

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
107,400 Median HH Income	▲	▲
1.6% Population Growth	▲	▼
3.1% Unemployment Rate	▲	▲

Source: BLS

U.S. ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.4% GDP Growth	▼	▲
7.0% Consumer Spending Growth	—	▲
1.7% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

ECONOMY: ROBUST REGIONAL EMPLOYMENT

The Fredericksburg region, and Stafford County in particular, continues to benefit from consumer traffic produced by commuters traveling to and from Washington D.C., Northern Virginia, and Quantico Marine Corps Base. Regional unemployment increased 40 basis points (bps) year-over-year (YOY) to 3.1% in the third quarter of 2024 and remains well below the national average of 4.1%. Regional population has increased 21.7% since 2010, a higher rate than any other area in Virginia, and is projected to continue to grow.

SUPPLY AND DEMAND: VACANCY REMAINS COMPRESSED

The vacancy rate closed the quarter at 2.2%, up 10 bps quarter-over-quarter (QOQ) and down 10 bps YOY. Year-to-date (YTD) leasing activity topped 313,000 square feet (sf), a drop compared to the same period last year but active despite the supply-side limitations. Dollar Tree and School of Rock both signed leases in Spotsylvania County for 8,050 sf and 4,540 sf respectively.

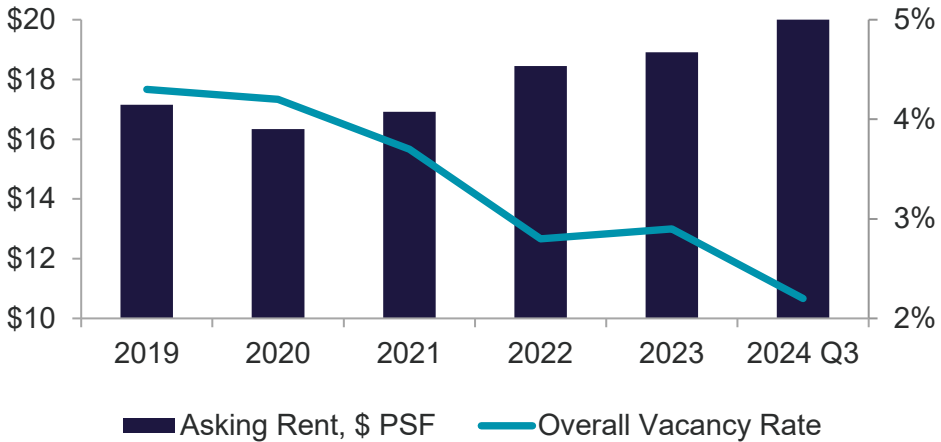
YTD deliveries neared 74,000 sf with two buildings coming online in the Embrey Mill Town Center in Stafford County this quarter. More than 143,000 sf is underway in the active pipeline including 9,000 sf at 12016 Old Salem Church Road in Spotsylvania County, set to deliver in January 2025, as well as the 76,000-sf neighborhood center at 5980 Plank Road, scheduled for delivery in the first quarter of 2025.

PRICING: RENT GROWTH STEADY

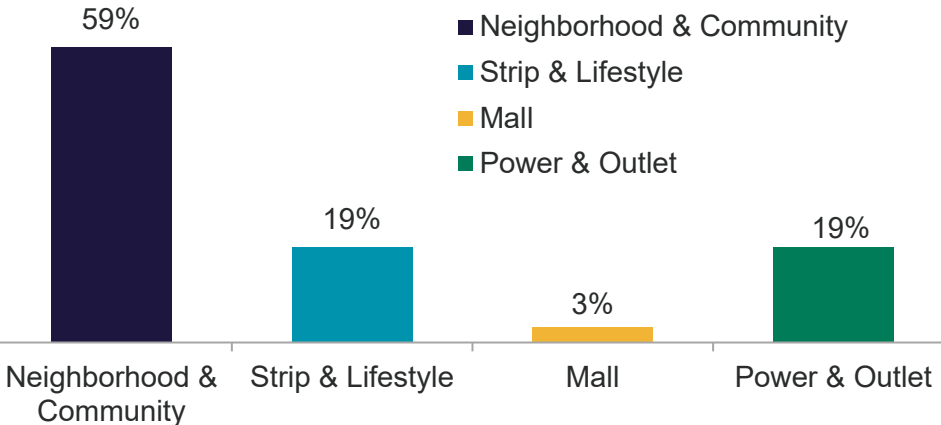
Rental growth rates continued to trend upward, ending the third quarter at \$20.05 per square foot (psf) overall, effectively flat QOQ and up 8.1% YOY. All submarkets saw rates increase compared to last year's numbers.

Quarterly sales activity totaled over \$23.1 million with notable transfers at 70 Doc Stone Road, a 16,252-sf shopping center in Stafford County that sold for \$4.5 million, and 5800 Southpoint Center Boulevard, a 48,000-sf freestanding building in Spotsylvania County that sold for \$3.9 million.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (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	798,869	101	2,400	5,245	0.7%	80	13,733	11,359	\$33.79
Fredericksburg City	5,472,176	547	82,457	83,881	1.5%	-3,677	-19,945	5,000	\$18.12
King George County	1,105,746	124	9,488	72,398	6.5%	600	7,022	0	\$20.84
Spotsylvania County	8,290,567	550	143,079	203,613	2.5%	-60,708	-76,570	96,000	\$19.55
Stafford County	5,900,289	504	76,347	104,037	1.8%	63,390	88,658	30,836	\$21.92
FREDERICKSBURG TOTALS	21,567,647	1,826	313,771	469,174	2.2%	-315	12,898	143,195	\$20.05

