

# MARKETBEAT

## ROANOKE, VIRGINIA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



YEAR-END 2009

### Economic Overview

Unemployment in the service sector decreased slightly during the holiday season. The Institute for Supply Management said its service index rose to 50.1 in December from 48.7 in November. According to this private trade group, a level above 50 signals growth. The Roanoke region's non-seasonally adjusted unemployment rate for November, the most recent data available, is 7.1%. This is slightly above the non-seasonally adjusted unemployment rate of 6.4% for the commonwealth, but well below the national rate of 10.0%. The unemployment rate in November 2008 for the Roanoke MSA was 4.5%.

### Retail Market Overview

The fourth quarter of 2009 showed increased activity in western Virginia in the retail sector. Recent transactions include IHOP's purchase of the former Fuddrucker's in Salem for \$924,000. There were two Applebees investment transactions; the Valley View location traded for \$1,884,782 and the Challenger Avenue location traded for \$2,275,000. The former Kroger along Orange Avenue closed at \$1,050,000, a discount from the original asking price. New retailer lease transactions include Americas Best at Towne Square, Vitamin Shoppe at Valley View Station and Goodwill at Market Square East. hhgregg will add their first location in the market in the former Circuit City at Valley View. Construction has also increased in certain areas of the market with CVS under construction in Daleville, Bonsack and Blacksburg. Member One has finished construction in Salem and Lowe's should be finished within weeks.

The recent closings of a number of area Blockbusters and the Ukrops/First Market bank will allow new retailers to pursue the quality locations that have become available. Landlords will need to maintain focus on those retailers that are in an expansion mode and also look for creative prospecting and marketing to gain an edge on other buildings and centers with vacancies.

### Outlook

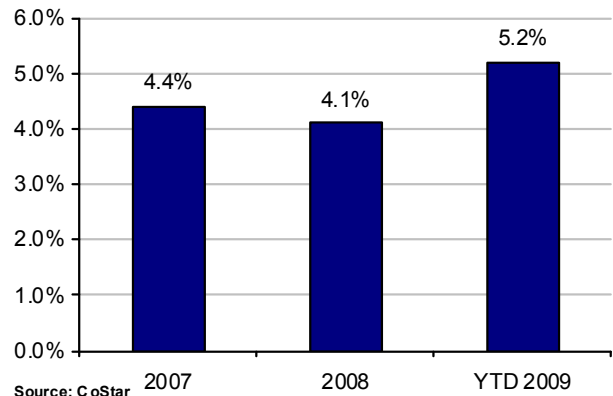
Experts seem to be across the board when discussing their forecasts for 2010. The retail sector will need to see an increase in employment as well as new lending and financing before we can begin to see a concrete, positive trend in retailer activity and consumer spending. Both retailers and landlords will be holding their breath until holiday spending and company earnings are announced.

### ECONOMIC INDICATORS

	2008	2009F	2010F
<b>NATIONAL</b>			
Real GDP Growth	0.4%	-2.5%	2.3%
CPI Growth	3.8%	-0.4%	1.7%
Consumer Spending Growth	-0.2%	-0.6%	1.0%
Retail Sales	-0.8%	-6.4%	2.6%
<b>REGIONAL</b>			
Population	299,329	301,574	303,836
Unemployment	4.1%	6.9%	6.7%

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

### HISTORICAL VACANCY RATE



Source: CoStar

### BEAT ON THE STREET



"The retail industry will need positive news regarding holiday spending and better company earnings, along with a decrease in the unemployment rate, before it can begin to strengthen in 2010."

-John Nielsen, Retail Sales and Leasing

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