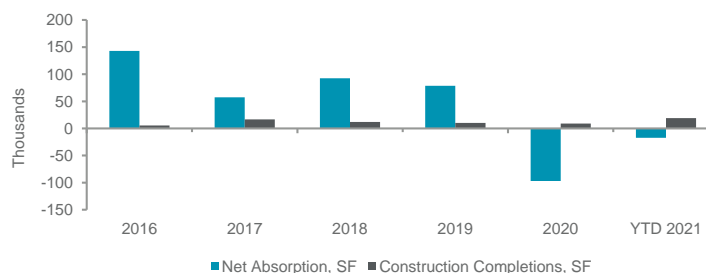
## SUPPLY/DEMAND: Limited Activity

Leasing activity was limited in the first quarter, but is anticipated to increase throughout the year. The overall vacancy rate slightly increased to 6.2% after overall net absorption totaled negative 17,000 square feet (sf) in the first quarter. The vacancy rate remains below the 10-year average of 7.1% and the previous high of 9.1% was set in 2015. The most notable sales transactions included the 48,000-sf office building at 3517 Brandon Avenue in Southwest Roanoke for \$850,000, the 4,800-sf office building at 4648 Brambleton Avenue in Southwest Roanoke for \$500,000, and the 11,185-sf former Boy Scouts building on Valley View Boulevard for \$1.2 million.

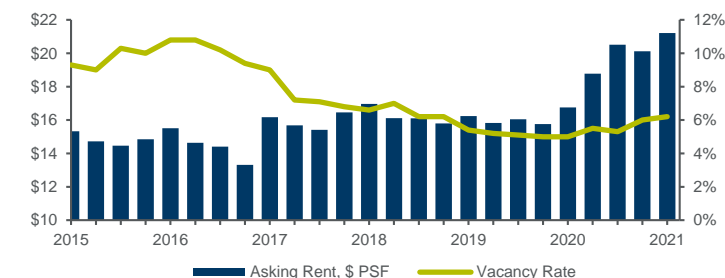
## PRICING: Stable

Rental rate growth has been limited after subdued activity, but the overall asking rent slightly increased from the fourth quarter to \$20.21 per square foot (psf). Rental rate growth is largely due to an increase in quality space available in the market. Pricing is anticipated to remain relatively flat through the year until activity accelerates and the economy can gain more momentum. Modest rental rate growth is still anticipated in the latter half of the year.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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