

MARKETBEAT

FREDERICKSBURG, VA RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimers
commercial real estate

YEAR-END 2009

Trend Toward Local Restaurants

Much of the leasing activity in the past quarter focused around restaurants. The overwhelming majority of these new leases have been local restaurants, not national chains. Some notable closures in the past year include Red Hot & Blue, Baja Fresh, Claiborne's and Silver Diner. Although some local restaurants have also faced financial difficulty or closed, there does not appear to be any shortage of new restaurants willing to try to carve out their spot in a competitive industry.

Vacancy Unchanged Throughout 2009

Retail vacancy in the Fredericksburg market remained unchanged throughout 2009 at 7.5%. In the fourth quarter of 2008, it was 5.9%. Leasing activity was also essentially unchanged from the previous year. In 2008, 267,000 square feet (sf) were leased, while in 2009 that fell slightly to 247,000 sf.

Asking Rates Down, Absorption Flat

With vacancy remaining the same, leasing activity holding steady, and very little new construction being delivered to the market, absorption was essentially flat for 2009. Asking rates continue to trend downward as landlords compete aggressively to retain current tenants and attract any new tenants that may be out in the market. Overall, the Fredericksburg retail market is holding up well in the current economy.

ECONOMIC INDICATORS

NATIONAL	2008	2009F	2010F
Real GDP Growth	0.4%	-2.5%	2.3%
CPI Growth	3.8%	-0.4%	1.7%
Consumer Spending Growth	-0.2%	-0.6%	1.0%
Retail Sales	-0.8%	-6.4%	2.6%
REGIONAL			
Population	317,716	320,257	323,126
Unemployment	4.1%	5.9%	5.2%

Source: Moody's | Economy.com

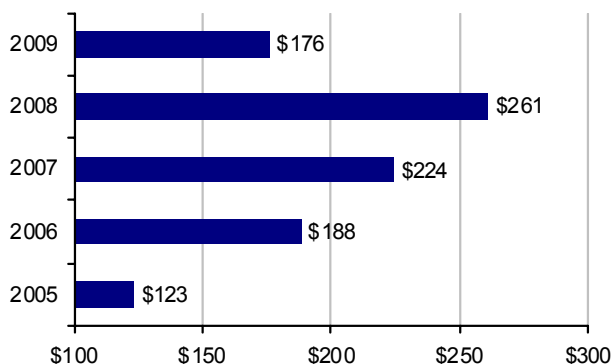
KEY LEASING TRANSACTIONS

PROPERTY	TENANT	SQUARE FEET
1901 Carl D Silver Pky	Hibachi Buffet, Inc.	6,468
2000-2060 Plank Road	Aladdin Mediterranean Restaurant and Cafe	6,000
267 Garrisonville Road	Cellular Sales of Knoxville	3,200
1924 Plank Street	ABC Phones of NC Mgmt.	2,050

KEY INVESTMENT TRANSACTIONS

PROPERTY	PRICE	SQUARE FEET
Southpoint Plaza IV	N/A	N/A

INVESTMENT SALES PRICE PER YEAR



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

BEAT ON THE STREET



"Overall leasing activity is still slow, but steady. Strong operators such as urgent care facilities and cell phone dealers are capitalizing on fresh opportunities to locate in prime spaces left vacant by those that did not survive the recession."

—Shawn Carrington, Retail Sales and Leasing

For further information, please contact one of our Brokerage Services Professionals:

Thalhimers / Cushman & Wakefield
725 Jackson Street, Suite 101
Fredericksburg, VA 22401
(540) 373-0600
www.thalhimers.com

Please consider your environmental responsibility before printing this report.

This report contains information available to the public and has been relied upon by Thalhimers on the basis that it is accurate and complete. Thalhimers accepts no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

©2010 Thalhimers, Inc. All rights reserved.