

MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|--|---------|---------|
| <div>\$103,400</div> <div>Median HH Income</div> | ▲ | ▲ |
| <div>2.4%</div> <div>Population Growth</div> | ▲ | ▲ |
| <div>3.3%</div> <div>Unemployment Rate</div> | ▲ | ▲ |

Source: BLS

ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---------|---------|
| <div>1.4%</div> <div>GDP Growth</div> | ▼ | ▲ |
| <div>2.4%</div> <div>Consumer Spending Growth</div> | ▼ | ▲ |
| <div>2.0%</div> <div>Retail Sales Growth</div> | ▼ | ▬ |

Source: BEA, Census Bureau

ECONOMY: DEVELOPMENT ACTIVITY INCREASES

Fredericksburg's unemployment rate closed the quarter at 3.3%, well below the national average of 4.2% and reflecting the region's ongoing economic strength. Virginia's reputation as a top location for business was further affirmed by its ranking among the Top 10 Best States by Chief Executive Magazine. Supporting this positive outlook, construction is currently underway on the Capitol 95 Logistics Center in Stafford County, a major addition to the region's growing industrial footprint. This speculative warehouse project led by Flint Development will be 934,423 square feet (sf) upon completion.

SUPPLY AND DEMAND: RETAIL VACANCY INCREASES

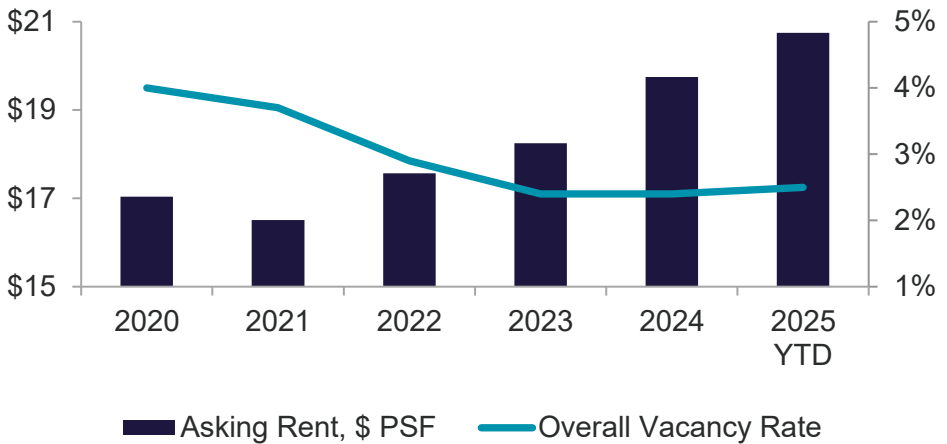
Overall vacancy closed the quarter at 2.6%, reflecting an increase of 20 basis points (bps) quarter-over-quarter (QOQ) and up 50 bps YOY. Leasing activity reached over 102,700 sf for the quarter and topped 196,100 sf year-to-date (YTD). This represents 27.4% decline in activity but remains healthy given the limited supply.

While there were no deliveries for the quarter, the pipeline remains active with over 59,600 sf under construction. The largest project in the pipeline is 8920 Patriot Highway, a 13,760 sf auto repair shop in Spotsylvania County. Close behind is Building 1 on Sunflower Drive in Stafford. This 13,545 sf building will be a part of Embrey Mill Town Center and will be occupied by Primrose Schools.

