

Retail Snapshot Q1 2017

Roanoke, VA



ECONOMIC INDICATORS

National

	Q1 16	Q1 17	12-Month Forecast
GDP Growth	1.6%	2.0%	▲
CPI Growth	1.1%	2.4%	▲
Consumer Spending Growth	2.4%	3.1%	▼
Retail Sales Growth	2.5%	5.2%	■

Regional

	Q1 16	Q1 17	12-Month Forecast
Household Income	\$51,630	\$53,100	▲
Population Growth	0.2%	0.2%	■
Unemployment	4.1%	4.1%	■

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Economy

Retail finished strong in 2016 by posting a 4.0% sales growth during the holiday season and doubling the sales growth overall from Q1 a year ago. Sure retail is seeing some changes but those are concepts that are adapting and shifting to an economy rebounding from a recession and responding to changes in technology and consumer shopping patterns. Recently there are headlines of retail armageddon and the water cooler chatter about the death of brick and mortar and other doom and gloom scenarios. While retailers are filing bankruptcy like Gander Mountain or announcing store closures like JC Penney, HH Greg and Kmart to name a few; the Roanoke retail market is also experiencing other adaptive concepts from retailers to shift their footprint and meeting the needs of online orders as well as walk-ins. Former big-box and department stores have become the hot spot for redevelopment opportunities.

Market Overview

With major vacancies from these large box bankruptcies, the closings have been countered by a historical tight retail market that has seen new concepts interested in those backfill opportunities as well as grocer construction across multiple submarkets. During the first quarter, not only have vacancies in shopping centers decreased, but new fast casuals and breakfast concepts with a southern flare planted their seed, but also three new grocers spread their roots here: Aldi, Lidl, and Earthfare. With the attraction of the Roanoke MSA as the fourth largest in the Commonwealth, coupled with our *Go! Outside Roanoke* lifestyle campaign; there are many complimentary amenities such as strong household income numbers as well as growth in population that support these major players dropping shovels in the region. With the unemployment hovering at a consistently low 4.1% and average household income increase, the Roanoke Valley is a catch all for success.

Outlook

Continuing to move this retail noodle up the mountain will be no small task. But with green pastures of new grocers entering our Roanoke market bringing with them small shop flavored tenants such as Famous Toastery and Mellow Mushroom, more will certainly head to the market. It is pleasing to know that the public's confidence is at a 10-year high, which has reported a steady increase since 2009. The invention of new or mixed retail concepts will keep things interesting through the remainder of the year.

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