

MARKETBEAT

FREDERICKSBURG RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

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2Q10

Grand Openings

Spotsylvania Towne Centre, a lifestyle center, held a three day grand opening celebration. The retail center has attracted some new and upscale retailers to the market, including Sephora, Firebirds Wood Fired Grill, and Arhaus. The Towne Centre is now over 80% leased with more deals anticipated in the near future. Other development activity includes Eagle Village's grand opening mid-July, and the anticipated ground breaking of Aquia Town Center this fall.

Negative Absorption, Leasing Activity Down

Despite the activity in new developments, absorption and leasing activity have gotten off to a slow start in 2010. Absorption, a measure of the change in occupied space from one period over another, is a negative 36,964 square feet (sf) year to date. Leasing activity is on pace to be about two thirds of last years activity. However, the last two quarters often see increased activity as stores scramble to open before the holiday shopping season.

Vacancy Rising

Vacancy in the Fredericksburg market continues to rise. Midway through 2010, overall vacancy is 8.5%. The bright spot so far this year is the city of Fredericksburg. The second largest retail market in the area, behind Spotsylvania County, has over 5 million square feet (msf) of inventory and is only 6.3% vacant. This is down from 8.3% one year ago. Year to date absorption is also over 46,000 sf in the city.

ECONOMIC INDICATORS

NATIONAL	2009	2010F	2011F
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%
Consumer Spending Growth	-0.6%	2.3%	3.1%
Retail Sales	-6.3%	6.0%	5.7%
REGIONAL			
Population	320,257	323,126	326,000
Unemployment	6.0%	7.1%	6.4%

Source: Moodv's | Economv.com

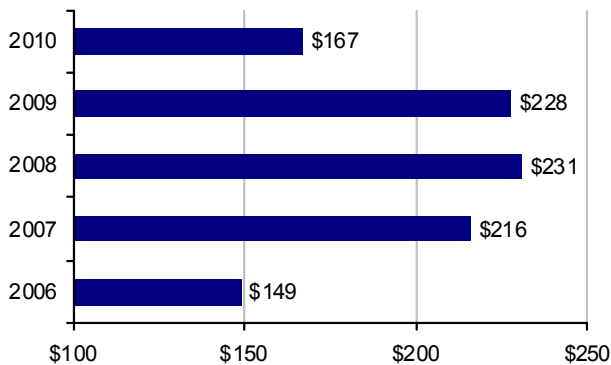
KEY LEASING TRANSACTIONS

PROPERTY	TENANT	SQUARE FEET
6201 Jefferson Davis	Fredericksburg Auction Co.	15,000
4173 – 4179 Plank Rd	Kids 'n Motion	11,552
3940 Plank Rd	Hibachi Steak and Grill	9,400

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



"As a result of renewed optimism and the stronger economy, there seem to be more plans for retailers to open stores in late 2010 and 2011. We are seeing most of the activity in retail centers that are located in mixed-use or neighborhood centers, such as the Spotsylvania Towne Center and Eagle Village."

—Shawn Carrington, Retail Sales and Leasing

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