

MARKETBEAT

FREDERICKSBURG RETAIL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

3Q10

Walmart & Buffalo Wild Wings Under Construction

King George Gateway shopping center will soon have a 152,000 square foot (sf) Walmart Supercenter. Construction is on track for a July 2011 opening, and approximately 20,000 sf of other retail space will be included in the project. On an outparcel at Stafford Marketplace, a Buffalo Wild Wings restaurant is under construction.

Leasing and Absorption Activity

As predicted last quarter, leasing activity has picked up as retailers get in place for the upcoming holiday season. Verizon Wireless relocated in Central Park, backfilling the vacant Tweetters space. Salad Creations is open at Stafford Marketplace and in Eagle Village. Electronics retailer hhgregg opened in Central Park. Overall, leasing activity topped 105,000 sf for the quarter, bringing absorption into positive territory for the year. This momentum should carry through into the fourth quarter as current deals in the pipeline get inked.

Vacancy Level, Rates Continue to Fall

Overall vacancy is currently 7.3%. This is right in the middle of the vacancy range of 6.7% to 7.9% over the past two years. Rental rates have been in a steady decline over the same period. Current asking rates are averaging \$16.67, which represents an annualized decrease of 5.0% over the past two years.

ECONOMIC INDICATORS

NATIONAL	2009	2010F	2011F
GDP Growth	-2.6%	2.7%	3.1%
CPI Growth	-0.3%	1.6%	1.6%
Consumer Spending Growth	-0.6%	2.5%	3.1%
Retail Sales	-6.3%	6.3%	5.8%
REGIONAL			
Population	320,257	323,126	326,000
Unemployment	6.0%	6.2%	5.9%

Source: Moody's | Economv.com

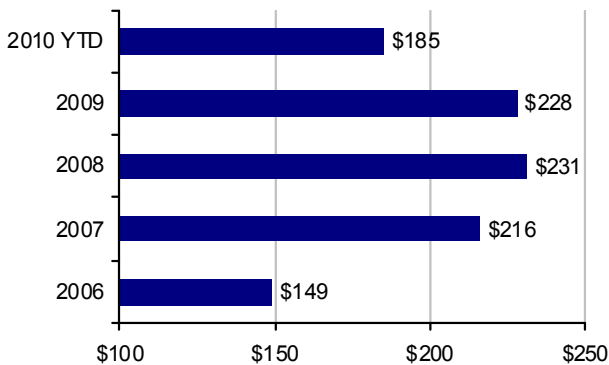
KEY LEASING TRANSACTIONS

PROPERTY	TENANT	SQUARE FEET
Chancellor Center	Aldi	21,530
The Town Center at Aquia	The Learning Center	11,000
Market at Shelton Shop	Tuesday Morning	8,450
4501 Jefferson Davis	Lumber Liquidators	6,640
Eagle Village	Home Team Grill	4,800

KEY INVESTMENT TRANSACTIONS

PROPERTY	PRICE	SQUARE FEET
5426 Jefferson Davis Hwy	\$3,200,000	8,740
429 Wallace Ave	\$761,748	5,009

INVESTMENT SALES PRICE PER YEAR



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

BEAT ON THE STREET



"Auto parts and fast casual restaurant tenants remain active, aggressively seeking sites for expansion while rental rates are still in their favor."

—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

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