

Fredericksburg, VA

Retail Q3 2023

\$93,300

Median HH Income

YoY
Chg12-Mo.
Forecast**1.6%**

Population Growth

**2.7%**

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q3 2023

2.4%

GDP Growth

YoY
Chg12-Mo.
Forecast**7.4%**Consumer Spending
Growth**2.7%**

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMY: Regional Employment Strong

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 decreased 50 basis points (bps) quarter-over-quarter (QOQ) to 2.7% in the third quarter of 2023 and remains well below the national rate of 3.7%. Regional employment numbers are up 2.4% year-over-year (YOY) and are expected to increase through the coming quarters. Population is projected to grow 20% by 2030, and Fredericksburg has been the fastest growing region statewide for five consecutive years.

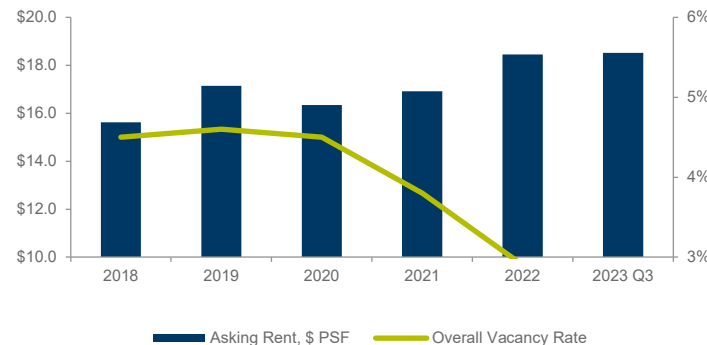
SUPPLY AND DEMAND: Vacancy Rate Decreases

The vacancy rate decreased 40 bps since the last quarter to 2.9% overall and was down 10 bps YOY. The quarter ended with positive net absorption of 135,913 square feet (sf) overall. Year-to-date absorption came out positively as well at 75,486 sf. Leasing activity was consistent in the third quarter. One of the largest leases was the 10,000-sf space at 1871-1889 Carl D Silver Parkway located in Fredericksburg's Central Park Marketplace leased to Dollar Tree. Quarterly sales activity totaled over \$21.4 million. The largest sales were 40 Prosperity Lane, a 3,619-sf freestanding retail building in Stafford County that sold for \$5.1 million, and 2811 Fall Hill Avenue, a 4,500-sf freestanding property in Fredericksburg City that sold for \$3.9 million. There were three deliveries this quarter. Buildings 2, 3, and 8 inside Stafford's Embrey Mill Town Center, totaling 28,817 sf, all delivered in August 2023. Building 6 in the same center continued construction; the 20,000-sf space is set to deliver in October 2024. Construction began on three buildings this quarter. The first two are in Embrey Mill Town Center, Building 16 on Austin Ridge Drive and Building 14 on Courthouse Road, total up to 8,236 sf and are both set to deliver in January 2024. The third is a 2,250-sf freestanding building located at 10821 Tidewater Trail in Spotsylvania and will deliver in October 2023.

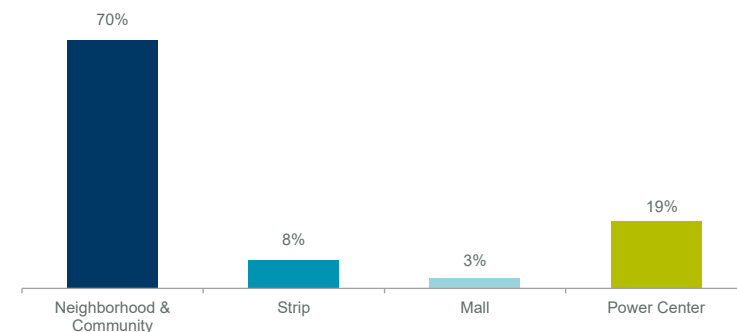
PRICING: Asking Rents Increase

Retail rental rates increased, ending the third quarter at \$18.52 per square foot (psf) overall, an increase of less than 1% YOY. Even with a slight increase in rates, once again Stafford County commanded the highest rental rate in the market at \$19.65 psf. Most submarkets experienced rental rate growth during the third quarter.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Fredericksburg, VA

Retail Q3 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	95	703,366	1,000	15,478	2.2%	-10,100	0	\$17.53
Fredericksburg City	543	5,467,610	183,564	198,152	3.6%	12,045	0	\$19.12
King George County	115	1,032,267	4,500	72,934	7.1%	3,898	0	\$17.80
Spotsylvania County	535	8,095,073	108,250	175,630	2.2%	9,841	2,250	\$17.58
Stafford County	489	5,606,638	179,085	139,827	2.5%	59,802	28,236	\$19.65
FREDERICKSBURG TOTALS	1,777	20,904,954	476,399	602,021	2.9%	75,486	30,486	\$18.52

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1871-1889 Carl D Silver Parkway	Fredericksburg	Dollar Tree	10,000	Direct
1425 – 1475 Stafford Market Plaza	Stafford	Nothing Bundt Cake	5,588	Direct
1460 Central Park Boulevard	Fredericksburg	Xfinity	5,000	-
4800 – 4840 Southpoint Parkway	Spotsylvania	Undisclosed	4,572	Direct

