

MARKETBEAT RETAIL SNAPSHOT

FREDERICKSBURG, VA

A Cushman & Wakefield Alliance Research Publication

Q4 2013



ECONOMIC OVERVIEW

The economy in Fredericksburg during the fourth quarter has continued to improve. Post sequestration and the government shutdown, employment rates were able to rise above the state and national average.

Holiday spending has helped to provide an upswing for retail merchants. This has caused a new confidence in tenants who have continued to renew their leases for the upcoming year. Specifically, reports from the Institute for Supply Management revealed that the U.S. manufacturing index for November was at 57.3 from 56.4, which is at an all-time high since 2011.

In particular, the Stafford market has shown underlying strength and continued to keep a balance of supply and demand which is important to note. "Cautious but optimistic" seems to be the theme.

STRONG LEASING ACTIVITY

A continuation from last quarter, high profile retail openings occurred in the fourth quarter for the Fredericksburg region. Texas Roadhouse opened its doors on Plank Road at Old Country Plaza, as of December 6. Business for that restaurant is booming, further promoting the idea of a distinct focus on the food industry as a whole in retail sectors.

Consumers are seeking new grocery stores in particular. There is a growing interest in bringing a Trader Joe's to the region—a similar venture to that of the existing Wegman's in the area. According to Virginia Business, despite the struggles of some larger retail chains such as Sears and JCPenney, upscale restaurant chains and major grocery stores are becoming "anchors" for developments.

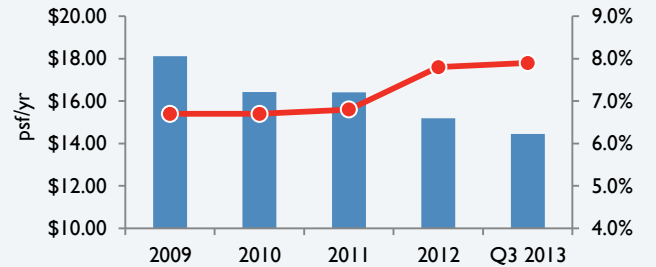
Major sales include a 14,820 square foot space at 50 White Oak Road in Stafford. Previously reported on, this property now is set to deliver in the first quarter of next year as a Walgreens. A few openings of interest include a new microbrewery in downtown Fredericksburg at 106 George Street. Spencer Devon Brewing will occupy a 5,827-square-foot space.

OUTLOOK

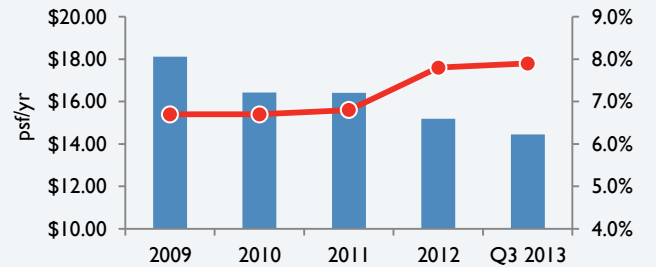
The retail sector's relative consistency shows consumer's confidence in the market.

Lenders are no longer as hesitant to extend loans to franchises as they were this time last year and are expecting to see continued progress. National vacancy rates for 2014 are expected to dip 0.2 percentage points in the office market, 0.6 points in the industrial and 0.5 points in the retail sectors.

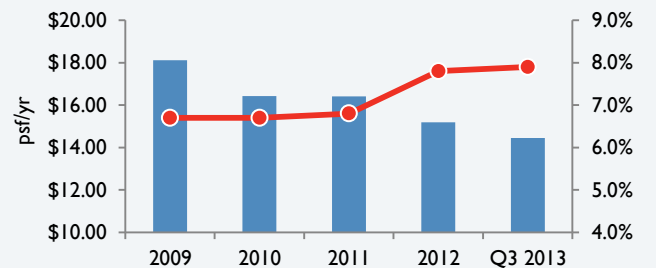
OVERALL RENTAL VS. VACANCY RATES



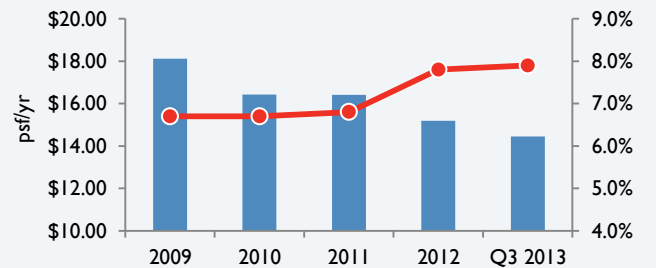
OVERALL NET RENTAL RATE OVERALL VACANCY RATE



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OVERALL NET RENTAL RATE OVERALL VACANCY RATE

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SUBMARKET	INVENTORY	QUARTERLY CHANGE IN INVENTORY	VACANCY RATE	DEMAND (OCCUPIED SQUARE FEET)	ASKING RENT	RENT GROWTH	ABSORPTION
Caroline County	495,158	0	6.5%	425,134	\$8.65	0%	0
Fredericksburg City	5,249,202	5,000	4.3%	5,356,290	\$13.82	2.0%	9,150
King George County	762,211	0	5.4%	737,279	\$13.80	(2.2%)	1,400
Spotsylvania County	8,539,270	300	10.5%	8,154,118	\$13.94	(0.1%)	26,095
Stafford County	4,385,362	8,000	7.6%	4,381,841	\$16.17	0.6%	11,700
TOTAL MARKET	19,431,203	13,300	5.7%	19,054,662	\$14.45	(0.3%)	48,345

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q4 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
1245 Jefferson Davis Highway	Fredericksburg	GNC	General Retail	1,500
829 Caroline Street	Fredericksburg	Sight Studio Optometry	Optometrist	2,422
106 George Street	Fredericksburg	Spencer Devon Brewing	Brewery	5,287
Significant Q4 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
14878 George Washington Memorial Hwy	Caroline	Get & Zip Convenience Store	\$585,000/\$203.74	2,875
6322 Five Mile Center	Fredericksburg	Peter Romani	\$147,500/\$95.00	1,500
Significant Q4 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Quantico Corporate Center	Stafford	Blackline Mediterranean Café	Q4 2013	8,000
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS