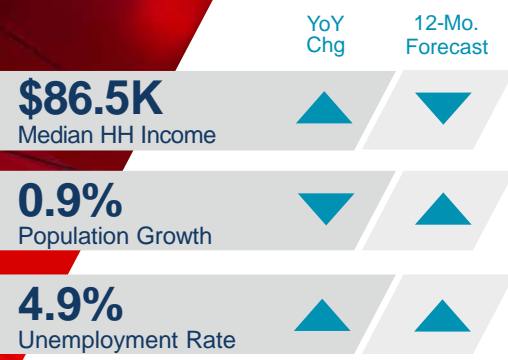


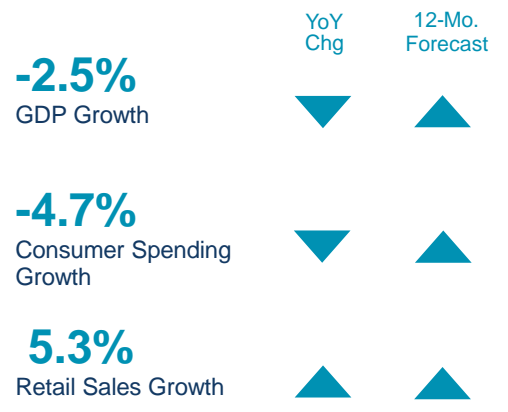
Fredericksburg, VA

Retail Q4 2020



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

U.S. ECONOMIC INDICATORS Q4 2020



Source: BEA, Census Bureau

ECONOMY: Unemployment Begins to Lower

With many businesses back up and running after dealing with setbacks caused by shutdowns earlier this year, the local economy has started to rebuild. Although the retail, travel, and hospitality sectors were hit hard in the first part of the year, they were able to gradually gain momentum by the fourth quarter. The Fredericksburg region, Stafford County in particular, continues to benefit from demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment finally began to lower, ending the quarter at 4.9%, which is up from 2.9% a year ago. It remains below the national average of 6.8%. Forecasts remain uncertain and high unemployment claims continue to impact the local economy at the close of the fourth quarter. Despite dealing with a recession cause by COVID-19, there is hope for recovery. Even with a public health resolution in its beginning stages, the recovery is likely to remain uncertain and gradual.

SUPPLY AND DEMAND: Vacancy Rate Remains Constant

Vacancies increased by the end of the year, as was predicted in earlier quarter. The vacancy rate in Q4 rose to 4.5%, equal to 4.5% a year ago. Even though net absorption was negative this quarter, overall absorption year-to-date remained positive, and Q4 leasing activity continued to increase. The largest lease during the quarter, was a 6,640 square foot (sf) space located in the mixed-use commercial development of Patriot's Crossing on Garrisonville Road in Stafford. Sales were strong in Q4, totaling over \$22.8 million. The largest sales were 1 Coachman Circle, a 28,250-sf property in Stafford that sold for \$10.5M, and 10 Leeland Road, a 15,000-sf property in Stafford that sold for \$2.9M. Most brick-and-mortar stores still operated with restrictions, but both small businesses and national retailers in the Fredericksburg market continue to feel the effects of COVID-19.

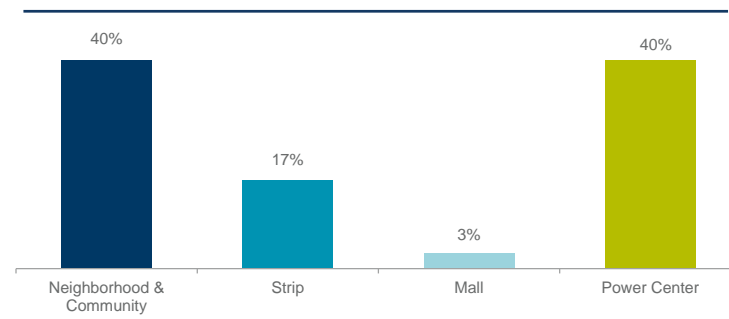
PRICING: Asking Rents Lower

Retail rental rates lowered from what was seen in the third quarter, ending the fourth quarter at \$16.34 per square foot (psf). Rates in Q4 were below those experienced at the same time last year, which had a rate of \$17.36 psf during Q4 of 2019. King George County continued to command the highest rental rate in the market at \$17.45 psf; rents in the submarket have held stead since the second quarter. Fredericksburg City, Stafford County, and Spotsylvania County all saw a decrease in rates during this period and rents remain under those seen a year ago.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Fredericksburg, VA

Retail Q4 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	\$7.34
Fredericksburg City	539	5,431,013	93,695	235,766	4.3%	(81,420)	3,620	\$16.66
King George County	111	996,077	14,563	70,893	7.1%	(13,626)	0	\$17.45
Spotsylvania County	514	8,067,677	182,135	341,774	4.2%	45,925	20,000	\$16.48
Stafford County	462	5,434,223	80,266	260,476	4.8%	55,485	58,000	\$16.00
FREDERICKSBURG TOTALS	1,716	20,556,580	370,659	920,423	4.5%	13,836	81,620	\$16.34

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
799 Garrisonville Road	Spotsylvania County	Undisclosed	6,640	Direct
10500 Spotsylvania Avenue	Stafford County	Legends Grille	6,345	Direct
2003-2051 Plank Road	Fredericksburg City	Undisclosed	5,000	Direct
4810 Jefferson Davis Highway	Stafford County	Undisclosed	4,355	Direct
433-451 Jefferson Davis Highway	Stafford County	Undisclosed	3,988	Direct

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1 Coachman Circle	Stafford	PSD Automotive Group/ Dhanvant & Hart Nissan	28,250	\$10.5M / \$372.57
10 Leeland Road	Stafford	Amala Holdings, LLC / Merit Hill Capital	15,000	\$2.9M / \$199.25
624-634 Garrisonville Road	Stafford	Palani Properties VCB LLC / Pablo E. Perez	11,891	\$2.4M / \$203.35
10901 Courthouse Road	Spotsylvania	Richard Pascal / Michael E. Beidler	6,464	\$1.7M / \$262.22
4600 Lassen Lane	Spotsylvania	Vincent O. Ognbene / Naqibullah M. Ismail	8,519	\$1.3M / \$154.48

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