

ROANOKE

Retail Q3 2020



	YoY Chg	12-Mo. Forecast
\$56,700 Median HH Income	▼	▼
0.2% Population Growth	▲	▲
8.8% Unemployment Rate	▼	▼

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

U.S. ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
-4.2% GDP Growth	▲	▼
-7.6% Consumer Spending Growth	▲	▲
5.1% Retail Sales Growth	▲	▼

Source: BEA, Census Bureau

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ECONOMY: New Trends & Recovery

As the economic puzzle of Covid-19 continues to be shaky and unsteady, retail trends are beginning to reshape their requirements. With less emphasis on interior square footage, we are seeing national chains roll out refreshed concepts as pedestrian pick up windows, mobile app ordering with curb side pick up increase in presence along with dual drive-thrus. Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

DEMAND: Growth decreases prior to Holidays

While consumers are still spending, we are seeing retail growth at a much slower pace in preparation for the Holiday season. The uncertainty of Covid-19's blanket on our economy has certainly impacted spending patterns and in store presence. There are some encouraging signs with several new retail developments and rehabs in the New River Valley (Christiansburg and Blacksburg specifically). In addition, there is continued demand for solid, performing investment properties. Recent Q3 activity includes purchases from local and regional investors alike, trading at favorable cap rates for the seller.

PRICING: A Mixed Bag

Occupiers have continued to tread lightly back into the upcoming pipeline as we see an increase in site tours and timing requirements; however, landlords and sellers have held firm on pricing and relying on pre-pandemic market trends. Strategic and long-term decision-making has resumed but there is still formidable uncertainty on the retail platform. Tenants continue to have some leverage on creative business deal structuring and certainly more so in heavily affected submarkets. Positive market velocity was highlighted by two Christiansburg-based investment sales of retail strip centers at 420 Peppers Ferry Road for \$5,020,000 and 290 Peppers Ferry Road for \$3,250,000 in September 2020.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE

