

# MARKETBEAT RETAIL SNAPSHOT

## FREDERICKSBURG, VIRGINIA

A Cushman & Wakefield Research Publication

Q1 2014



### ECONOMIC OVERVIEW

The economy in Fredericksburg during the first quarter of 2014 has continued to show signs of strength with positive net absorption. With sequestration and the government furlough looming, the region's unemployment rate still has managed to remain below the national and state average.

According to *Virginia Business*, the jobless rate in February was at 4.9 percent—“one tenth (0.1) of a percentage point below January's rate of 5 percent and marked the seventh consecutive monthly decline.” These rates are seven tenths (0.7) of percentage point lower than at this time in 2013.

On the whole, the retail vacancy rate is currently at 5.8 percent, which is down from the 5-year-average rate of 6.4 percent.

### RETAIL MARKET OVERVIEW

The Fredericksburg retail market has had a number of more high-profile openings, many of which occurring in Eagle Village on Jefferson Davis Highway. This quarter, the Hyatt Hotel Place Hotel opened its doors and reported a productive first month. Planet Fitness, a large fitness chain, opened in the tail end of last quarter, as well as Hop & Wine, Any Lab Test Now and Kuno Sushi Hibachi. Further, Pancho Villa Express has now become a full-fledged sit down restaurant as of March 2014.

Perhaps the most noteworthy lease transaction this quarter was 11,600 sf transacted to bring the Children's Museum of Richmond to Eagle Village. Some additional significant deals included Stafford Marketplace to bring in a Chipotle and a Verizon store to the area. Steamer's Seafood Bar & Grille is set to move into the 6,300 square foot space The Green Turtle restaurant previously occupied at Spotsylvania Towne Center.

### OUTLOOK

The retail sector is one of the most active within our market, seconded only by the industrial sector. It seems as if consumers are remaining confident in the economy, despite current events within the government such as the furlough. Vacancy rates are steadily declining—Central Park in Fredericksburg has been filling up consistently and Route 610 is completely full.

The success of the housing market has continued to boom, particularly in the Stafford region with sales at an all-time high within the past few years, which has increased consumer spending confidence.

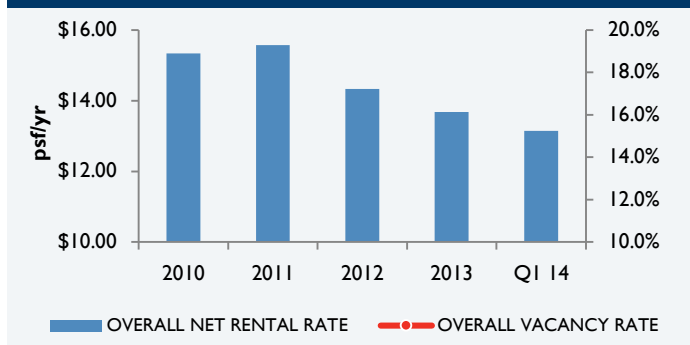
This year's ICSC Conference at the Gaylord National Resort and Convention Center brought a variety of brokers, retailers and developers. Overall, the atmosphere was positive and hopeful about the coming year and developing prospects.

### ECONOMIC INDICATORS

NATIONAL	2012	2013	2014F
GDP Growth	2.8%	1.9%	3.0%
CPI Growth	2.1%	1.5%	1.8%
Consumer Spending Growth	2.2%	2.0%	3.1%
Retail Sales Growth	5.3%	4.3%	4.4%
REGIONAL	2012	2013	2014F
Household Income	\$90,164.44	\$91,042.80	\$91,789.83
Population Growth	1.6%	1.5%	1.3%
Unemployment	5.5%	5.4%	4.9%

Source: Moody's Analytics

### OVERALL RENTAL VS. VACANCY RATES



Source: Property & Portfolio Research Inc.

## SUBMARKET STATISTICS (TOP FIVE)

SUBMARKET	INVENTORY	QUARTERLY CHANGE IN INVENTORY	VACANCY RATE	DEMAND (OCCUPIED SQUARE FEET)	ASKING RENT	RENT GROWTH	ABSORPTION
Caroline County	532,171	0	6.4%	498,224	\$8.65	0%	0
Fredericksburg City	5,446,300	0	3.8%	5,202,966	\$14.01	1.4%	(13,908)
King George County	807,296	0	3.8%	765,993	\$14.32	3.7%	3,700
Spotsylvania County	9,192,877	8,824	6.4%	8,551,643	\$13.45	(3.5%)	16,612
Stafford County	4,721,836	0	6.6%	4,357,334	\$15.14	(6.3%)	22,436
<b>TOTAL MARKET</b>	<b>20,700,480</b>	<b>(91,000)</b>	<b>5.7%</b>	<b>19,514,786</b>	<b>\$13.91</b>	<b>(3.7%)</b>	<b>28,840</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

\*\*THIS TABLE INCLUDES FREDERICKSBURG'S TOP FIVE SUBMARKETS BY INVENTORY SIZE. THE FREDERICKSBURG AREA TOTAL INCLUDES THE OVERALL FREDERICKSBURG MARKET.

## MARKET HIGHLIGHTS

SIGNIFICANT Q1 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Eagle Village, 1243 – 1289 Jefferson Davis Highway	Fredericksburg	Children's Museum of Richmond	Museum	11,600
1931 Plank Road	Fredericksburg	Redeemed Apostolic Church of Christ	Religious	2,955
Central Park Crossing, 1271 Central Park Blvd.	Fredericksburg	Virginia CU Realty	Real Estate	2,359
SIGNIFICANT Q1 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
503 – 543 Jefferson Davis Highway	Fredericksburg	Kanha LLC	\$10,250,000/\$24.51	102,254
14878 George Washington Memorial Hwy	Caroline	Get & Zip Convenience Store	\$585,000/\$20.74	2,875
SIGNIFICANT Q1 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
9 S Gateway Drive	Stafford	Wawa	Q1 2014	3,824 SF
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
N/A				

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS