

# MARKETBEAT ROANOKE

Office Q2 2021

YoY Chg 12-Mo. Forecast

**7.5%**  
Vacancy Rate



**-159K**  
Net Absorption, SF



**\$20.63**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

**157.6k**  
Roanoke  
Employment



**4.4%**  
Roanoke  
Unemployment Rate



**5.9%**  
U.S.  
Unemployment Rate



Source: BLS

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## ECONOMIC OVERVIEW: Coronavirus Recovery

Economic conditions are improving after the vaccine rollout and subsequent decrease in COVID-19 cases. Statewide regulations have ceased and companies are returning employees to work. The unemployment rate continues to trend downward, decreasing by 70 basis points (bps) from last quarter and 610 bps year-over-year. Total employment has increased by 7.3 percent from last year to almost 160,000 employees, indicating a strong recovery as the pandemic wanes.

## SUPPLY/DEMAND: Significant Blocks of Space on Market

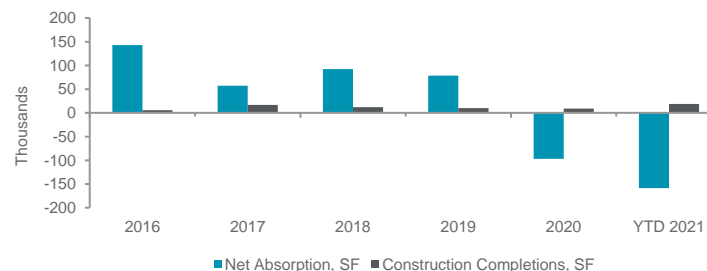
Most office leasing activity in the 2<sup>nd</sup> quarter were for occupiers of less than 5,000-sf, while larger users continue to assess their return to work strategy. Companies are evaluating hybrid workplace strategies, mixing remote and in-office work schedules. Allstate announced that its employees in the corporate office in Roanoke County would be permanently remote, leaving their 70,000 square foot (sf) building unoccupied. Advance Auto Parts also announced a permanently remote workplace, and put 250,000-sf of their corporate office space on the market for sublease. The addition to the market of the Advance Auto Parts space contributed significantly to the negative net absorption in the 2<sup>nd</sup> quarter.

Sales activity in the market was limited. Significant transactions include the sale of 3119 Chaparral Drive, a 6,715-sf office building in Southwest Roanoke and former BB&T Bank branch, for \$1.9 million in June to an owner-user investor. Additionally, the landmark Roanoke Times Building in downtown Roanoke, listed for \$6,065,950, went under contract.

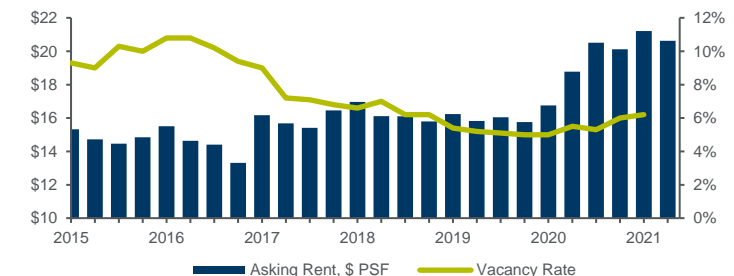
## PRICING: Stable

Overall asking rents have increased 9.8 percent from this time last year, but little change from the first quarter. Asking rents are anticipated to grow slightly, with construction costs at record highs and inflation in operating costs over the next twelve months.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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