

MARKETBEAT

ROANOKE, VIRGINIA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

Q3 2010

Economic Overview

The unemployment rate in Roanoke has held steady for the past three months at 7.5%. This is just above the median unemployment rate of 7.4% for August in the thirteen MSA's in Virginia and above the statewide average of 7.0%.

Retail Market Overview

As the third quarter has come to a close there has been a wide variety of transactions in southwestern Virginia. CVS closed on a location on Plantation Road for \$675,000. O'Reilly Auto Parts is moving forward with a location on Brambleton. Miller-Motte Technical College has signed a lease in Tanglewood Mall. Local operators, Walkabout Outfitters and Twist & Turns, both signed leases at The District at Valley View Mall along with national retailer Rue 21. Local retailer Patina has relocated to Keagy Village. BatteriesPlus will add a second location on Electric Road. Jo-Ann Fabrics will relocate to Towers Shopping Center. Local Roots, a farm and table restaurant concept, has opened their new location in the Grandin area. The former Ukrops development, Ivymarket, was purchased at auction by the lender; however the actual transfer has not yet occurred. Most notably New River Valley Center, which is adjacent to NRV Mall and anchored by Ross, Best Buy, Staples, PetsMart, Bed Bath & Beyond and a Panera Bread, recently traded at \$17,300,000 from PREIT to a joint venture between RioCan and Cedar. The transaction was part of a larger five property portfolio.

Outlook

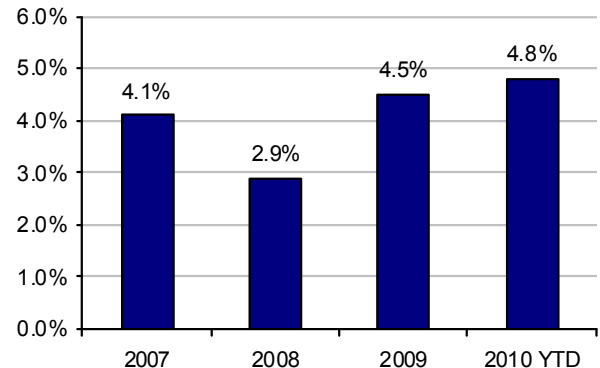
Transactions year-to-date are slightly better than at the same time last year and there is typically an increase in activity through the last half of the year. Many retailers who have secured locations are now in a rush to open before the holiday shopping season. However, we will see less store openings as we come closer to the end of 2010 and many retailers are already outlining and moving forward on plans for 2011. The real question on the entire industry's mind is how the holiday season will affect expansion and growth in the future. There are still retailers and landlords on the ropes, and a negative fourth quarter could reverse our gains thus far in 2010. At the same time if fourth quarter holiday sales are positive, it will create a spark that will allow most of the industry to move even further toward recovery and increased activity and optimism.

ECONOMIC INDICATORS

NATIONAL	2009	2010F	2011F
GDP Growth	-2.6%	2.7%	3.1%
CPI Growth	-0.3%	1.6%	1.6%
Consumer Spending Growth	-0.6%	2.5%	3.1%
Retail Sales	-6.3%	6.3%	5.8%
REGIONAL			
Population	299,329	300,825	302,329
Unemployment	7.2%	7.2%	6.7%

Source: Moodv's | Economv.com. Virginia Employment Commission

HISTORICAL VACANCY RATE



Source: CoStar

BEAT ON THE STREET



"The fourth quarter and specifically the holiday season will play an integral role in future trends for the entire retail industry."

-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

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