

MARKETBEAT

FREDERICKSBURG RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

1Q10

Restaurants Driving Activity

In what many would consider a positive sign for the direction of the economy, new restaurants are beginning to replace those that closed in recent months. A new restaurant to the market will be The Bavarian Chef, a long-standing landmark in nearby Madison County. Their second location will replace the former Claiborne's in the old train station. In addition, Quaker Steak & Lube signed a lease in Central Park, moving into the building formerly occupied by Bangkok Boulevard.

Sales Activity Showing Signs of Life

Although there are not any significant closed sales to report this quarter, there are signs of life. A number of properties are under contract, including a small strip center in Central Park and a freestanding Verizon Wireless store on Jefferson Davis Highway.

Construction Activity and Redevelopment

As in most markets, new construction is down significantly. In the Fredericksburg market, there has been more of a trend toward redevelopment of existing structures. A former Hollywood Video location at Route 3 and Carl D. Silver Parkway is being converted to a Patient First. Regency Furniture retrofit a 60,000-square foot Winn Dixie on Salem Church Road, and another restaurant, Las Palmas Café, took the former University Café space on William Street. Bank of America entered the market this quarter and will have a new branch on Route 3 and Harrison Road.

ECONOMIC INDICATORS

| NATIONAL | 2009 | 2010F | 2011F |
|--------------------------|---------|---------|---------|
| Real GDP Growth | -2.4% | 2.8% | 3.7% |
| CPI Growth | -0.3% | 1.9% | 2.1% |
| Consumer Spending Growth | -0.6% | 1.7% | 2.8% |
| Retail Sales | -6.0% | 4.5% | 5.3% |
| REGIONAL | | | |
| Population | 320,257 | 323,126 | 326,000 |
| Unemployment | 6.1% | 7.4% | 6.7% |

Source: Moody's | Economy.com

KEY LEASING TRANSACTIONS

| PROPERTY | TENANT | SQUARE FEET |
|----------------------|---------------------------------|-------------|
| Central Park | Plato's Closet | 4,402 |
| 533 Jefferson Davis | Cellular Sales:Verizon Wireless | 3,650 |
| 5203 Jefferson Davis | Watawing | 2,442 |

KEY INVESTMENT TRANSACTIONS

| PROPERTY | PRICE | SQUARE FEET |
|----------|-------|-------------|
| N/A | | |

INVESTMENT SALES PRICE PER YEAR



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

BEAT ON THE STREET



"We have seen a small but significant boost in retail activity this past quarter. Tenants with larger space requirements have signed leases; most notably fitness centers and furniture stores. Quick service food users have also been active—seeking prime locations with aggressive terms."

—Magnolia Martin, Retail Sales and Leasing



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

Thalhimer
725 Jackson Street, Suite 101
Fredericksburg, VA 22401
(540) 373-0600
www.thalhimer.com
Please consider your environmental responsibility before printing this report.

This report contains information available to the public and has been relied upon by Thalhimer on the basis that it is accurate and complete. Thalhimer 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 Thalhimer, Inc. All rights reserved.