

Retail Snapshot Q2 2017

Roanoke, VA



ECONOMIC INDICATORS

National

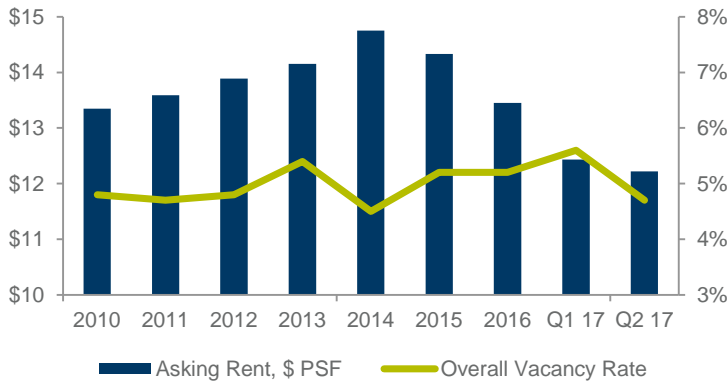
	Q2 16	Q2 17	12-Month Forecast
GDP Growth	1.3%	2.3%	▲
CPI Growth	1.1%	1.9%	▲
Consumer Spending Growth	2.7%	2.7%	■
Retail Sales Growth	2.2%	4.0%	▲

Regional

	Q2 16	Q2 17	12-Month Forecast
Household Income	\$52,043	\$53,459	▲
Population Growth	0.2%	0.3%	▲
Unemployment	3.8%	3.6%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Economy

While the market is still experiencing household names continuing to change, are retailers scrambling to remain relevant? Or is the market witnessing the shift in supply being transformed by both size, name, and location? Consumer spending remained the same as Q2 2016, but the National growth of retail sales continued to climb from 2.2% up to 4.0% for Q2 2017. Big boxes are now able to be recaptured and repositioned with either the best-in class retailers who can backfill a portion or all of the availability. The landscape is shifting, as it always has, but with more retailers now present in one central location of a retail hub, it seems to be a divide and conquer platform. Previously just one large retailer offered supply to consumers and profits to landlords, spaces now can be demised to several retailers providing a variety of options to consumers and even greater profits to landlords, thus increasing the overall center, the tenant and consumer spending flow.

Market Overview

The region witnessed the key components of population growth, unemployment dropping, and opportunities rising. New tenants are continuing to enter the market and driving the vacancy rates downward. Orange Theory Fitness spread its wings here landing in several locations across the region. Other newcomers include I love Kickboxing, Lady Jane's, Hair Cuttery, and Hobby Lobby. Many of these companies are taking root in most of the retail redevelopment projects from big box retailers who were not able to sustain the shift, but some are also backfilling other strip center vacancies. There are other well-known retailers entering the market but are narrowing down on those site selections. Staples has downsized in a few locations, offering growth for mid-size junior anchors. JC Penney and K-mart both announced closures that sent developers to the offer table for the redevelopment opportunity that lies ahead.

Outlook

Retailers are rightsizing growth opportunities with both the new and mixed retail concepts expanding to the southwest portion of Virginia. As these large vacancies continue to appear, new development and regrowth start to form, trending conversions to newly opened doors from both a backfill standpoint as well as re-development projects.

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