

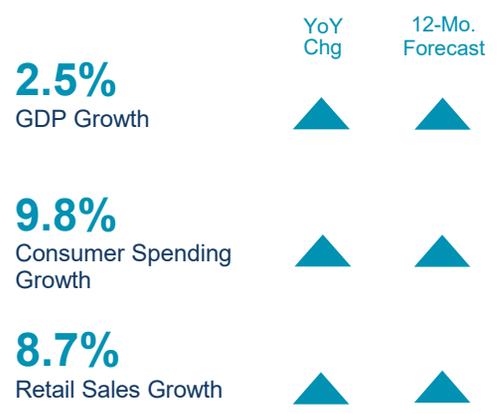
ROANOKE

Retail Q2 2022



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

U.S. ECONOMIC INDICATORS Q2 2022



Source: BEA, Census Bureau

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ECONOMIC OVERVIEW: A Balanced Approach

Astute observers of the Roanoke Valley and neighboring economies have often commented that their municipalities are partially insulated from the national economic headlines and resulting unpredictable momentum swings. Despite lingering recession concerns, landlords and tenants alike are taking a long-term approach on leasing activity while focusing on controllable expenses in the present. National retailers continue to seek out Southwest Virginia due to its favorable business climate and improving metrics. The leading healthcare companies in the region remain major drivers of the economies. The Roanoke unemployment rate is tracking 60 basis points (bps) below the national average of 3.6%. The growth and vibrancy of Roanoke and the Commonwealth are evidenced by Virginia recently ranking #3 in America's Top States for Business by CNBC.

SUPPLY AND DEMAND: Stabilization with New Opportunities

The second quarter of 2022 marked a slowdown in big box and bank branch turnover in the region, as compared to the past few quarters. Future turnover is still expected but the anticipation is that this will follow a more traditional, cyclical nature. New mixed-use projects with significant retail components continue to charge ahead in the greater Roanoke region, including a volley of activity in Lynchburg along Timberlake Road and Graves Mill Road and in Blacksburg, around Virginia Tech, with the Midtown and North End developments. Retail outparcel opportunities are commanding a frenzy of activity and a competitive environment for retailers, restaurants, and medtail product in the marketplace.

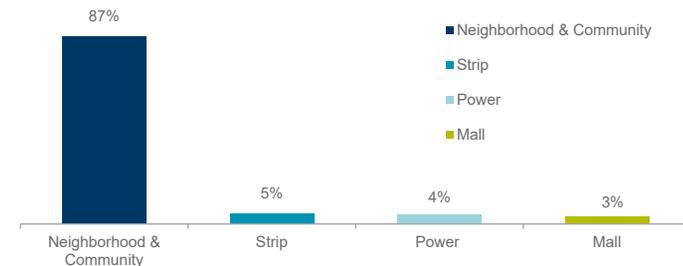
TRENDS: Room to Run

Both retail sales and leasing trends have continued to accelerate in Q2. Tenants are largely exercising renewal options or looking to expand in the market, quite a change from two short years ago. Chipotle signed a lease in Radford and Crumble Cookies announced that they are coming to Lynchburg, highlighting two new market entries. The greater Roanoke market continues to see a healthy mix of national and local users in the tenant landscape. A number of sales occurred on buildings that had experienced longer than expected market exposure periods. Car wash operators have had strong appetites in the Southwest and Central Virginia markets, gobbling up a number of sites. A former Ruby Tuesday on Electric Road marked one of the biggest sales of the quarter; valued as a land sale, the property fetched \$1,747,565 for the 1-acre site. Investors seem to be mostly bullish on the long-term outlook with a Wells Fargo branch and operations office in South Roanoke selling as a vacant investment for \$1,550,000 among the notable transactions of the period.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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