

Fredericksburg, VA

Retail Q4 2019

\$81.9k

Median HH Income

YoY
Chg12-Mo.
Forecast**0.8%**

Population Growth

**3.1%**

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2019

2.4%

GDP Growth

YoY
Chg12-Mo.
Forecast**4.3%**Consumer Spending
Growth**4.1%**

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMY: No Surprises in the Near Future

Unemployment for the Fredericksburg region remains below the national average of 3.7%, holding steady at 3.1% this quarter. As of the end of 2019, the U.S. economy continues to expand, and consumer confidence remains strong. How long that will last is the question and although analysts are predicting that demand for consumer goods could soften due to slowing income growth, any softening should be mild as this region tends to be fairly insulated to economic downturns due to its proximity to Washington D.C.

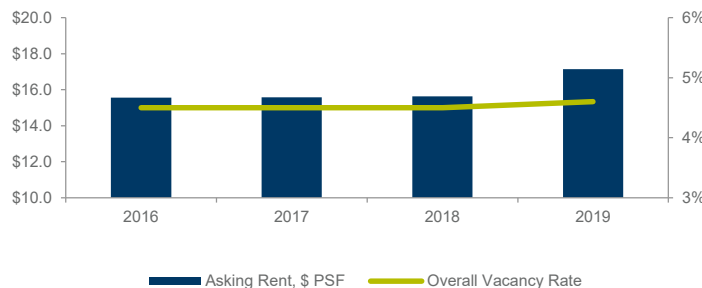
DEMAND: Leasing Remains Steady

The vacancy rate has stayed flat through most of 2019, ticking up slightly from 4.5% in the third quarter to 4.6% at the close of the fourth quarter. While 2019 net absorption of 65,061 square feet (sf) year-to-date (YTD) was lower than the 202,565 sf absorbed YTD in 2018, tenant demand remained steady throughout the year. Although brick and mortar store closings continue to be the trend, with the news of A.C. Moore closing over 400 stores coming in November, the Fredericksburg area did see some national retailers open new local stores, with both Ulta and CVS opening new locations during the fourth quarter. Time on market has trended downward, with spaces spending an average of 11.3 months on the market, down from 13.7 months in 2018.

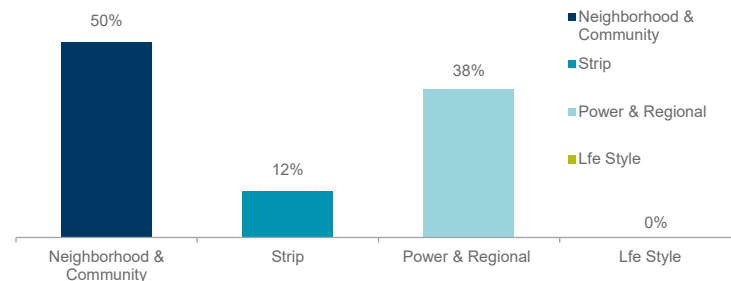
PRICING: Asking Rents On The Rise

Despite vacancy rates remaining flat, asking rental rates have increased almost 10% from last year, ending 2019 at \$17.69 per square foot (psf) per year and averaging \$17.15 psf for 2019. This compares to an average rate of \$15.63 psf during 2018. The city of Fredericksburg saw the largest asking rent jump, growing slightly over 20% during 2019, from an average of \$16.03 psf to \$19.29 psf. King George County saw a slight decline during the same period. According to CoStar Group, Inc. research, the average reported starting rent for the region in 2019 was \$17.09.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Fredericksburg, VA

Retail Q4 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Caroline County	661,740	0	18,986	2.9%	5,228	5,332	0	\$7.34
City of Fredericksburg	5,464,270	3,182	172,044	3.2%	29,796	19,813	18,620	\$19.63
King George County	957,469	12,000	34,167	4.8%	-7,920	7,519	0	\$16.37
Spotsylvania County	8,996,536	51,738	371,399	4.7%	-39,678	31,744	0	\$17.73
Stafford County	5,318,357	7,932	324,031	6.2%	5,266	653	25,878	\$17.07
FREDERICKSBURG TOTALS	21,398,370	74,852	920,627	4.7%	-7,308	65,061	44,498	\$17.69

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5099 Jefferson Davis Highway	Spotsylvania County	Hard Times Café	14,246	Renewal*
1150-1260 Stafford Market Place	Stafford County	Ulta	10,512	Direct
6010 Plank Road	Spotsylvania County	CVS	9,656	Direct
2201 Lafayette Boulevard	City of Fredericksburg	Wholesale Furniture Décor & More	7,525	Direct
1931 Plank Road	City of Fredericksburg	Century 21	7,148	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
9721 Jefferson Davis Hwy	Spotsylvania County	AEI Capital Corporation / DWMK, LLC	50,227	\$2.6M / \$51.77
5208 & 5208A Jefferson Davis Hwy	Spotsylvania County	Huber Motor Car / Bethard Realty, LLC	23,650	\$12.1M / \$359.58
10651-10673 Spotsylvania Avenue	Spotsylvania County	Falcon Realty Investments, LLC / Yims Icon Property, LLC	14,500	\$2.55M / \$175.86
155 Garrisonville Road	Stafford County	E & P Product, Inc / Parv, LLC	5,070	\$1.9M / \$374.74
3557 Plank Road	Spotsylvania County	VEREIT, Inc. / FX Net Lease Holdings, LLC	3,780	\$2.7M / \$719.14

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
4601 Lassen Lane	Spotsylvania County	Usmani Motor Cars	16,481	Urfan & Uzair, LLC / Usmani Motor Cars
4801 Crossings Court	Spotsylvania County	Caliber Collision	14,600	Cross Development / Cross Development Management

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