

MARKETBEAT

Roanoke, VA

Retail Q2 2019



CUSHMAN & WAKEFIELD

THALHIMER

ECONOMIC INDICATORS

National

| | Q2 18 | Q2 19 | 12-Month Forecast |
|--------------------------|-------|-------|-------------------|
| GDP Growth | 2.9% | 2.6% | ▼ |
| CPI Growth | 2.7% | 1.8% | ▲ |
| Consumer Spending Growth | 4.7% | 4.5% | ▼ |
| Retail Sales Growth | 5.6% | 3.3% | ▼ |

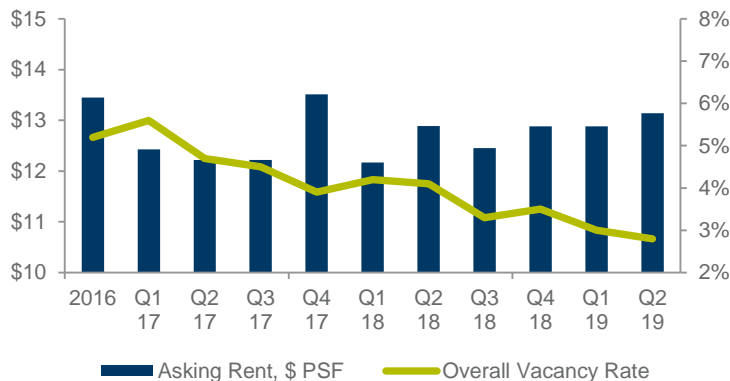
2019 Q2 data are based on latest available data. Growth rates are year-over-year.
Source: BLS, BOC, Moody's Analytics

Regional

| | Q2 18 | Q2 19* | 12-Month Forecast |
|-------------------|----------|----------|-------------------|
| Household Income | \$55,300 | \$56,300 | ▲ |
| Population Growth | 0.2% | 0.2% | ■ |
| Unemployment | 3.1% | 2.9% | ▲ |

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Economy

An inverted yield curve, a trade war with China, fluctuating consumer confidence and a reduction in GDP from the first quarter all point to signs that the US economy will slow the remainder of the year. To delay a recession, the nation needs a trade agreement with China and a new growth catalyst now that the tax cut and jobs act growth has lost its momentum. On a micro level the Roanoke-Lynchburg-New River Valley region continues a very slow trend with small increases in population and household income and a lower unemployment rate.

Market Overview

With a regional vacancy rate under 5% the area is finally starting to see new construction and proposed projects in the pipeline. The Valley View –Towne Square submarket has a Chipotle, Great Clips and Aspen Dental under construction and Tanglewood is moving forward with several shop buildings with yet another Aspen Dental, Panda Express, Jersey Mike's and other strong national tenants that will front Electric Road. A major development labeled Valley View Town Center has gained the focus of tenants like Costco and Hobby Lobby but the \$45M in access road costs alone risk its viability. Meanwhile in Christiansburg, the Christiansburg Marketplace will undergo a major redevelopment, and demolition is already underway for what will be the regions newest EarthFare anchored shopping center along with various other shop tenants.

Outlook

Based on economic forecasts, the economy will slow the second half of the year and the region will only see a limited amount of land sales and new construction this late in the cycle. Positive lease absorption should continue but will stay under 100,000 square feet (sf) with lease rates staying fairly stagnant. Hyper tertiary markets like the Roanoke-Lynchburg-New River Valley region will see less of an impact from any national trends.

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About Cushman & Wakefield

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