

# Fredericksburg, VA

Retail Q2 2020

**\$82.9k**  
Median HH Income

YoY  
Chg12-Mo.  
Forecast

**0.9%**  
Population Growth



**10.6%**  
Unemployment Rate



Source: BLS (Economic Indicators are representative of specific county or MSA.)

## U.S. ECONOMIC INDICATORS Q2 2020

**-9.9%**  
GDP Growth

YoY  
Chg12-Mo.  
Forecast

**-11.0%**  
Consumer Spending  
Growth



**-10.3%**  
Retail Sales Growth



Source: BEA, Census Bureau

## ECONOMY: Unemployment Remains Low Prior to the Impacts of COVID-19

Many business were forced to close, furlough, or reduce payroll after the government halted non-essential businesses with retail, travel, and hospitality sectors being hit the hardest. The Fredericksburg region, Stafford County in particular, continues to benefit from demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment rose considerably, ending the quarter at 10.6%, which is significantly up from 3.1% a year ago. It still manages to remain below the national average of 13.0%. Forecasts remain uncertain, but record unemployment claims have impacted the local economy in the second quarter. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

## SUPPLY AND DEMAND: Vacancy Rate Steady So Far

The vacancy rate in Q2 remains steady at 4.4%. Net absorption stayed positive as demand remained steady throughout the quarter, but Q2 leasing activity lagged behind Q1 with many deals put on hold. Aldi signed the largest lease during the quarter, after renewing their 17,315 square foot (sf) lease at 5099 Jefferson Davis in Spotsylvania. Sales were also down in Q2, with the largest sales coming from 2211 Plank Road, a 3,100-sf property in Fredericksburg that sold for \$1.2M, and 16 Dorothy Lane, a 5,110-sf property in Stafford that sold for \$940K. Both small businesses and national retailers in the Fredericksburg market dealt with the effects of COVID-19. Many brick and mortar stores are still dealing with the effects from forced closures and vacancies are expected to increase in the second half of the year.

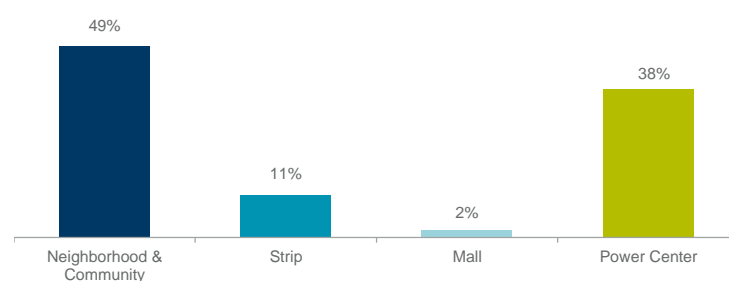
## PRICING: Asking Rents Still Steady

Retail rental rates decreased from the first quarter but remain above rates from the same time last year, ending the second quarter at \$17.35 per square foot (psf) per year. This compares to a rate of \$16.87 psf during Q2 of 2019. The county of Stafford had the highest rental rate this quarter, increasing from \$17.18 psf in the first quarter to \$17.90 psf. King George County saw a slight increase during this period, while rates in Spotsylvania County and Fredericksburg City decreased.

## RENT / VACANCY RATE



## AVAILABILITY BY PRODUCT TYPE



# Fredericksburg, VA

Retail Q2 2020

## MARKET STATISTICS

SUBMARKET	INVENTORY	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	OVERALL AVERAGE ASKING RENT*
Caroline County	90	661,740	0	14,290	2.2%	4,696	0	\$7.34
Fredericksburg City	540	5,493,020	35,254	151,667	2.8%	7,582	18,620	\$17.31
King George County	109	968,611	2,270	55,939	5.8%	(11,542)	0	\$17.57
Spotsylvania County	513	8,132,921	59,119	414,782	5.1%	15,205	26,345	\$17.23
Stafford County	461	5,397,861	48,484	271,525	5.0%	41,676	48,000	\$17.90
<b>FREDERICKSBURG TOTALS</b>	<b>1,713</b>	<b>20,654,153</b>	<b>145,127</b>	<b>908,203</b>	<b>4.4%</b>	<b>57,617</b>	<b>92,965</b>	<b>\$17.35</b>

\*Rental rates reflect NNN asking \$PSF/Year

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5099 Jefferson Davis Hwy	Spotsylvania County	Aldi	17,315	Renewal
1245 Jefferson Davis Hwy	Fredericksburg City	Rey Azteca	4,803	Direct
433-451 Jefferson Davis Hwy	Fredericksburg City	Tortilleria Mixteca	3,932	Direct
1151 Carl D. Silver Pkwy	Fredericksburg City	Undisclosed	2,748	Direct
1245 Jefferson Davis Hwy	Fredericksburg City	Kumo Sushi & Hibachi	2,610	Direct

\*Renewals included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2211 Plank Road	Fredericksburg	Sullivan Properties / Eg Realty	3,100	\$1.2M / \$387.10
16 Dorothy Lane	Stafford	John Robert Kukrak / Undisclosed	5,110	\$940K / \$183.95
10900 Courthouse Road	Spotsylvania	Alice Shirley / High Vision LLC	2,604	\$900K / \$345.62
26 Dorothy Lane	Stafford	John Robert Kukrak / George W. & Leslie L. Milleson	1,600	\$850K / \$531.25

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