

MARKETBEAT

Fredericksburg, VA

Retail Q3 2019



CUSHMAN & WAKEFIELD

THALHIMER

ECONOMIC INDICATORS

National

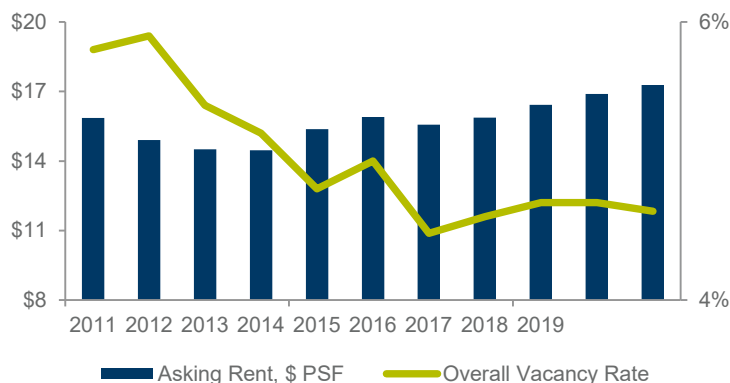
	Q3 18	Q3 19*	12-Month Forecast
GDP Growth	3.1%	2.0%	▲
CPI Growth	2.6%	1.8%	▲
Consumer Spending Growth	5.9%	4.0%	▲
Retail Sales Growth	5.5%	4.1%	▲

Regional

	Q3 18	Q3 19*	12-Month Forecast
Median Household Income	\$80,700	\$82,600	▲
Population Growth	1.3%	0.8%	▲
Unemployment	3.0%	3.1%	▲

Q3 2019 data are based on latest available data. Growth rates are year-over-year.
Source: BLS, BOC, Moody's Analytics

Rental Rate vs. Overall Vacancy



Economy

Unemployment for the Fredericksburg region remains below the national average of 3.7%, although there was a slight uptick to 3.1% this quarter. Analysts predict that consumer confidence will remain strong in the short term, although growth in consumer spending is down from 5.9% a year ago to 4.1% in the third quarter of 2019. Despite a softening in the housing market and uncertainty over international trade, analysts point to the continued strength of the job market as the primary factor in continued consumer spending.

Market Overview

Despite continued news that national retailers continue to close stores across the country, spaces left vacant have been filled so the continued bankruptcy filings and store closures have had little impact locally.

Vacancy rates remained at 4.6%, with Stafford County continuing to show the highest number of vacancies, jumping up to 7.9% in the third quarter. Absorption continues to climb slowly upward, ending the quarter showing a positive 35,456 square feet (sf) being filled this year, with nearly two-thirds of that absorption occurring in Spotsylvania County. Rental rates continue to climb, ending the third quarter at an average of \$17.87 per square foot (psf) for the region. The highest rental rates are found in Fredericksburg City, where average asking rents are \$20.14 psf.

Retail sales surpassed last quarter by topping \$30 million, with the average sale price at just over \$2 million and cap rates averaging 6.35%. The most notable sales were the \$4.7 million triple net (NNN) deal of the BB&T at 9659 Jefferson Davis Highway and the \$4.6 million purchase of The Shops at Salem Fields. In leasing, Kozmic Obstacles moved into the 11,875-sf space at 550 Jefferson Davis Highway. Bowman Consulting Group took over the vacated 8,500-sf Steak & Lube in the Central Park Marketplace.

Outlook

Unless consumer confidence lags, household spending should remain strong, bolstering the local market. Short and medium-term downturns are not predicted, despite some economist's predictions of a potential recession by 2021.

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