

Fredericksburg, VA

Retail Q2 2021



	YoY Chg	12-Mo. Forecast
\$89,000 Median HH Income	▲	▼
0.8% Population Growth	▲	▲
4.6% Unemployment Rate	▼	▼

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

U.S. ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
13.2% GDP Growth	▲	▲
16.6% Consumer Spending Growth	▲	▲
31.0% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMY: On the Rebound

The retail, travel, and hospitality sectors are seeing more improvement with past covid restrictions being lifted. The Fredericksburg region, Stafford County in particular, continues to benefit from demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment continued to go down. It ended the quarter at 4.6% and remains below the national rate of 6.0%. The statewide release of the vaccine has been tangible, and in-turn provided a boost to the local economy due to people feeling more comfortable with returning to pre-pandemic activities. The approval of the American Rescue Plan late in Q1, which provided extensions on unemployment benefits, support to small businesses, and the Child Tax Credit, also played a part in improving the economy of Q2. It is predicted that the economic rebound will continue to be strong in the coming quarter.

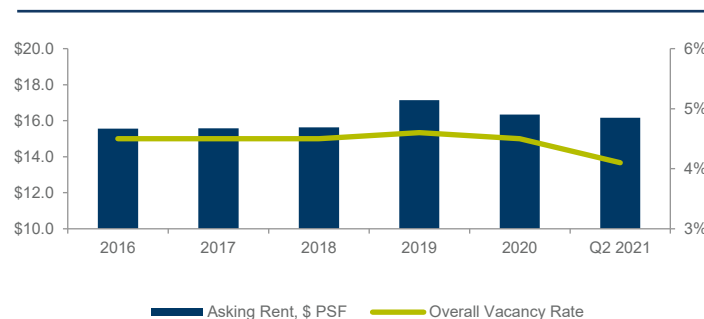
SUPPLY AND DEMAND: Vacancy Rate Remains Constant

The vacancy rate in Q2 slightly decreased to 4.1%, equal to same amount seen a year ago. Net absorption stayed positive this quarter with over 26,492 square feet (sf) being absorbed. Leasing activity continued to increase this quarter as well. The largest lease during the quarter was the 10,321-sf space located in neighborhood center of Village Square Shopping Center on Bragg Road in Spotsylvania County. Sales were strong in Q1, totaling over \$15.2 million. The largest sales were 28 Watson Way, a 6,922-sf property in Stafford County that sold for \$3.7M, and 2811 Plank Road, an 8,084-sf property in Fredericksburg that sold for \$2.6M. Construction continued on the 10,000-sf restaurant/retail space in Patriot's Crossing in Stafford, while the 3,620-sf storefront/office space at 1014 Lafayette Boulevard was delivered early July in Fredericksburg.

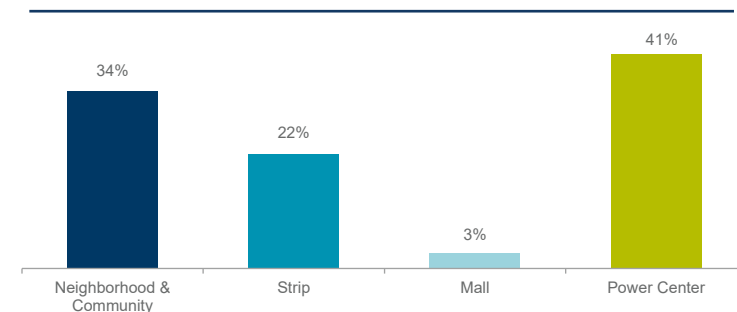
PRICING: Asking Rent Growth Continues

Retail rental rates remain steady, ending the second quarter at \$16.61 per square foot (psf). Rates remain down from the same period last year, which had a rate of \$17.34 psf, but the rent growth may continue to turn the tide in the coming months. Although it experienced a small decrease in price, King George County continues to command the highest rental rate in the market at \$17.50 psf. Spotsylvania County and Fredericksburg City also experienced growth during the quarter, but rents remain below those seen a year ago. Stafford County saw a slight decrease, while Caroline County remained at the same rate.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Fredericksburg, VA

Retail Q2 2021

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	3,200	8,314	1.3%	3,200	0	\$7.34
Fredericksburg City	543	5,445,690	54,532	243,236	4.5%	(16,321)	0	\$16.58
King George County	111	996,077	3,250	62,741	6.3%	(3,848)	0	\$17.50
Spotsylvania County	516	8,087,297	79,912	299,629	3.7%	45,875	0	\$17.00
Stafford County	470	5,481,561	26,055	233,775	4.3%	72,306	10,000	\$16.54
FREDERICKSBURG TOTALS	1,730	20,638,215	166,949	847,695	4.1%	101,212	10,000	\$16.61

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
916-956 Bragg Road	Spotsylvania County	Undisclosed	10,321	Direct
445 Jefferson Davis Highway	Fredericksburg City	Undisclosed	7,600	Direct
9951-9969 Jefferson Davis Highway	Spotsylvania County	Undisclosed	6,000	Direct
9679-9681 Jefferson Davis Highway	Spotsylvania County	Undisclosed	5,900	Direct
50 Dunn Drive	Stafford County	Undisclosed	4,400	Direct

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
28 Watson Way	Stafford	Lewis & Howard Enstedt / Hawksfield Mgmt. LLC	6,922	\$3.7M / \$533.55
2811 Plank Road	Fredericksburg City	MCB Real Estate / Enayat & Naima Alorishami	8,084	\$2.6M / \$315.44
3425 Jefferson Davis Highway	Fredericksburg City	Frackelton Robert Leigh Jr. / Sheehy Auto Stores	8,400	\$1.8M / \$217.12
5811 Plank Road	Spotsylvania County	Axiom Software, Inc. / Undisclosed	10,649	\$1.8M / \$166.68
10117 Southpointe Drive	Spotsylvania County	Empire 9 LLC / Salenza LLC	4,697	\$1.8M / \$377.90

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1014 Lafayette Boulevard	Fredericksburg City	Undisclosed	3,620	Undisclosed

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