

\$62,800
Median HH Income

YoY
Chg12-Mo.
Forecast

0.2%
Population Growth



3.3%
Unemployment Rate



Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q1 2023

1.9%
GDP Growth

YoY
Chg12-Mo.
Forecast

9.4%
Consumer Spending
Growth



5.3%
Retail Sales Growth



Source: BEA, Census Bureau

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ECONOMIC OVERVIEW: Clouds Gathering but Retail Propels Forward

The first quarter continued the trendline that dominated 2022: the Federal Reserve raising interest rates. The first quarter saw two increases, totaling a change of 50 basis points (bps) but with a significant year-over-year (YOY) implication. Southwest Virginia and Central Virginia have continued to see positive economic indicators with little to no major layoffs or employer relocations out of the region.

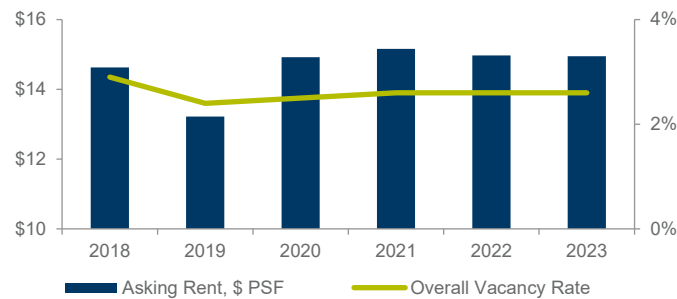
SUPPLY AND DEMAND: Inventory Shortage is Prolonged

Demand in the greater Roanoke region remains strong. Vacancy dipped by 10 bps from the end of 2022 to 2.5% overall, and numerous retailers have been circling Roanoke, especially quick service restaurants. A shortage of modern, high-ceiling space for restaurants remains one of the clearer bottlenecks in attracting new users. Big box retailers have also remained largely active. Deal points related to construction and build-out remain at the crux of all lease deals, with soft and hard costs not experiencing any sort of setback.

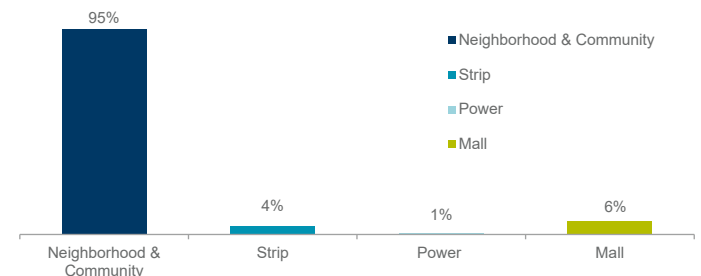
PRICING TRENDS: Deal-Heavy Quarter for Sales

The first quarter of 2023 showcased several significant sales transactions in the region. The headliner was the sale of Tanglewood Mall in Roanoke County. Tanglewood Mall fetched \$42.5 million and was purchased by Hackney Real Estate Partners, based in Richmond, VA, after a relatively brief marketing period. The shopping center had previously sold in 2016 for \$22.7 million; in those five-plus years, the interior mall signed multiple long-term leases with Carilion Clinic and had a significant run of retail development in the outparcels with notable national names and market newcomers. The land assemblage along Orange Ave (US 460) for a mixed-use development led by Thomas Builders, culminated and included the 2.23-acre \$1.5 million purchase of the former Jersey Lily's restaurant at 2843 Orange Avenue. In Lynchburg/Madison Heights, the Food Lion-anchored center at 111 Seminole Drive sold for \$2.9 million at an 8% capitalization rate. In the New River Valley, the former Applebee's in the shadow of the Christiansburg Marketplace development was sold for \$1.8 million in late March 2023. Ulta Beauty landing in 10,000 square feet at the River Ridge Mall in Lynchburg was one of the more prominent retail leases.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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