

# MARKETBEAT ROANOKE

## Industrial Q2 2022

	YoY Chg	12-Mo. Forecast
<b>3.1%</b> Vacancy Rate	▼	▼
<b>102K</b> Net Absorption, SF	▲	▼
<b>\$4.74</b> Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

### ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
<b>159.6K</b> Roanoke Employment	▲	▲
<b>3.0%</b> Roanoke Unemployment Rate	▼	▼
<b>3.6%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

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### ECONOMIC OVERVIEW: Recession Pivots

The industrial sector remains the most desired asset type in demand by investors. It has also resulted in rising construction material prices. Lenders are even focusing on speculative industrial projects in the appropriate submarket. Returning to work of laborers in this sector adds to demand as well, with unemployment decreasing to 3.0%. As demand increases, prices for resources like steel, concrete, and copper continue to rise, even if we start to witness a decline in lumber prices from their all-time highs in 2020. E-commerce firms and their suppliers, food and beverage firms (including those producing ice cold products), firms in the pharmaceutical and medical industries, packaging and consumer goods industries are a few user types driving increased industrial property demand & vacancies at only 3.0%.

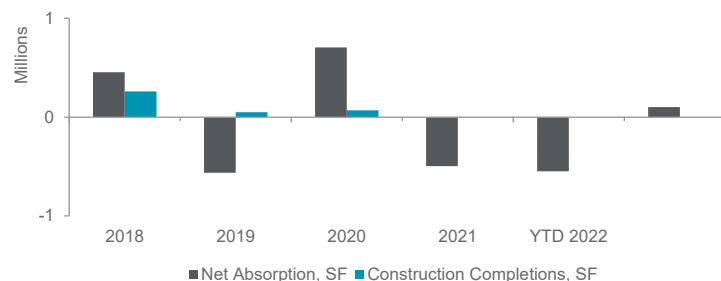
### SUPPLY AND DEMAND: High Premium on Space

To meet the demand for e-commerce, the US will require one billion square feet of industrial space over the next five years. The future of the office has received a lot of attention during the COVID-19 pandemic, but the industrial market is going through a similar seismic transition. The ability of precast concrete plants to build and supply wall panels and other construction supplies, including roofing materials, lumber, and steel, will set a cap on how much industrial product developers can begin in Q2 of 2022.

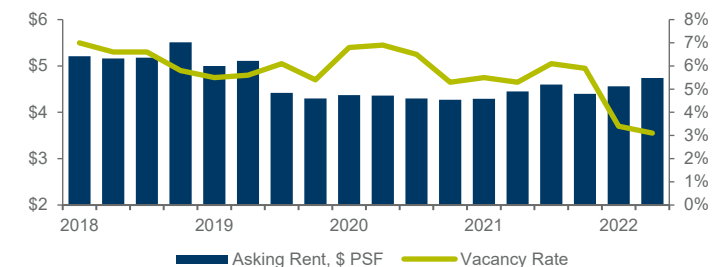
### PRICING: Keeping up with Demand

Owners of industrial real estate might concentrate on increasing efficiency when the cost of capital rises. The average age of all warehouse properties is 34 years, and more than 30% of US warehouse structures are older than 50 years. Since most of these buildings were constructed to serve a variety of tenants and provide various amenities, they might not be efficient and effective to run nowadays. Therefore, owners will probably need to renovate and adapt existing properties and construction to increase efficiency.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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