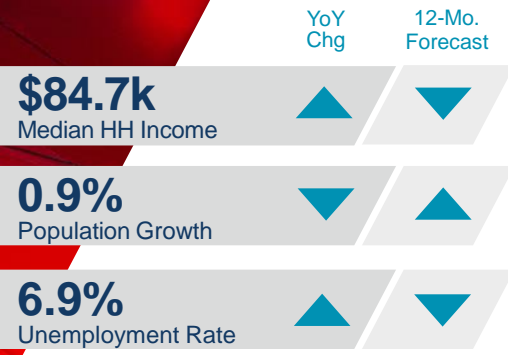


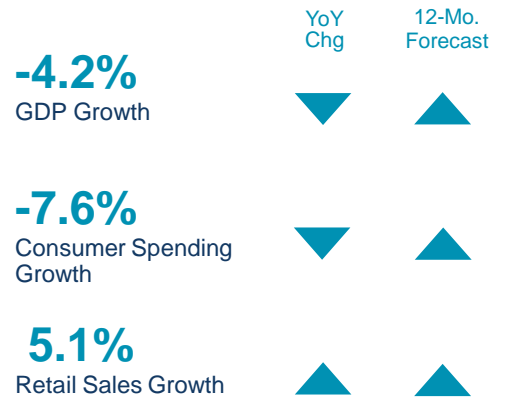
Fredericksburg, VA

Retail Q3 2020



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

U.S. ECONOMIC INDICATORS Q3 2020



Source: BEA, Census Bureau

ECONOMY: Unemployment Remains High Following the Impacts of COVID-19

Many businesses that were forced to close, furlough, or reduce payroll after the government halted non-essential businesses managed to get back to business during this quarter. The retail, travel, and hospitality sectors which were hit the hardest are picking back up. The Fredericksburg region, Stafford County in particular, continues to benefit from demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment rose considerably, ending the quarter at 6.9%, which is significantly up from 2.9% a year ago. It still manages to remain below the national average of 8.8%. Forecasts remain uncertain, but record unemployment claims have impacted the local economy in the second quarter. Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

SUPPLY AND DEMAND: Vacancy Rate Steady So Far

The vacancy rate in Q3 lowered to 4.1% from 4.5% a year ago. Net absorption stayed positive as demand remained steady throughout the quarter, and Q3 leasing activity picked back up again with more deals than Q2. American Free signed the largest lease during the quarter, after signing their 30,188 square foot (sf) sublease on Jefferson Davis Hwy in Spotsylvania. Sales also picked up in Q3, with the largest sales coming from 3205 Plank Road, a 3,800-sf property in Fredericksburg that sold for \$2.9M, and 4220 Plank Road, a 3,781-sf property in Spotsylvania that sold for \$1.8M. Many brick and mortar stores were able to open back up with restrictions, but both small businesses and national retailers in the Fredericksburg market are still feeling the effects of COVID-19. Vacancies are expected to increase later in the year.

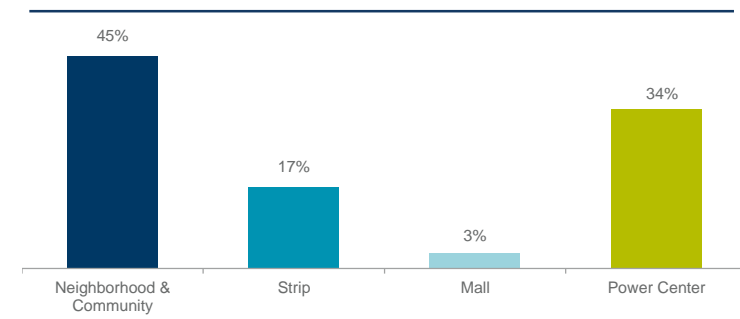
PRICING: Asking Rents Begin to Soften

Retail rental rates fell from the second quarter but stayed above rates from the same time last year, ending the third quarter at \$17.21 per square foot (psf). This compares to a rate of \$17.02 psf during Q3 of 2019. King George County commands the highest rental rate in the market at \$17.45 psf, but rents in the submarket declined \$0.12 psf since the second quarter. Fredericksburg City saw a slight increase during this period to \$17.39, but rents remain down from \$18.61 a year ago.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Fredericksburg, VA

Retail Q3 2020

MARKET STATISTICS

SUBMARKET	INVENTORY	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	OVERALL AVERAGE ASKING RENT*
Caroline County	90	627,590	0	11,514	1.8%	7,472	0	\$17.34
Fredericksburg City	539	5,428,118	66,725	157,594	2.9%	6,307	18,620	\$17.39
King George County	110	984,073	11,763	64,915	6.6%	(16,848)	0	\$17.45
Spotsylvania County	513	8,065,877	128,422	349,564	4.3%	37,090	26,345	\$17.23
Stafford County	462	5,434,223	75,486	254,951	4.7%	61,010	48,000	\$17.36
FREDERICKSBURG TOTALS	1,714	20,539,881	145,127	838,538	4.1%	95,031	92,965	\$17.21

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9745-9779 Jefferson Davis Hwy	Spotsylvania County	America Free	30,188	Sublease
2 S Pointe Ln	Stafford County	Children Of America	8,710	-
1109-1153 Jefferson Davis Hwy	Fredericksburg City	Rey Azteca	4,803	Direct
1150-1260 Stafford Market Pl	Stafford County	Mattress Firm	4,750	Direct
3247-3255 Jefferson Davis Hwy	Stafford County	Auto Broker	4,325	Direct

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3205 Plank Rd	Fredericksburg	YLC, Inc / Dhanvant & Devy Goradia	3,800	\$2.9M / \$765.57
4220 Plank Rd	Spotsylvania	MCB Real Estate, LLC / Undisclosed	3,781	\$1.8M / \$476.06
16057 James Madison Pkwy	King George	Modesitt Randolph & Gina M / Andrew Wanamaker	18,860	\$1.0M / \$55.14
18541 Sparta Rd	Caroline	Jessica Lee Broadus / David L. Brooks Hauling	2,534	\$750K / \$295.97
1316 Jefferson Davis Hwy	Fredericksburg	The Clarenton Group, Ltd / Zulmai Hakimi	1,740	\$675K / \$387.93

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