

MARKETBEAT

FREDERICKSBURG, VA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

3Q09

Eagle Village

Eagle Village, a mixed-use redevelopment project by the University of Mary Washington Foundation, is moving forward. The first phase will include 30,000 square feet (sf) of retail and restaurant space and will be connected to the University of Mary Washington campus via a pedestrian bridge over US Route 1.

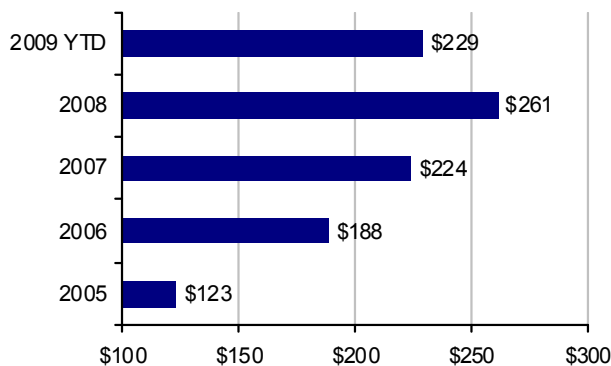
Leasing Activity slows from prior year

Leasing activity through the third quarter of 2008 was approximately 219,000 sf. Through the first three quarters of this year that has fallen to 130,000 sf. The total number of deals is also almost half of the same period last year, with 54 this year compared to 102 last year.

Overall Vacancy level at 7.5%, Rental Rates fall

The amount of overall vacant retail space in the market stayed relatively level at 7.5%. In most any economy, but especially this one, that is healthy. Absorption has been negative, but new construction has been minimal, so as the economy recovers and existing space gets leased, we will see absorption begin to rise and vacancy level off or drop. Asking rates are off anywhere from five to ten percent from third quarter 2008. Effective rates are even lower once concessions such as free rent and tenant improvements are factored in.

INVESTMENT SALES PRICE PER YEAR



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

ECONOMIC INDICATORS

	2008	2009F	2010F
NATIONAL			
Real GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
Consumer Spending Growth	0.2%	-1.0%	0.6%
Retail Sales	-0.7%	-6.8%	3.6%
REGIONAL			
Population	317,716	320,257	322,819
Unemployment	4.1%	6.0%	5.5%

Source: Moody's | Economy.com, Virginia Employment Commission, Weldon Cooper

KEY LEASING TRANSACTIONS

PROPERTY	TENANT	SQUARE FEET
Stafford Marketplace	Sear's Appliance Showroom	4,692
20 Plantation Drive	PB's Charcoal Rotisserie	2,850
Eagle Village	Ella Grace	2,500
7610 Heths Salient Street	Olde Town Spa	1,906

KEY INVESTMENT TRANSACTIONS

PROPERTY	PRICE	SQUARE FEET
Southpoint Plaza IV	\$2,000,000	7,800
Former Paradise Diner	\$650,000	3,000
730 Kenmore Avenue	\$350,000	3,168

BEAT ON THE STREET



"In contrast to the overall leasing activity, we are seeing increased leasing activity in the market from franchise brands looking to take advantage of the current rental rates and landlord incentives. The seasoned franchisees are anticipating rock bottom rental rates to rise in the not too distant future."

—Shawn Carrington, Retail Sales and Leasing

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