

MARKETBEAT

ROANOKE, VIRGINIA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

3Q09

Economic Overview

The unemployment rate in the Roanoke MSA was 7.4% in August. This compares favorably to the national rate of 9.7% but is higher than the state rate of 6.5%. Despite the recent improvement in the unemployment rate, the recovery is anticipated to be long and slow.

Retail Market Overview

Western Virginia saw an increase in activity across all areas in the retail sector. O'Reilly Autoparts entered the Roanoke market by signing two deals in Vinton and Salem and is currently working on several other locations which will expand their market coverage. Photo USA purchased the former Ritz camera building on Colonial Avenue. Goodwill is adding a new location on Orange Avenue in East Market Square. Lakeside Plaza Shopping Center in Salem traded hands for \$6.8 million and the former Fuddrucker's adjacent to the property will also be redeveloped into an IHOP.

Construction also picked up in the past quarter with Food Lion starting construction in Moneta, Lowe's continuing construction in Salem, Blue Hills Village is now out of the ground on Orange Avenue, and Bojangles in nearing completion on Brambleton Avenue. PETCO has also started construction at Towers Shopping Center. Unfortunately there will also continue to be some store closings in the area. Ukrop's announced that they will close their store in late October and Movie Gallery and Hollywood Video will also be closing some of their locations. The Mostly Sofas building along I-581 is holding a store closing event but will reopen under a different name at the same location.

Several other national users are actively looking to enter the Roanoke market with their first locations or to expand their current market coverage. Interest has increased across the board although tenants are still proceeding with caution.

Outlook

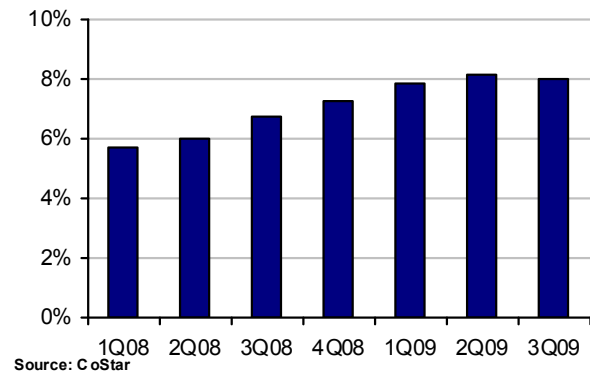
Experts have a wide range of opinions when discussing their forecasts for the rest of the year. The outcome of the holiday season will be a major factor for retailers when considering their future expansion plans. The owners and developers that have continued to make intelligent decisions with their real estate will hold their assets while other properties will need to develop an exit strategy.

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 | 298,100 | 300,484 | 302,889 |
| Unemployment | 4.0% | 7.6% | 7.3% |

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

HISTORICAL VACANCY RATE



Source: CoStar

BEAT ON THE STREET



"Interest has increased across the board and retailers and developers alike are optimistic for a slightly better holiday season than last year."

-John Nielsen, Retail Sales and Leasing

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

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