

Fredericksburg, VA

Retail Q1 2023

\$99,600

Median HH Income

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

Population Growth

**3.4%**

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q1 2023

1.9%

GDP Growth

YoY
Chg12-Mo.
Forecast**9.4%**Consumer Spending
Growth**5.3%**

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMY: Persistent Job Growth

The retail market showed continuous growth throughout 2022. The Fredericksburg region and Stafford County in particular continue to benefit from consumer traffic produced by commuters traveling to and from Washington D.C., Northern Virginia, and Quantico Marine Corps Base. Regional unemployment rose 40 basis points (bps) to 3.4% in the first quarter of 2023 but remains below the national rate of 3.5%. First-quarter employment in the Fredericksburg region is up 2.1% year-over-year (YOY) and is expected to continue to increase through the remainder of the year. Population is projected to grow 20% by 2030, and Fredericksburg has been the fastest growing region statewide for five consecutive years..

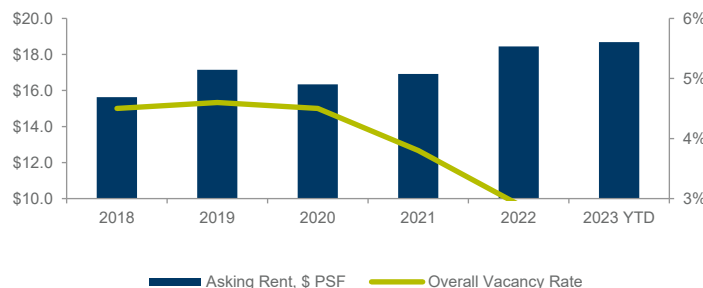
SUPPLY AND DEMAND: Vacancy Rate Decreases

The vacancy rate remained unchanged from that of last quarter at 2.9% and was down 70 bps YOY. The quarter ended with negative net absorption of 7,501 square feet (sf) overall. Leasing activity stayed constant in the first quarter. One of the largest leases was the 11,200-sf space at 411 Chatham Heights Road located in Stafford's Chatham Square. Quarterly sales activity remained consistent, totaling over \$14.9 million. The largest sales were 3099 Richmond Highway, a 5,995-sf property in Stafford County that sold for \$5.2 million, and 8324 Passapatanzy Road, a 10,640-sf property in King George County that sold for \$1.8 million. There were no deliveries this quarter. Construction continued at 799 Garrisonville Road inside Stafford County's Patriots Crossing Strip and the three buildings inside Embrey Mill Town Center totaling 26,767 sf, which are both set to deliver in the second quarter of 2023. Construction halted at both 4,375 sf fast-food spaces on Austin Ridge Drive in the Stafford County's Embrey Mill Town Center, and they will no longer be completed. Construction began on another new property inside Stafford's Embrey Mill Town Center, set to deliver in the third quarter of 2024.

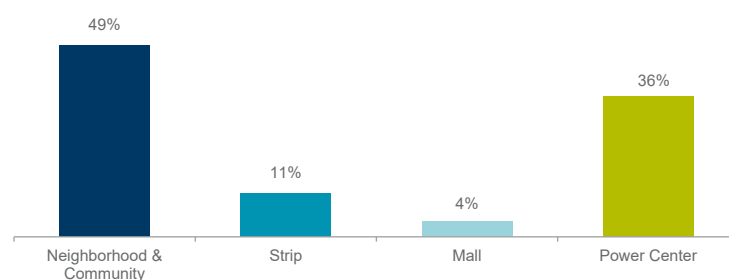
PRICING: Asking Rents Steady

Retail rental rates continue to increase, ending the first quarter at \$18.69 per square foot (psf) overall, an increase of 8.3% YOY. Even though they experience a slight decrease in rates, Stafford County continues to command the highest rental rate in the market at \$19.84 psf. All the other submarkets experienced rental rate growth during the quarter.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Fredericksburg, VA

Retail Q1 2023

MARKET STATISTICS

SUBMARKET	INVENTORY	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CONSTRUCTION	OVERALL AVERAGE ASKING RENT*
Caroline County	93	649,490	7,450	7,178	1.1%	-1,800	0	\$17.53
Fredericksburg City	543	5,466,036	19,676	213,435	3.9%	-31,258	0	\$17.20
King George County	115	1,032,267	0	73,958	7.2%	2,874	0	\$17.22
Spotsylvania County	532	8,058,133	33,786	163,305	2.0%	16,666	0	\$19.23
Stafford County	476	5,481,763	27,479	137,099	2.5%	6,017	46,767	\$19.84
FREDERICKSBURG TOTALS	1,759	20,687,689	81,941	594,975	2.9%	-7,501	46,767	\$18.69

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
411 Chatham Heights Road	Stafford	Dollar Tree	11,200	Direct
2336-2380 Plank Road	Fredericksburg	Undisclosed	10,300	Direct
201-207 Kings Highway	Stafford	New Restoration Outreach Church Center	8,000	Direct
3940 Plank Road	Spotsylvania	All In Solutions	7,960	Direct

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q1 2023

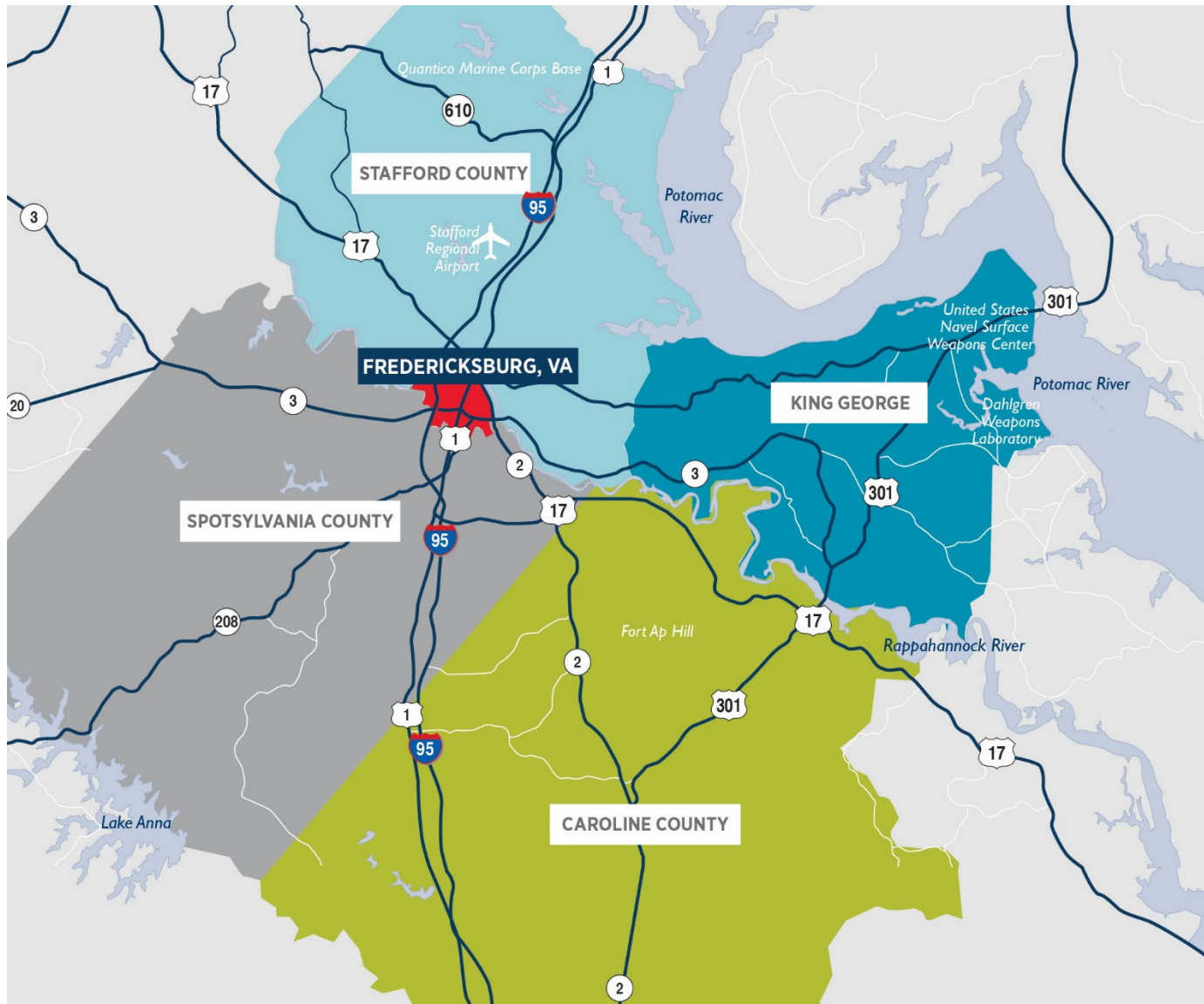
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3099 Richmond Highway	Stafford	Port Aquia, LLC / Wesley Properties, Inc.	5,995	\$5.2M / \$867.39
8324 Passapatanzy Road – Dollar General	King George	Pioneer Companies, LLC / Royal Ventures, LLC	10,640	\$1.8M / \$172.37
2869 Richmond Highway – Pizza Hut	Stafford	Triconn, LLC / Intercontinental JC Properties	4,724	\$1.8M / \$378.92
811 Williams Street	Fredericksburg	Malcolm W. Jr. & Geraldine Shellings / SMZ Corporation	3,314	\$1.6M / \$491.63

KEY NEW CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Sunflower Drive - Embrey Mill Town Center – Building 6	Stafford	Undisclosed	20,000	B.M. Smith & Associates / Ed Peete Company

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RETAIL SUBMARKETS**VIRGIL NELSON, CCIM**

Senior Vice President

Tel: +1 540 322 4150

virgil.nelson@thalhimer.com**SHARON SCHMIDT**

Senior Associate

Tel: +1 540 322 4155

sharon.schmidt@thalhimer.com**A CUSHMAN & WAKEFIELD
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