*Rental rates reflect Triple Net asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9745 Patriot Highway	Spotsylvania County	Dollar Tree	8,050	New
9745 Patriot Highway	Spotsylvania County	Undisclosed	6,000	Renewal
9811 Patriot Highway	Spotsylvania County	School of Rock	4,540	New
1201 Emancipation Highway	Fredericksburg City	Undisclosed	4,174	New
570 Celebrate Virginia Parkway	Stafford County	Undisclosed	4,000	New

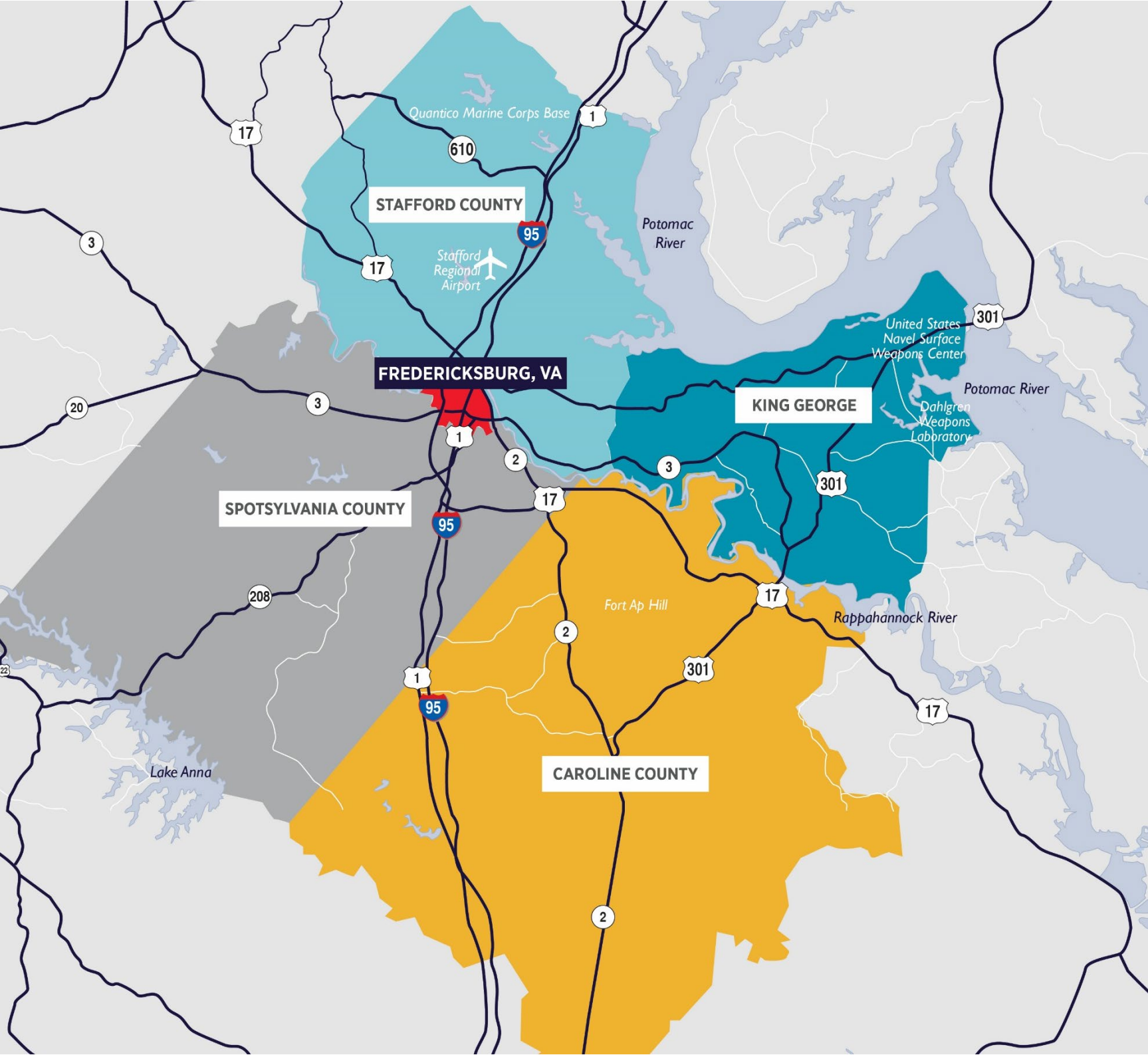
KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5800 Southpoint Center Boulevard	Spotsylvania County	Southpoint Movies II, LLC / Undisclosed	48,000	\$3.9M / \$83
3301 Plank Road	Fredericksburg City	3301 Plank Road / Cd Fredericksburg, LLC	47,103	\$3.7M / \$79
5800 Southpoint Centre Boulevard	Spotsylvania County	Southpoint Movies II, LLC / Marquee Auto Mall, LLC	28,486	\$3.9M / \$139
70 Doc Stone Road – Doc Stone Shopping Center	Stafford County	Doc Stone RC, LLC / Affinity Capital Investments	16,252	\$4.6M / \$283
922-924 Caroline Street	Fredericksburg City	James K M Newton III / 922 Market, LLC	9,213	\$1.5M / \$163

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Austin Ridge Drive – Building 16 – Embrey Mill	Stafford County	Undisclosed	3,809	B. M. Smith & Associates, Inc.
Sunflower Drive – Building 6 – Embrey Mill	Stafford County	Undisclosed	20,000	B. M. Smith & Associates, Inc.

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

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