

# MARKETBEAT

## RETAIL SNAPSHOT



### FREDERICKSBURG, VA

A Cushman & Wakefield Alliance Research Publication

Q1 2013



#### ECONOMIC OVERVIEW

2013 began as many hoped- with an improving economy and employment figures. The Virginia state-wide figure is 5.7%, and a 5.9% unemployment rate was reported in the Fredericksburg area as of January 2013.

Overall, Stafford County is faring the best with a 5.0% rate, followed by Spotsylvania at 5.3%.

Beyond unemployment figures, there are other indicators of economic growth. Area leaders met during the first quarter to discuss the local economy, and sited new investments in utilities, transportation, and housing developments as bright spots for the area. They also said that although the fast-growth seen a decade ago is not present, economic activity is improving.

#### STRONG START FOR SALES

The Fredericksburg retail market kicked-off 2013 with a number of high profile sales. Automotive-related sales were prevalent this quarter, the largest of which being the \$10 million sale of the Flying J Travel Plaza located in Carmel Church. Additionally, the Wawa at 105 Garrisonville Road sold for \$4.25 million and Firestone at 9600 Jefferson Davis Highway sold for 4.05 million.

A number of food service properties changed hands during the first quarter. Jake & Mike's in Downtown Fredericksburg has new ownership. Additionally, the property at 3602 Lafayette Boulevard that formerly housed Powell's Market & Quick Deli sold for \$670,000 to Midland Property Group. A new concept, Doc's Pizza, will open at 428 Garrisonville Road, the first of several planned locations. The 1,000 sf building was purchased for \$550,000 by local entrepreneurs.

#### STEADY LEASING ACTIVITY

The retail market also had a successful quarter for new leases. Restaurants leases are always active, and the first quarter was no exception. Deals include Peter Chang's China Café leasing 4,000 sf at 1771 Carl D. Silver Parkway, Bahay Kubo Filipino Cuisine leased 2,100 sf at Foreston Crossing, and Kabob Corner will open a new location in the food court at the Spotsylvania Towne Centre.

There have also been a growing number of retail deals on the Route 17/Warrenton Road corridor in Stafford. Firehouse Subs leased 1,900 sf, 7-11 leased 2,500 sf, and ABC Phones leased 2,500 sf at the newly completed multi-tenant building at 1036 Warrenton Road. Additionally, Roma's Café leased 1,600 sf at The Shops at England Run. Along with the new tenants on Route 17, Panera announced a planned location with drive-thru, and Wawa will open another location to take advantage of the high daily traffic count.

#### OUTLOOK

The retail sector continues to lead the Fredericksburg commercial real estate market. The return of consumer confidence, as exhibited by a record \$900 million of taxable sales during the fourth quarter, fuels tenant interest in the Fredericksburg area.

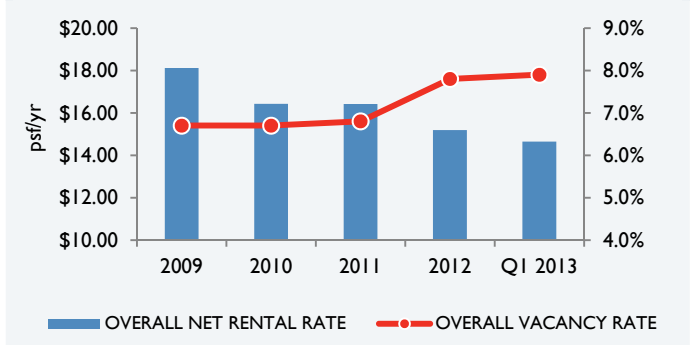
The success of the housing market during the first quarter in Fredericksburg is another hugely positive indicator for the retail market. As of February, there was a 7.3% increase in sales price and 16.3% increase in transactional volume over the same time last year. This upturn in the housing market will help to fuel the demand for retailers as the need for goods and services in the area grows. The Fredericksburg retail market should see slow but steady progression over the course of 2013 and into coming years.

#### ECONOMIC INDICATORS

NATIONAL	2012	2013F	2014F
GDP Growth	2.2%	2.2%	3.4%
CPI Growth	2.1%	2.0%	2.1%
Consumer Spending Growth	1.9%	2.2%	3.6%
Retail Sales Growth	5.0%	4.2%	4.4%
REGIONAL	2012	2013F	2014F
Household Income	\$91,241	\$92,573	\$94,868
Population Growth	1.6%	1.2%	1.1%
Unemployment	5.4%	5.2%	4.9%

Source: Moody's Analytics

#### OVERALL RENTAL VS. VACANCY RATES



## FREDERICKSBURG, VA

SUBMARKET	INVENTORY	QUARTERLY CHANGE IN INVENTORY	VACANCY RATE	DEMAND (OCCUPIED SQUARE FEET)	ASKING RENT	RENT GROWTH	ABSORPTION
Caroline County	460,761	(1,467)	7.7%	425,134	\$11.04	(1.0%)	4,800
Fredericksburg City	5,550,473	(111,153)	3.6%	5,356,290	\$13.52	(7.8%)	21,174
King George County	779,389	16,846	5.4%	737,279	\$14.30	10.5%	(900)
Spotsylvania County	9,135,296	14,348	10.7%	8,154,118	\$14.40	(3.3%)	(1,305)
Stafford County	4,754,300	80,373	7.8%	4,381,841	\$16.01	(2.0%)	2,636
<b>TOTAL MARKET</b>	<b>20,680,219</b>	<b>(1,053)</b>	<b>7.9%</b>	<b>19,054,662</b>	<b>\$14.65</b>	<b>(3.6%)</b>	<b>26,405</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

<b>Significant Q1 2013 Lease Transactions</b>	<b>SUBMARKET</b>	<b>TENANT</b>	<b>PROPERTY TYPE</b>	<b>SQUARE FEET</b>
Spotsylvania Towne Centre	Spotsylvania	Buckle	Power Center	6,900
10350 Courthouse Road	Spotsylvania	Honest-I Auto Care	Neighborhood Center	5,040
10734 Courthouse Road	Spotsylvania	Rt. 208 Tire & Auto	General Retail	3,800
Spotsylvania Towne Centre	Spotsylvania	Body Central	Power Center	3,600
The Village at Towne Center	Spotsylvania	Chico's	Power Center	3,000
<b>Significant Q1 2013 Sale Transactions</b>	<b>SUBMARKET</b>	<b>BUYER</b>	<b>PURCHASE PRICE / \$PSF</b>	<b>SQUARE FEET</b>
Flying J Travel Plaza	Caroline	Pilot Travel Centers LLC	\$10,000,000 / \$524	19,085
105 Garrisonville Road	Stafford	Provco Stafford LLC	\$4,250,000 / \$738	5,757
9600 Jefferson Davis Highway	Spotsylvania	Danny Payne	\$4,050,000 / \$533	7,600
<b>Significant Q1 2013 Construction Completions</b>	<b>SUBMARKET</b>	<b>MAJOR TENANT</b>	<b>COMPLETION DATE</b>	<b>BUILDING SQUARE FEET</b>
1030 Warrenton Road	Stafford	Aldi	Q1 2013	17,000
1036 Warrenton Road	Stafford	Verizon Wireless	Q1 2013	8,500
<b>Significant Projects Under Construction</b>	<b>SUBMARKET</b>	<b>MAJOR TENANT</b>	<b>COMPLETION DATE</b>	<b>BUILDING SQUARE FEET</b>
Quantico Corporate Center	Stafford	BlackLime Mediterranean Café	Q3 2013	8,000

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS