

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$106,100 Median HH Income	▲	▲
2.0% Population Growth	▬	▲
3.5% Unemployment Rate	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2% GDP Growth	▼	▲
2.2% Consumer Spending Growth	▼	▲
1.3% Retail Sales Growth	▼	▬

Source: BEA, Census Bureau

ECONOMY: CONTINUED CAPITAL INVESTMENTS

Fredericksburg's regional market is experiencing robust growth and development across multiple sectors. Fredericksburg's unemployment rate increased 70-basis-points (bps) year-over-year (YOY), reaching 3.7%, yet remains well below the national average of 4.3%. Caroline County, the fourth fastest growing county in Virginia, saw its population increase by 11.7% between 2020 and 2025. Major tourism and entertainment investment is underway with the \$900 million (M) Kalahari Resort under construction, which is now accepting bookings and slated to open in late 2026. Meanwhile, the data center industry continues to be a major driver, contributing \$40 billion (B) in statewide economic impact in 2025. In Stafford County, three data center projects totaling over 7 million square feet (msf) are under construction, including a \$2.2B campus by Vantage Data Centers, underscoring the region's growing prominence in technology infrastructure.

SUPPLY AND DEMAND: VACANCY REMAINS STABLE

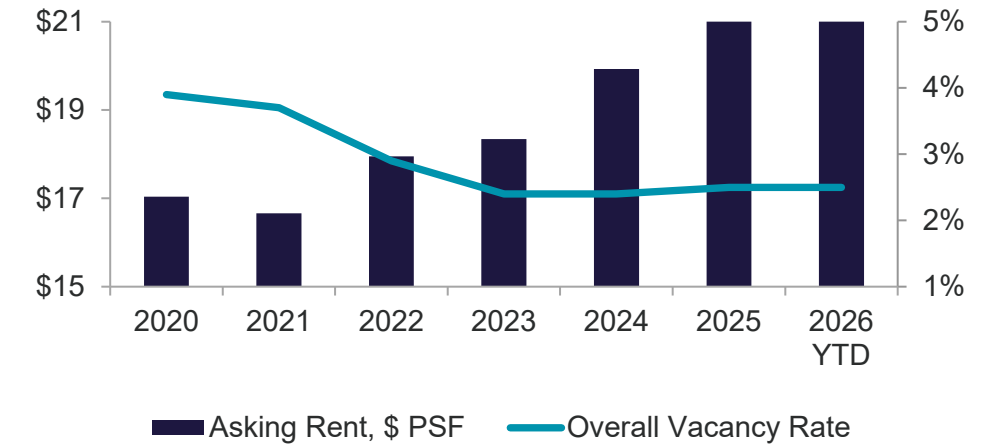
Overall vacancy closed the quarter at 2.5%, remaining flat quarter-over-quarter (QOQ) and up 10 bps YOY. Despite the increase, overall vacancy continues to remain around historically low levels. First quarter leasing activity saw a 16.1% increase in activity compared to the previous quarter totaling 97,532 square feet (sf). The top lease transaction for the quarter was located at 25 Tech Pky in Stafford County where Clover Veterinary leased 13,121 sf of space.

The region saw 21,760 sf of deliveries throughout the first quarter. The largest delivery was located at 8920 Patriot Hwy. This 13,760-sf auto repair shop is located in Spotsylvania County.

