

# MARKETBEAT ROANOKE

Office Q3 2022



YoY  
Chg

12-Mo.  
Forecast

**7.5%**  
Vacancy Rate



**48K**  
Net Absorption, SF



**\$19.90**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2022

YoY  
Chg

12-Mo.  
Forecast

**160k**  
Roanoke  
Employment



**2.6%**  
Roanoke  
Unemployment Rate



**3.7%**  
U.S.  
Unemployment Rate



Source: BLS

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## ECONOMIC OVERVIEW: Recession Fears Remain

Despite a year-over-year (YOY) decrease in the unemployment rate, recession fears are increasing as federal economic measures are taken to combat inflation. Interest rates are up and housing prices are dropping nationwide after a record high in valuation in 2021. Most economic analyses are bearish and anticipate a recession for 2023. Business leaders and companies across the country are considering layoffs, which is expected to hit the remote workforce the hardest.

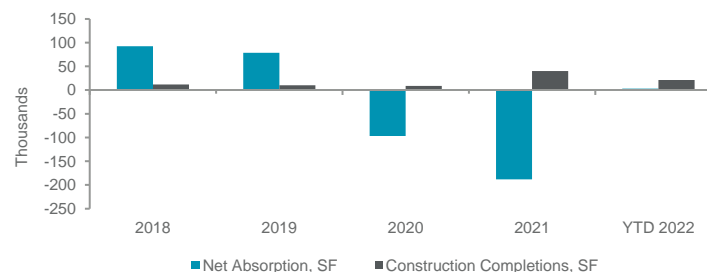
## SUPPLY/DEMAND: The Great Downsize

Net absorption in the Roanoke office market was positive in the third quarter and the vacancy rate decreased 190 basis points (bps) from this time last year. Leasing activity is up over the previous two years as office users begin to make longer-term decisions on their real estate needs after the pandemic. And while leasing activity has increased, many companies are downsizing due to an increase in remote work. The trend is toward more amenity-centered offices, with shared workspaces and conference rooms for hybrid workers. Consequently, vacancy is expected to increase over the next 12-24 months; however, rents are expected to remain stable in Class A and Class B properties as companies trade office footprints for amenity-rich, high-quality space.

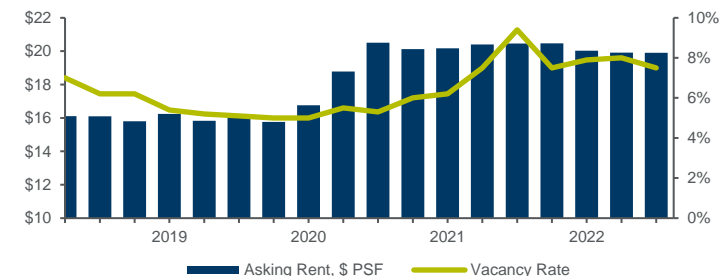
## PRICING: Strong Start

Over \$12 million in office sales transactions occurred in the third quarter, including the \$2.1 million sale of the 54,000-square feet (sf) Executive Park on Peters Creek Avenue and the \$2.8 million sale of One City Plaza, a 28,000-sf mixed-use building in downtown Roanoke. Sales activity is expected to cool as a result of recession fears and rapidly rising interest rates; however, there is still plenty of equity in the sales market, and the increase in leasing activity may counter any decrease in office sales.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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