

MARKETBEAT ROANOKE

Industrial Q3 2022

YoY
Chg

12-Mo.
Forecast

3.1%
Vacancy Rate



290K
Net Absorption, SF



\$4.94
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

YoY
Chg

12-Mo.
Forecast

160K
Roanoke
Employment



2.6%
Roanoke
Unemployment Rate



3.5%
U.S.
Unemployment Rate



Source: BLS

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ECONOMIC OVERVIEW: Recession Pivots

The industrial sector remains in demand by investors and owner occupants this quarter. With more of a focus on the climb of lumber materials for construction, steel buildings offer a viable option in some areas. The absorption rate continues to increase, quarter after quarter this year, regardless of the asking rent increasing each quarter as well. The average rate went from \$4.56 per square foot (psf) in May 2022 to an average of \$4.94 psf by late September. Returning to work of laborers in this sector adds to demand as well, with unemployment at 3.7%. The macroeconomic environment is creating some motivation for companies to utilize manufacturing plants in the U.S. rather than abroad. Increasing political tensions in China, Taiwan, and Ukraine add to this interest in industries having increased control by manufacturing or contracting manufacturers doing business in the United States.

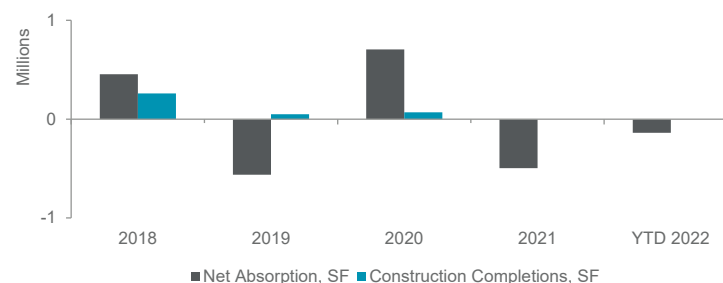
SUPPLY AND DEMAND: High Premium on Space

New initiatives from Congress for manufacturers to create parts stateside, becoming self-reliant and less dependent on foreign materials subject to supply chain delays adds to the surge. Another factor, in addition to the low availability of site-ready land, is the tight labor market. With low labor pools, industries needing to expand are forced to look in areas where the labor pool is greater, but the availability of standing facilities or site-ready land is few and far between.

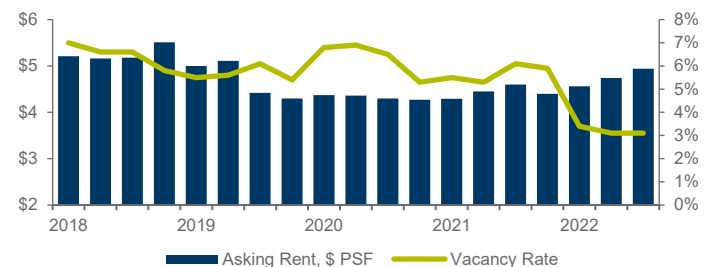
PRICING: Keeping up with Demand

Owners of industrial real estate have seen their asking rates continue to increase in spite of many assets being 20 to 50 years old or more. Most owners feel the utility of the space overrides aesthetics. With a decrease in the utilization of office space in industrial buildings, this becomes even less important. Adding LED bulbs, or other sustainable practices and upgrades are coming more to light than cosmetic refurbishing of industrial buildings.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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