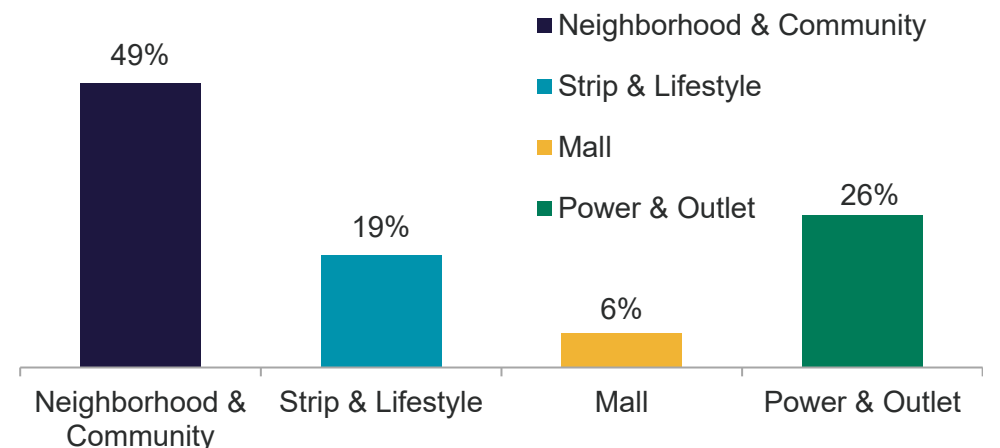
PRICING: INCREASED RETAIL INVESTMENT ACTIVITY

While overall quoted rates remained essentially flat QOQ, rates for neighborhood and community center space increased 13.9% QOQ. Power and outlet center rates decreased 7.2%. Sales volume for the quarter reached over \$25.8M with the largest transaction being located at 11481 Kings Hwy. This 19,320-sf freestanding retail building sold to Realty Income Corporation for \$4.4M, or \$228.12 per square foot (psf). Following behind was 4201 Plank Rd In Spotsylvania County. This 11,994-sf building was fully occupied by CVS Pharmacy. The Subotnick Family LP sold the asset for \$5.0M or \$416.88 psf, with a cap rate of 11.1% to an undisclosed buyer.

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	905,662	13,190	0	1.5%	8,000	8,000	5,960	\$26.38
Fredericksburg City	5,385,299	125,092	7,742	2.5%	-44,806	-44,806	0	\$27.31
King George County	1,135,379	9,400	0	0.8%	0	0	0	\$18.66
Spotsylvania County	8,477,265	236,305	45,824	3.3%	-38,746	-38,746	9,000	\$22.52
Stafford County	5,966,122	111,054	0	1.9%	12,776	12,776	2,265	\$20.53
FREDERICKSBURG TOTALS	21,869,727	495,041	53,566	2.5%	-62,776	-62,776	17,225	\$22.59

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

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
25 Tech Pky	Stafford County	Clover Veterinary	13,121	New
3435-3455 Jefferson Davis Hwy	Spotsylvania County	Undisclosed	11,326	New
912-956 Bragg Rd	Spotsylvania County	Undisclosed	10,791	New
10600-10697	Spotsylvania County	We Rock the Spectrum Kids Gym	8,352	New
411 Chatham Heights Rd	Stafford County	Salt Bible	5,000	New

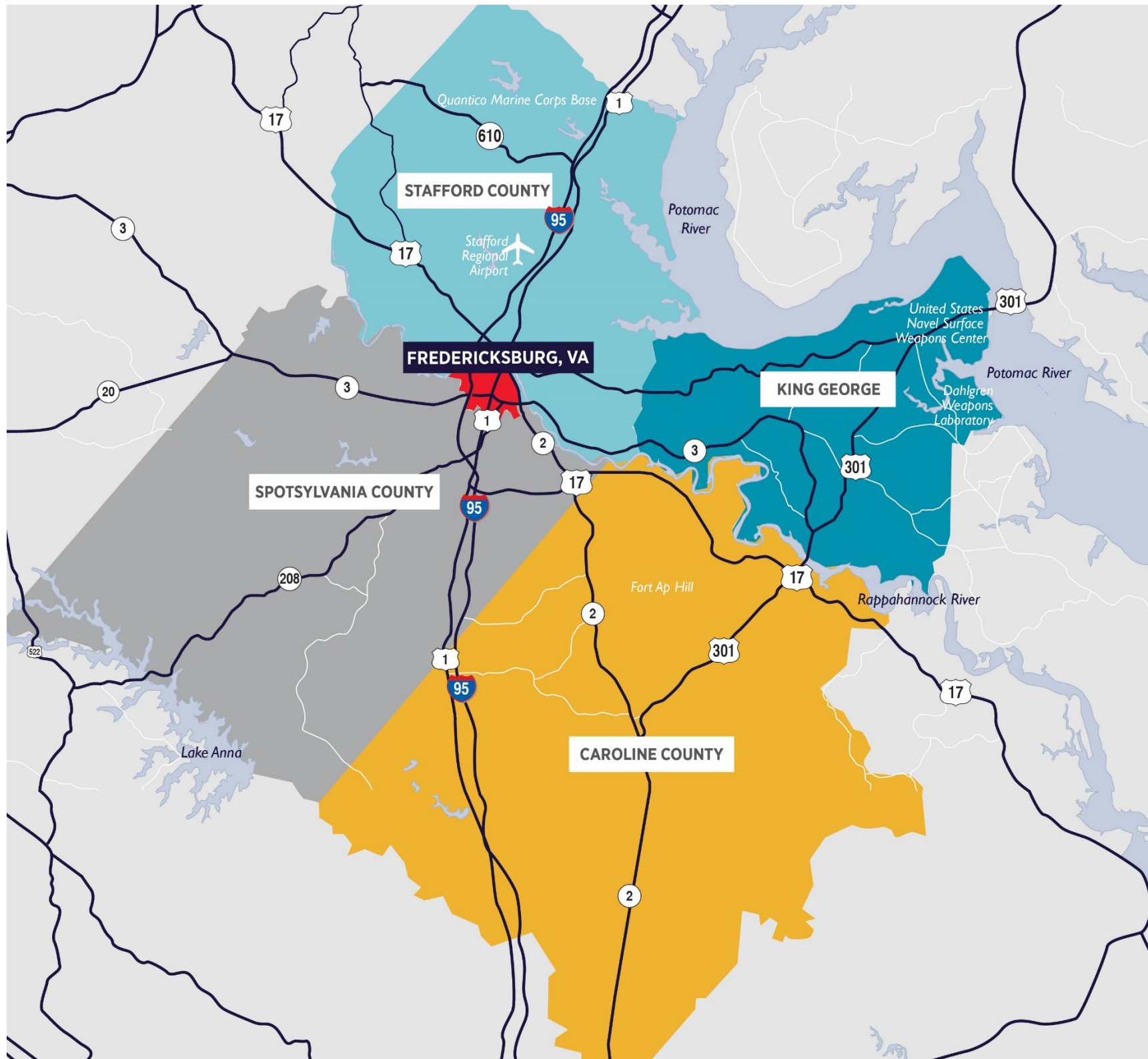
KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
11481 Kings Hwy	King George County	The Keith Corporation / Realty Income Corporation	19,320	\$4.4M / \$228.12
4201 Plank Rd	Spotsylvania County	Subotnick Family, LP / Undisclosed	11,994	\$5.0M / \$416.88
407 Williams St	Fredericksburg City	Mitchell Properties / Jarrell Properties, Inc.	7,493	\$2.4M / \$320.30
1791 Carl D. Silver Pky	Fredericksburg City	MCB Real Estate / Undisclosed	6,425	\$2.7M / \$421.60
3475 Jefferson Davis Hwy	Spotsylvania County	Shirlie Slack Realty, LLC / Radley management LLC	6,421	\$4.8M / \$739.76

KEY UNDER CONSTRUCTION 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
12016 Old Salem Church Rd	Spotsylvania County	Undisclosed	9,000	N/A
0 Ladysmith Rd	Caroline County	Undisclosed	5,960	N/A
950 Wonder Rd	Stafford County	Popeyes	2,265	B.M. Smith & Associates, Inc. / B.M. Smith & Associates, Inc.

RETAIL SUBMARKETS



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