

## MARKETBEAT

# Fredericksburg, VA

Retail 4Q 2016



### ECONOMIC INDICATORS

#### National

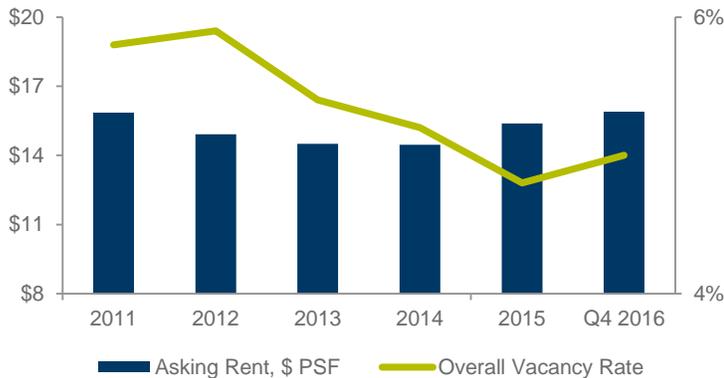
	Q4 15	Q4 16	12-Month Forecast
GDP Growth	1.9%	1.8%	▲
CPI Growth	0.4%	1.6%	▲
Consumer Spending Growth	2.6%	2.8%	▼
Retail Sales Growth	2.0%	4.0%	▲

#### Regional- Washington, DC

	Q4 15	Q4 16	12-Month Forecast
Household Income	\$170,857	\$175,963	▲
Population Growth	1.0%	1.0%	■
Unemployment	4.30%	3.70%	▼

Source: Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Economy

As with every Presidential election year, the change in administration had the markets awash with uncertainty. However, the unemployment rate in the Fredericksburg region continued to report some improvement in Q4 2016 slipping to 4.0% from 4.2% in Q3 2016. The region added 1,878 net new jobs since November 2015. The area's unemployment rate is in line with the overall rate for Virginia. Retail employment was also up over the last year.

### Market Overview

The Fredericksburg region recorded marked improvement in the retail leasing sector in Q4. Fourth quarter leasing activity totaled 90,286 square feet (SF) compared to 61,437 SF leased in Q3. The Q4 figure is up significantly from the 59,000 SF of retail spaced leased in Q4 2015. Although some national chains went dark, many independent operators took on those vacant spaces. A majority of the activity was with spaces under 5,000 SF.

Some notable transactions for the region include the sale of a 26,036-SF building at 1010 Caroline Street to Lifecycle Construction. The company announced plans for a mixed-use retail development in downtown Fredericksburg with residential condos on the upper floors. Also of note was the 20,388-SF lease at 9723 Jefferson Davis Highway in Cosner's Corner to Planet Fitness. Crossroads Vineyard Church of Fredericksburg leased 16,003 SF at 952 Bragg Road.

### Outlook

The outlook remains optimistic with continued moderate improvement expected. News of additional national chain closures will impact the Fredericksburg region's retail vacancy rate in 2017 as Kmart and Dick's Sporting Goods will both shutter their local stores, and Offenbacher has already closed – all leaving large vacancies. However, the local retail market is healthy with a low vacancy rate of only 23,000 SF available in Q4 and continued activity will translate into more leasing activity for retail space in Q1 2017.

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