

MARKETBEAT

ROANOKE, VIRGINIA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q11

Economic Overview

The unemployment rate in Roanoke has dropped steadily since its most recent peak in January when it was 7.4%. As of May, the rate was 6.3%. This compares favorably with the national non-seasonally adjusted rate of 8.7%.

Retail Market Overview

In the New River Valley, Anytime Fitness has leased 6,000 square feet (sf) at First & Main and Kroger has opened their Fuel Pumps at The Gables and has municipal approval for their fuel pump location on University City Blvd. Verizon Wireless and Firehouse Subs are now open on University City Blvd. Kool Smiles has leased 8,000 sf at Spradlin Farms Shopping Center.

Gamestop, GNC, Jerry's Bagels, & Great Clips have all begun improvements to their spaces at the Old Forest Wal-Mart in Lynchburg. Kinetix has leased 16,000 sf at Fort Hill Shopping Center.

Spartan Square in Salem saw two new tenants take space. Aarons has leased 6,400 sf and Ollie's has leased 28,000 sf. Generation Home Medical Equipment has leased 5,500 sf at Ridgewood Farms, which is also located in Salem. On Electric Road, Wine Gourmet has relocated from Franklin Road into a 3,000-sf space at Promenade Park and Glazed Bisque-It has relocated from downtown Roanoke into a 3,500-sf space at Promenade Park.

Kohl's is under construction with a planned 3rd quarter opening along Route 220, and Walgreens at Ivymarket sold as an investment in late April for \$5,300,000 or \$357.62 per square foot. Downtown, Planet Fitness is expanding at Towers and Chipotle opened at Towers with strong numbers and continues to flourish. Kirklands has leased 9,500 sf at Towne Square Shopping Center and Virginia ABC has leased space adjacent to Kroger at Towne Square. Bare Escentuals has opened a location inside Valley View Mall and Aeropostale is expanding inside Valley View

Outlook

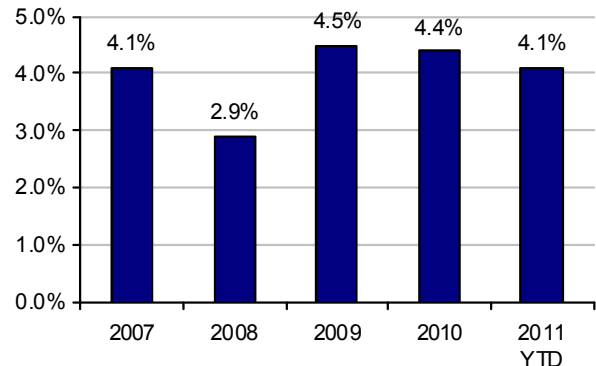
There is strong demand for smaller space in prime centers with attractive co-tenancy under 3,000 sf. There has also been an increase in the interest level of users pursuing free standing locations; however, in this area of Virginia these are typically not available. Food users have also increased activity in pursuing additional locations in their existing markets or expanding into new markets where they do not have a presence.

ECONOMIC INDICATORS

NATIONAL	2010	2011	2012F
Real GDP Growth	2.9%	2.7%	4.2%
CPI Growth	1.6%	3.0%	1.9%
Consumer Spending Growth	1.7%	2.7%	3.6%
Retail Sales	6.4%	8.1%	5.9%
REGIONAL			
Population	300,825	302,500	303,125
Unemployment	6.9%	6.2%	6.0%

Source: Moody's | Economy.com , U.S. Census, Bureau of Labor Statistics, National Retail Federation

HISTORICAL VACANCY RATE



Source: CoStar

BEAT ON THE STREET



"Interest continues to increase across all specialty areas of retail and this has brought on a decrease in the overall vacancy rate; however, lease rates continue to remain flat."

-Norman Moon, First Vice President



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