

MARKETBEAT

ROANOKE RETAIL REPORT

Thalhimer
commercial real estate

1Q10

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Economic Overview

As of February, the not-seasonally adjusted unemployment rate in the Roanoke area was 8.4%. This represents the highest unemployment rate seen in the market in recent history. Roanoke is not alone, however; every market in the Commonwealth of Virginia is seeing record unemployment. Roanoke's unemployment rate is higher than the Virginia rate of 7.7%, but lower than the national rate of 10.2%.

Retail Market Overview

The first quarter of 2010 showed positive signs for the new year. Recent transactions include a new Verizon Wireless retailer location at the former Blockbuster on Electric Road. Baja Bistro will be backfilling a former coffee shop in West Village and Sportsmans Liquidation will also enter the Roanoke market. Both retailers will have locations on Electric Road. Batteries Plus will add its first location in the Valley View area, backfilling a former Subway that relocated to the mall. Cheddars has closed on its deal for a free-standing location in the Valley View mall parking lot. Gamestop has expanded its current location at Valley View and will also add a location in Salem in front of Spartan Square. We have also seen a number of new openings with IHOP in Salem, hhgregg taking the former Circuit City at Valley View, and Vitamin Shoppe occupying a portion of the former S&K at Valley View. Petco is open and operating its first location in the Roanoke market at Towers Shopping Center. O'Reilly's has also opened its location across from Lowe's in the Salem area. Walmart is now performing site work on Rt. 220, and HCA has broken ground at the Daleville Town Center development. There were also a number of sales for the first quarter. Candler's Station in Lynchburg traded at \$15,987,930. The ownership of Wards Crossing sold its interest at \$6,600,000. Applebee's continues its investment sales with a transaction at Candler's Station for \$1,775,000. CVS is still actively increasing its freestanding locations and closed on its Daleville location for \$1,400,000 across from Daleville Town Center.

Outlook

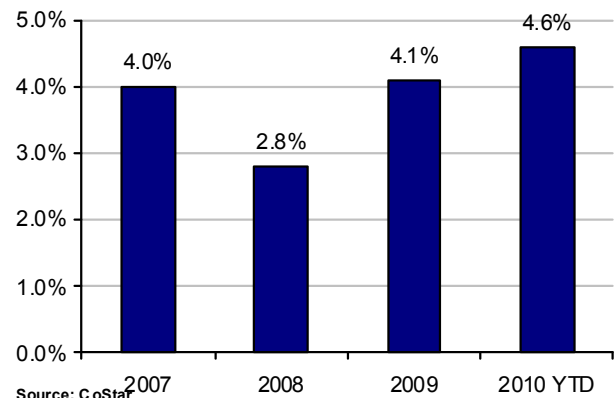
Holiday spending and company earnings seem to show better results than 2008 although everyone involved sees a long road ahead before we can declare a true positive trend. The retail sector still needs to see increased consumer spending and employment.

ECONOMIC INDICATORS

	2009	2010F	2011F
NATIONAL			
Real GDP Growth	-2.4%	-2.8%	3.7%
CPI Growth	-0.3%	1.9%	2.1%
Consumer Spending Growth	-0.6%	1.7%	2.8%
Retail Sales	-6.0%	4.5%	5.3%
REGIONAL			
Population	301,574	303,836	306,000
Unemployment	7.2%	8.2%	7.9%

Source: Moody's | Economy.com

HISTORICAL VACANCY RATE



Source: CoStar

BEAT ON THE STREET



"The retail industry is looking ahead in 2010 and both retailers and landlords seem to be concentrating on quality deals that bring value to each party."

-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.

©2010 Thalhimer, Inc. All rights reserved.

Thalhimer
commercial real estate