

MARKETBEAT ROANOKE

Office Q3 2021

YoY Chg 12-Mo. Forecast

9.4%
Vacancy Rate



-263K
Net Absorption, SF



\$21.40
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

158.7k
Roanoke
Employment



3.8%
Roanoke
Unemployment Rate



5.2%
U.S.
Unemployment Rate



Source: BLS

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ECONOMIC OVERVIEW: Coronavirus Recovery

Employment continues to increase from its pandemic low in the Roanoke market, with the unemployment rate reaching 3.8% in the 3rd quarter. Of the roughly 16,000 jobs lost in Q2 2020, 79% have been recovered and outpaced statewide recovery by 7%. The region's resilient market is seen again in population trends that have been moving upward for the past decade. The pandemic did little to deter that growth with population numbers crossing the 100,000 mark for the first time since the 1980 census making Roanoke the largest city in VA west of Richmond.

SUPPLY/DEMAND: Stagnant

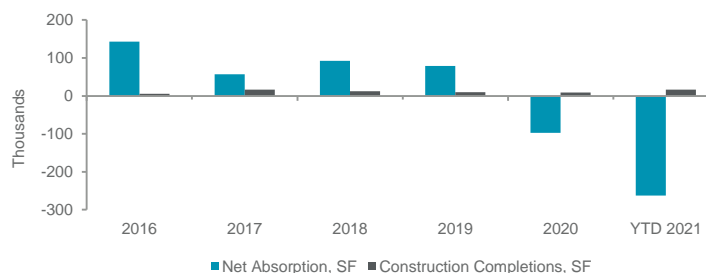
Office leasing activity is stagnant as tenants continue to assess their return-to-work policies for employees. Every new lease signed in the 3rd quarter was less than 6,000-square feet (sf), with a total of 49,202-sf leased throughout the period. This trend is expected to continue as office users evaluate their long-term needs after the pandemic.

Sales activity increased during the 3rd quarter. Goodview Properties, LLC sold its 46,467-sf office building in downtown Roanoke for \$9.5 million to Freedom First Credit Union for its new headquarters. Brown Edwards sold its 20,212-sf office building in southwest Roanoke for \$2.3 million to ETS Recruit and Lifewise Pavilion, a 13,112-sf office building located in Roanoke County, sold for \$1.4 million at the end of the quarter.

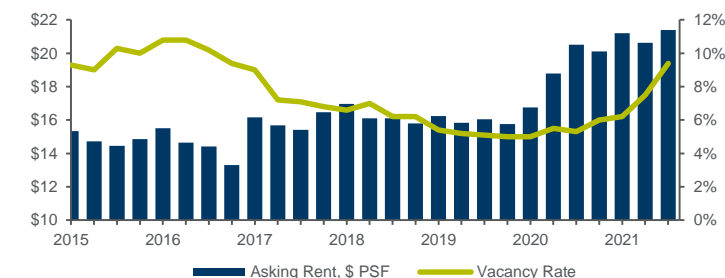
PRICING: Stable

Overall asking rents will remain the same in the short-term. Increasing vacancy rates and more sublease availability may put downward pressure on rents as office tenants enter the market and evaluate their long-term space needs.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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