

MARKETBEAT

ROANOKE, VIRGINIA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

Q2 2010

Economic Overview

Mirroring most of the markets throughout the commonwealth, Roanoke's unemployment rate dropped after a few months of the unemployment rate rising. The rate as of May is 7.4%, down from a peak of 8.4% just three months prior and closer to the unemployment rate late last year. One year ago the rate was slightly lower at 6.8%.

Retail Market Overview

The second quarter of 2010 continued to follow the same trend as the previous quarter as activity seems to have increased from the same time a year before. Recent transactions include a Food Lion renewal in Lexington and Variety Wholesalers inked a deal in North Roanoke County. Dominos has re-opened under a different operator in downtown Roanoke, Jimmy Johns has opened their location on Rt. 460, and a Verizon Wireless retailer also opened a location in the Vinton sub-market. From an investment standpoint the McDonalds on Hershberger Road traded hands for \$1,300,000 and Northlake Center in North Roanoke sold for \$917,000. The former Patina building located on Electric Road also was purchased and will be redeveloped by the new owner for a computer repair business. O'Reilly's has continued with their expansion in the area by purchasing a location on Rt. 29 near Lowes in the Lynchburg market.

Outlook

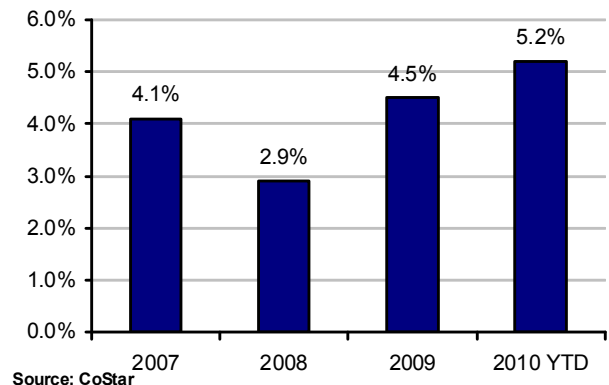
There are some worries of a possible double dip recession and this has resulted in continued uncertainty in both consumer spending and the stock market. Second quarter earnings should help give direction as they are reported in the coming weeks. There also seems to be an increase with interested prospects in the market and we should see some relocations occur by the end of the year as well as discounters and technical colleges and institutes making a play at better retail locations that offer higher visibility. Leasing activity year to date is slightly better than at that the same time last year and there is typically an increase in activity through the last half of the year. Many retailers that have secured locations rush to open before the holiday shopping season.

ECONOMIC INDICATORS

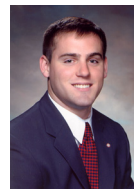
NATIONAL	2008	2009F	2010F
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%
Consumer Spending Growth	-0.6%	2.3%	3.1%
Retail Sales	-6.3%	6.0%	5.7%
REGIONAL			
Population	299,329	301,574	303,836
Unemployment	4.1%	7.1%	6.9%

Source: Moodv's | Economv.com. Weldon Cooner Center

HISTORICAL VACANCY RATE



BEAT ON THE STREET



"Second quarter earnings will play a big part in future trends for consumer spending and retailer expansion."

-John Nielsen, Retail Sales and Leasing

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