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q3 2023

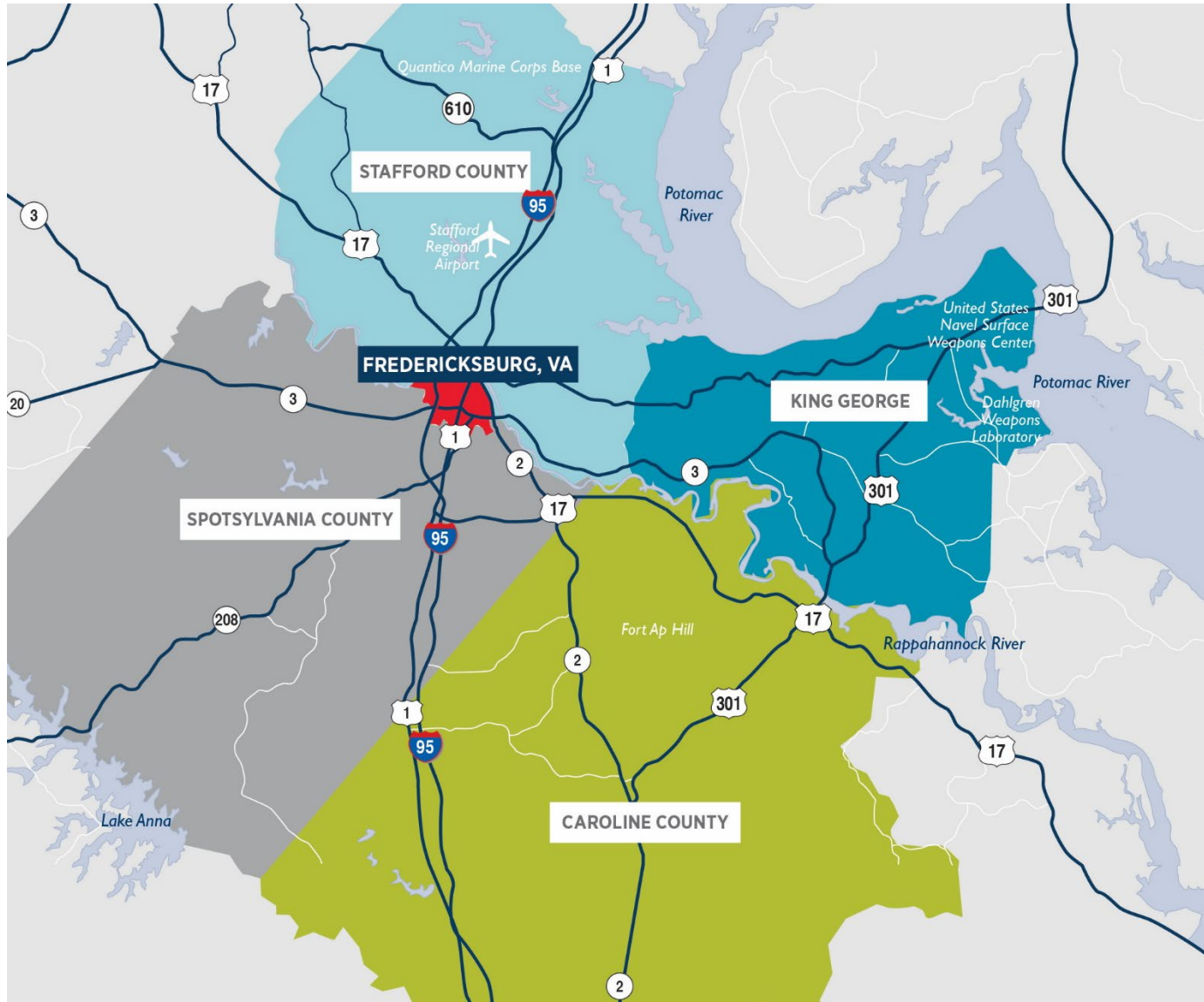
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
54 N Stafford Complex Center – Goodwill	Stafford	Legacy 1, LLC / Agree Central, LLC	11,202	\$3.3M / \$296
4246 Plank Road	Spotsylvania	MCB Real Estate, LLC / Agree Central, LLC	6,818	\$2.9M / \$425
2811 Fall Hill Avenue	Fredericksburg	Atlantic Union Bank / Blue Owl AUB VA Owner, LLC	4,500	\$4.0M / \$695
40 Prosperity Lane – Chase Bank	Stafford	Wood Haven Stafford, LLC / Chase Stafford Pooh, LLC	3,619	\$5.1M / \$1,413

KEY CONSTRUCTION COMPLETIONS YTD 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Sunflower Drive – Building 2 Embrey Mill Town Center	Stafford	Undisclosed	9,628	B.M. Smith Associates, Inc. / Ed Peete, Co.
Sunflower Drive – Building 3 Embrey Mill Town Center	Stafford	Undisclosed	9,486	B.M. Smith Associates, Inc. / Ed Peete, Co.
Sunflower Drive – Building 8 Embrey Mill Town Center	Stafford	Undisclosed	2,703	B.M. Smith Associates, Inc. / Ed Peete, Co.

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