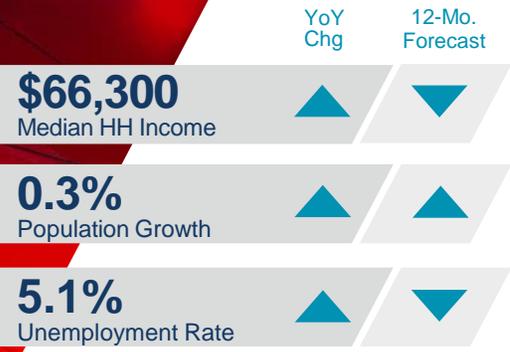


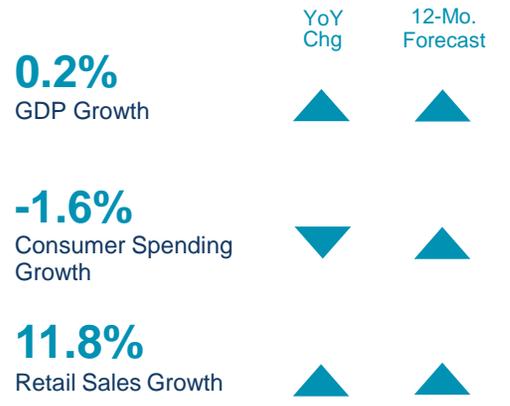
ROANOKE

Retail Q1 2021



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

U.S. ECONOMIC INDICATORS Q1 2021



Source: BEA, Census Bureau

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ECONOMY: New Trends & Recovery

The first quarter of 2021 pandemic continues to impact the local and national economy. The Commonwealth of Virginia executed a relatively smooth rollout of the Covid-19 vaccine. As the vaccination rate climbed, so, too did consumer confidence and activity in the retail marketplace, as we saw retail sales growth have a huge upswing. The regional unemployment rate has stabilized and is almost a full percentage point below the national unemployment level of 6.0%. Inflation concerns persist, as the Federal Reserve and the Administration try to climb fully out of the pandemic by pumping money into the economy through the American taxpayer.

DEMAND: Bouncing Back into Balance

The Roanoke region has continued to see a string of national restaurant brand closings, as well as bank branch consolidations in the area; both will provide excellent retail redevelopment opportunities. Medical users, along with up-and-coming restaurants, have quickly snatched up many of the more prominent free-standing buildings. The expectation is to continue to see more fallout from Covid-19, but in 2021 there are more retailers ready to backfill or purchase the available space. There are still incentives on the table for attractive tenants but there is more equilibrium between landlords and tenants than we have seen over the past year. The vacancy rate in the area has largely stabilized under 3.0%. Tenants and buyers alike are generally seeking a smaller footprint post-pandemic and big box and junior box space rentals could remain strained to achieve base rental rates that were seen in recent years. Investment sales volume remains healthy and in high demand as investors chase stable returns and flock to an investment class that does not appear overheated compared to its peer classes.

PRICING: A Changing Landscape

Market rents have increased marginally over the past year, despite the obvious challenges. Two recent re-developments have steamrolled ahead. Christiansburg Marketplace in the New River Valley has continued a steady stream of announcements of quick service restaurants and retail shops with grand openings slated for the second quarter of 2021. Tanglewood Mall in Roanoke County announced a \$30 million investment by Carilion's Children at the end of 2019 and a new lineup of retailers have committed to Q1 leases, following the momentum in this corridor.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE

