MARKETBEAT

ROANOKE

Retail Q3 2021

	YoY Chg	12-Mo. Forecast
$61,900 Median HH Income	—	▲
0.2% Population Growth	—	▲
3.8% Unemployment Rate	▼	▲

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

U.S. ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
5.6% GDP Growth	▲	▲
11.0% Consumer Spending Growth	▲	▲
14.1% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

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ECONOMY: Positivity with Caution

Much of the positive momentum built in Q2 continued into Q3 of 2021. Unemployment on the Roanoke market micro level is 140 basis points below the national average of 5.2%. Even so, the labor market has been challenging to business owners and managers in the retail sector. The U.S. equities markets cooled their previously scorching pace to begin 2021. Concerns about Covid-19 variants and trouble overseas and with the supply chain have led to a more conservative outlook for the remainder of the year. Economic indicators continued to be bolstered by consumer spending and bullish sales growth approaching the holiday season.

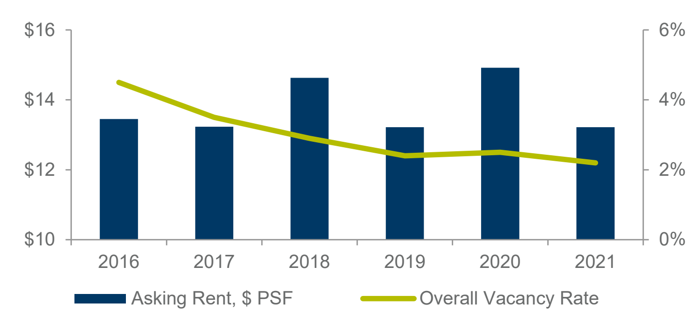
SUPPLY & DEMAND: Stabilization

New retailers have continued to circle and enter the Roanoke and western Virginia market. Leasing activity during Q3 consisted of several automotive, predominately tire and oil change, users in the 5,000 – 7,000 square foot (sf) range. Leasing activity has largely returned to pre-pandemic levels as far as demand. Retail sales and leases were recorded in both suburban and downtown markets of Blacksburg, Roanoke, Lynchburg, and Danville. There were several significant retail investment sales in the quarter. The $7.1 million sale of 1000 Laurel Street (Aldi, Hobby Lobby, and Dollar Tree) in Christiansburg and the $8.5 million sale of 1951 Electric Rd - Ridgewood Farms Shopping Center (Kroger, Tuesday Morning, Workout Anytime) - in Salem headlined the investment transactions. New construction projects accelerated along the Orange/Challenge Ave corridor east of Roanoke, as well as at Tanglewood Mall in Roanoke County and Christiansburg Marketplace in the New River Valley.

PRICING: A Delicate Balance

Despite the resurgence in activity, landlords have generally not raised base rental rates. Many tenants still face obstacles with labor, as well as supplies and resources. External factors present challenges for both tenants and landlords alike. The aforementioned new construction developments have commanded high market rents, accompanied by long-term leases. Quality retail product, investment and owner/occupant, are at higher prices per square foot, as well as compressed capitalization rates where applicable. Many would-be retail tenants are now purchasing real estate due to the liquidity in the market with favorable lending terms that remain and rising market confidence.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE