

MARKETBEAT

RETAIL SNAPSHOT

FREDERICKSBURG, VA

A Cushman & Wakefield Alliance Research Publication

Q3 2013



ECONOMIC OVERVIEW

The economy in Fredericksburg during the third quarter 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.

Fredericksburg's unemployment rate is down 0.3 percent from its 5.5 percent rating this time last year. Stafford leads the area's lowest average with a rating of 4.8 percent, followed by Spotsylvania, King George County and Caroline County. Overall, according to the Virginia Employment Commission and *the Free Lance Star*, that is better than the national rate by a full 2.0 percent.

On the whole, the vacancy rate has remained steady at 7.9% showing that the market is remaining strong.

STRONG LEASING ACTIVITY

The Fredericksburg retail market has had a number of more high-profile openings within the third quarter. Eagle Village on Jefferson Davis Highway, has been continuing to stand out as a significant "hot property". The large fitness chain Planet Fitness opened its doors this quarter, as well as Hop & Wine, Any Lab Test Now and Kuno Sushi Hibachi. Further, Country Cookin' has been undergoing an extensive renovation within the center and is planning a re-opening ceremony later this month.

Some significant leases included Walgreens at 50 White Oak Road in Stafford County with a total of 14,820 square feet. Rappahannock Goodwill Industries, Inc. also acquired a 12,000 square foot space in King George off of Route 301 within King George Gateway Center. Old Country Plaza was leased at 3940 Plank Road by Texas Roadhouse.

Major sales included PetSmart at 1420 Carl D Silver Parkway for approximately \$10.5 million in July. Rite Aid at 10744 Tidewater Trail was also sold during this quarter for \$5.9 million.

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.

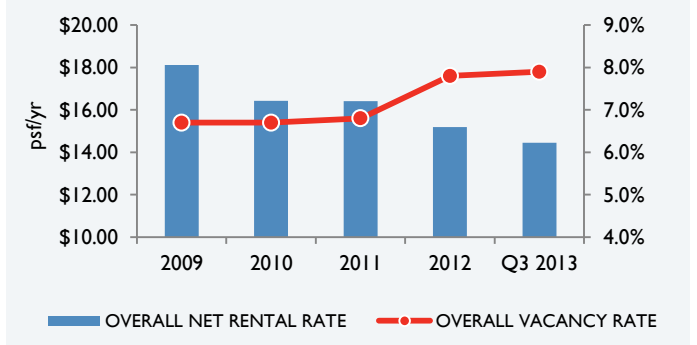
The success of the housing market has continued to boom, particularly in the Stafford region with sales at an all-time high within the past few years. The Fredericksburg retail market should see slow but steady progression over the remainder of 2013 and into 2014.

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	519,883	0	6.5%	425,134	\$8.65	0%	30,680
Fredericksburg City	5,457,296	5,000	4.3%	5,356,290	\$13.82	2.0%	(23,132)
King George County	785,225	0	5.4%	737,279	\$13.80	(2.2%)	(2,970)
Spotsylvania County	9,135,814	300	10.5%	8,154,118	\$13.94	(0.1%)	(27,662)
Stafford County	4,690,029	8,000	7.6%	4,381,841	\$16.17	0.6%	18,363
TOTAL MARKET	20,584,247	13,300	7.9%	19,054,662	\$14.45	(0.3%)	56,849

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q2 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
50 White Oak Road	Stafford	Walgreens	Convenience Store	14,820
King George Gateway	King George	Rappahannock Goodwill Industries, Inc.	General Retail	12,000
Old Country Plaza	Fredericksburg	Texas Roadhouse	Restaurant	9,252
Significant Q2 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
14878 George Washington Memorial Hwy	Caroline	Get & Zip Convenience Stoer	\$585,000/\$203.74	2,875
6322 Five Mile Center	Fredericksburg	Peter Romani	\$147,500/\$95.00	1,500
Significant Q2 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Quantico Corporate Center	Stafford	Blackline Mediterranean Café	Q3 2013	8,000
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS