

MARKETBEAT

ROANOKE RETAIL REPORT

Thalhimer
commercial real estate

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

1Q09

Economic Overview

As has been the case with most local economies, the Roanoke region has also been affected by the current climate and market conditions. Although the region has not been impacted by a single large bankruptcy or lay-off there have been several that have impacted hundreds of workers at any one time. In addition, there have been continued signs of consumers watching their spending and retailers feeling the effects of decreased sales and traffic because of both local and national economic concerns.

Retail Market Overview

The region has seen numerous store closings over the past few months, notably Goody's, Circuit City, Linens n Things and Steve & Barry's, with another handful of tenants who have a national or regional presence that have future plans to follow suit. Retailers that are looking for expansion opportunities are taking a more cautious approach when approving new locations and taking advantage of the current market conditions when appropriate. Thus far, these store closings have not had as great an effect on the vacancy rate of the overall market because of the general lack of new development or opportunity in this topographically challenged region. This could also be attributed to the fact that the larger amount of closings and bankruptcies that have occurred were retailers that did not yet have a presence in the region.

Outlook

Because the region has been less affected by bankruptcy and store closings when compared to larger markets there has not been the same level of increased vacancy and rent concessions, although we will see continued requests for these to occur throughout the year. The stores that have gone dark are mostly in good locations and should see a strong level of prospect inquiries. The interesting question will be if owners and landlords decide to move forward with initial proposals or if they will hold out for past rates in what they consider market rent or the true value of the space. As experts continue to predict future bankruptcies landlords will have to be aware of the careful balance of rent concessions and whether to move on a new prospect or sit and wait for better times. One thing is certain; those retailers that continue to show strong returns and continued expansion will be even more valued than they have been in previous stronger markets.

ECONOMIC INDICATORS

NATIONAL	2008	2009F	2010F
Real GDP Growth	1.1%	-2.9%	1.8%
CPI Growth	3.8%	-1.0%	1.9%
Consumer Spending Growth	0.2%	-2.0%	1.5%
Retail Sales	0.5%	-1.5%	0.8%
REGIONAL			
Population	315,387	330,289	345,022
Unemployment	4.1%	6.5%	6.0%

Source: Moody's | Economy.com, Virginia Employment Commission

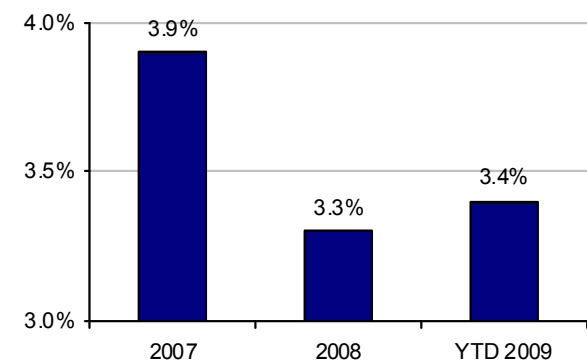
BEAT ON THE STREET



"Retailers that are looking for expansion opportunities are taking a more cautious approach when approving new locations and taking advantage of the current market conditions when appropriate."

-John Nielsen, Retail Sales and Leasing

HISTORICAL VACANCY RATE



Source: CoStar

For further information, please contact one of our Brokerage Services Professionals:

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