

MARKETBEAT

FREDERICKSBURG RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

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2Q11

Retail Activity

A number of restaurants opened during the past quarter, including Buffalo Wild Wings, which expanded to a new location in Southpointe. Sweet Frog, a frozen yogurt shop, opened a Fredericksburg location, adding to the numerous stores it has recently opened along the East Coast. Frozen Yogurt specialty shops were of high interest during the International Council of Shopping Centers Conference, which was held in Las Vegas during the second quarter. Discount stores also made a strong showing at the conference, displaying increased interest in opening more locations in the area with the popularity of reduced cost stores on the rise as the economy continues to struggle.

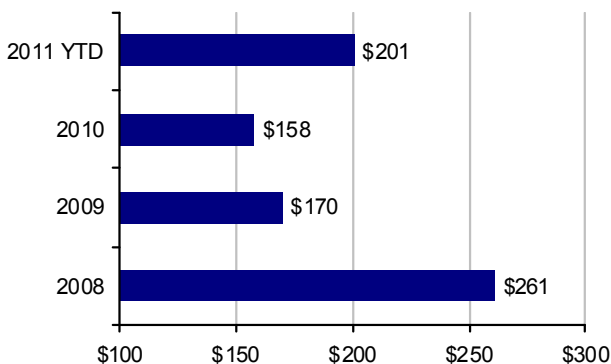
Leasing Activity and Absorption

With only two quarters in the books, leasing activity is on track with the activity at this time in 2010. There has been 211,207 square feet (sf) leased in 2011, vs. 355,511 sf leased for all of 2010. Vacancy rates have dropped since last year, with the second quarter coming in at 7.0%. This is a 1.5 percentage point decrease from the same time last year. Fredericksburg Judo Club leased space in Eagle Village. Salsarita's also opened a new location in Southpointe. Mariner Finance and UPS rounded out the national franchisee leasing activity.

Rental rates continue to trend down, renewals steady

Rental rates have continued to trend down as tenants take a more aggressive approach to lease negotiations. Renewal activity has seen tenants asking for reduced rental rates with shorter terms.

INVESTMENT SALES PRICE PER YEAR



Source: Real Capital Analytics, Washington DC Virginia suburbs, TTM \$/sf

ECONOMIC INDICATORS

NATIONAL	2010	2011	2012F
Real GDP Growth	2.9%	2.7%	4.2%
CPI Growth	1.6%	3.0%	1.9%
Consumer Spending Growth	1.7%	2.7%	3.6%
Retail Sales	6.4%	8.1%	5.9%

REGIONAL	2010	2011	2012F
Population	304,189	313,314	323,030
Unemployment	6.1%	5.8%	5.6%

Source: Moody's | Economy.com, U.S. Census, Bureau of Labor Statistics, National Retail Federation

KEY LEASING TRANSACTIONS

PROPERTY	TENANT	SQUARE FEET
3801 Plank Road	Plow & Hearth	8,035
Eagle Village	Fredericksburg Judo Club	3,750
4401 Plank Rd.	America's Home Place	3,000
Cosner's Corner	Salsarita's	2,538
Westwood Village	Visiting Angels	2,050
Four Mile Fork	UPS Store	1,200

KEY INVESTMENT TRANSACTIONS

PROPERTY	PRICE	SQUARE FEET
N/A		

BEAT ON THE STREET



"The retail market is definitely heating up. National credit-worthy tenants are finally expanding into our market."

– Magnolia Martin, Retail Sales and Leasing



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*The market terms and definitions in this report are based on NAIOP standards.

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