

MARKETBEAT

ROANOKE, VIRGINIA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

MID-YEAR 2009

Economic Overview

The unemployment rate in the Roanoke MSA was 7.5% in May. This compares favorably to the national rate of 9.1% and is only slightly higher than the state rate of 7.0%. Unemployment is expected to continue to rise in the near term, putting further pressure on consumers and their spending. This in turn puts pressure on retailers, curbing growth plans and impacting profitability on existing stores.

Retail Market Overview

The region is still at a stand still with no large retail developments under construction or in the pipeline. It is difficult to tell if this is tied to a generally cautious outlook on the parts of developers and retailers, or lingering issues with financing. However, landlords are still finding ways to close deals and will have a chance in the future to take a swing at a handful of retailers that still seem to be circling the market. Petsmart has inked their deal at Towers Shopping Center, and a Verizon wireless agent and a Jimmy Johns franchisee will both be adding locations in the Bonsack market. Several other larger national and small shop users are actively looking to enter the Roanoke market with their first locations.

Outlook

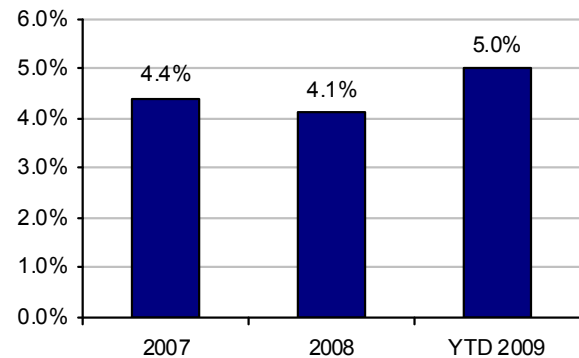
With little positive change in the overall economic conditions, the activity will still be with those retailers that have shown strength and resolve in the current times. The landlords and developers that are able to offer up concessions to bring those retailers into a comfort zone that allows for additional expansion will be the winners. As more experts begin to focus on better times further out, retailers must focus on positioning themselves for the recovery. Landlords are primarily focused on tenant retention right now with any new occupancy an added bonus. When the economy begins to recover, those landlords that were able to be creative and retain and attract tenants will be in the best position.

ECONOMIC INDICATORS

NATIONAL	2008	2009F	2010F
Real GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
Consumer Spending Growth	0.2%	-1.0%	0.6%
Retail Sales	-0.7%	-6.8%	3.6%
REGIONAL			
Population	299,329	301,574	303,836
Unemployment	4.0%	8.5%	8.3%

Source: Moody's | Economy.com, Weldon Cooper Center

HISTORICAL VACANCY RATE



Source: CoStar

BEAT ON THE STREET



"While the overall market is still stagnant as far as new retail development and broad retailer interest; opportunistic landlords are still finding that they have prospects with both national and local retailers as long as they are willing to offer up a deal.

-John Nielsen, Retail Sales and Leasing

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

Thalhimer
A Member of the Cushman & Wakefield Alliance
310 First Street SW
Roanoke, VA 24011
(540) 767-3000
www.thalhimer.com

Please consider your environmental responsibility before printing this report.

This report contains information available to the public and has been relied upon by Thalhimer on the basis that it is accurate and complete. Thalhimer accepts no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

©2009 Thalhimer, Inc. All rights reserved.

Thalhimer
commercial real estate