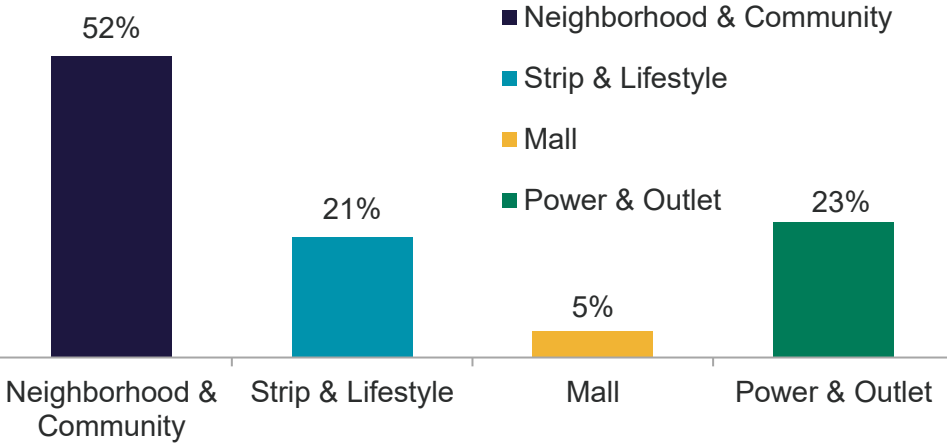
PRICING: RENTAL RATES TRENDING UPWARD

Overall quoted rates remained essentially flat QOQ, increasing less than 1.0%, yet have seen a 6.0% increase YOY. Quarterly sales remained robust throughout the quarter. Topping the transactions was 1330 Garrisonville Road in Stafford County. Fully occupied by Tractor Supply Co., this 25,102 sf building sold for \$5.8 million or \$229.46 per-square-foot (psf). Another top transaction was 9900 Southpoint Parkway, a 3,791 sf building in Spotsylvania County. This building traded for \$2.9 million or \$751.78 psf and is currently occupied by Chick-Fil-A.

SPACE DEMAND / DELIVERIES



AVAILABILITY BY PROPERTY TYPE



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | SUBLET 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 | 810,228 | 4,445 | 0 | 0.5% | -2,120 | -1,525 | 0 | \$30.54 |
| Fredericksburg City | 5,426,783 | 111,614 | 0 | 2.1% | -19,583 | -4,300 | 0 | \$19.27 |
| King George County | 1,118,755 | 19,100 | 0 | 1.7% | 100 | 53,398 | 0 | \$19.65 |
| Spotsylvania County | 8,372,770 | 247,236 | 37,688 | 3.4% | 8,699 | 25,282 | 25,360 | \$20.86 |
| Stafford County | 5,892,484 | 136,495 | 0 | 2.3% | -32,850 | -30,259 | 34,336 | \$21.27 |
| FREDERICKSBURG TOTALS | 21,621,020 | 518,890 | 37,688 | 2.6% | -45,754 | 42,596 | 59,696 | \$20.77 |

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

KEY LEASE TRANSACTIONS Q2 2025

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|------------------------------|---------------------|---------------------|--------|---------|
| 10601-10635 Spotsylvania Ave | Spotsylvania County | Weis Markets | 33,000 | Renewal |
| 2003-2051 Plank Rd | Fredericksburg City | Discount Appliances | 6,000 | New |
| 1160 Carl D Silver Pky | Fredericksburg City | Undisclosed | 5,880 | New |
| 20 Plantation Dr | Stafford County | Undisclosed | 4,941 | New |
| 4715-4717 Harrison Rd | Spotsylvania County | Undisclosed | 4,000 | New |

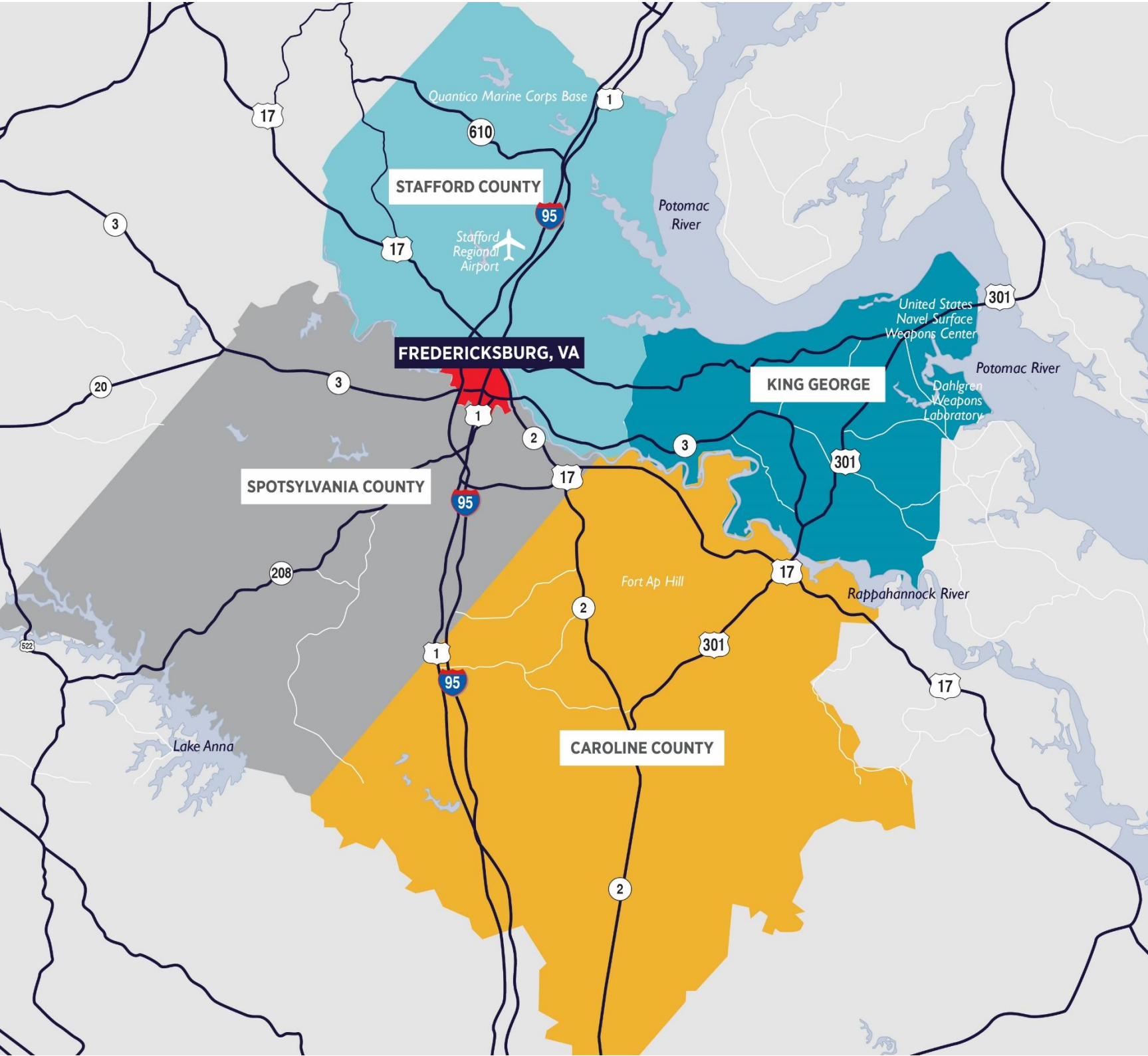
KEY SALES TRANSACTIONS Q2 2025

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|-------------------------|---------------------|--|--------|--------------------|
| 1330 Garrisonville Rd | Stafford County | ECS Tractor Holdings, LLC / Vereit Real Estate, L.P. | 25,102 | \$5.76M / \$229.46 |
| 9900 Southpoint Pky | Spotsylvania County | Pnb I, LLC / S9900, LLC | 3,791 | \$2.85M / \$751.78 |
| 410 William St | Fredericksburg City | 410 William St, LLC / Wm St Partners, LLC | 9,112 | \$1.9M / \$417.03 |
| 9 Dorothy Ln | Stafford County | LJMorton, LLC / EC Venture, LLC | 4,240 | \$1.66M / \$391.51 |
| 10586 Tinsbloom Mill Ln | King George County | Mce Commercial, LLP / Choi Family Living Trust | 9,546 | \$1.4M / \$146.13 |

KEY UNDER CONSTRUCTION 2025

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER / DEVELOPER |
|---------------------------|---------------------|------------------|--------|-------------------------------|
| 8920 Patriot Hwy | Spotsylvania County | Undisclosed | 13,760 | N/A |
| Sunflower Dr – Building 1 | Stafford County | Primrose Schools | 13,545 | 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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