

# □ FREDERICKSBURG-VA □

# RETAIL MARKET VANTAGEPOINT

## Low Vacancy Feeds Rental Increases and New Construction

As 2015 continues, the retail market is strengthening for the Fredericksburg Region. In Q2 2015 vacancy rates remain low, despite a slight increase. The low vacancy rates in the retail market are assisting in the rise of rental rates as we have seen 2 straight quarters of solid increases.

The overall retail vacancy rates rose to 5.1%, in Q2 2015. The consistently low vacancy rates have helped to improve rental rates as no county in the region had a decrease in rents. Spotsylvania, Stafford and the City of Fredericksburg all saw increases in rents in Q2 2015, while King George and Caroline County remained flat. Stafford County experienced the most significant increase in rates with an increase of nearly \$1.00 over last quarter. The decrease in vacancy is also feeding new construction with more RBA delivered in the first two quarters of 2015 than in the past two years combined.

An 8,500 SF multi-tenant building at Cowan Crossings in the city of Fredericksburg is near completion. The building will feature Chipotle, Vocelli's Pizza and Starbucks to date. This is one of two Chipotle locations currently under construction in the region. The second Chipotle location will be part of a 9,660 SF multi-tenant retail building underway at Carter's Crossing in Stafford.

The building is 100% pre-leased and aside from Chipotle, will include Freddy's Custard and Steakhburgers, AT&T and Quickway Hibachi. This will be the first location for both Freddy's

and Quickway Hibachi within the Fredericksburg Region.

## QSR's Continue to Lead the Way

For the past 18 months Quick Service a Restaurants (QSR's) have been leading the way in expansion in the Fredericksburg Region. Cook Out opened its first Fredericksburg location in May 2015 and has seen tremendous success. Cook Out's Fredericksburg location marks its most northern location in the U.S. and the first of multiple Cook Out locations planned for the Fredericksburg Region.

Construction of a new Sonic was completed and the location opened for business in June. The store is located within the Celebrate Virginia North shopping center off Route 17 in Stafford. The new store marks Sonic's third location within the Fredericksburg Region. In June, Bojangles inked a deal for their first Stafford County location. Bojangles plans to build a store at Celebrate Virginia North which will be their first location in northern Virginia.

Harrison Crossing in Spotsylvania County continues to benefit from the expansion of QSRs as a Taco Bell opened early in 2015 and a Popeye's Chicken is currently under construction.

One trend that we are continuing to see with new retail construction is the demand for outparcels and pad sites. Nearly all new construction within the past 18-24 months has been free standing single tenant stores, with the exception of the 72,000 SF center at King George Gateway and a few non-anchored centers noted earlier.

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## Fredericksburg Region: Current Stats

	Region	High	Low
Rental Rates	\$14.88	Stafford \$17.72	Caroline \$8.81
Vacancy	5.1%	Caroline 5.90%	King George 3.90%
Inventory (SF)	21.04M	Spotsylvania 9.34M	Caroline 0.65M

## Vacancy



Retail Vacancy slightly increased in Q2 2015 to 5.1%

## Lease Rates



The Average Effective lease rate increased \$0.36 from previous quarter

## Absorption



Net Absorption in Q2 of 2015 remained positive

Industry	Demand (Potential) in Billions	Supply (Sales) in Billions	Retail Gap in Billions
Retail Trade	\$4.257	\$3.273	\$0.983
Food & Drink	\$0.479	\$0.343	\$0.136
Totals	\$4.737	\$3.617	\$1.119

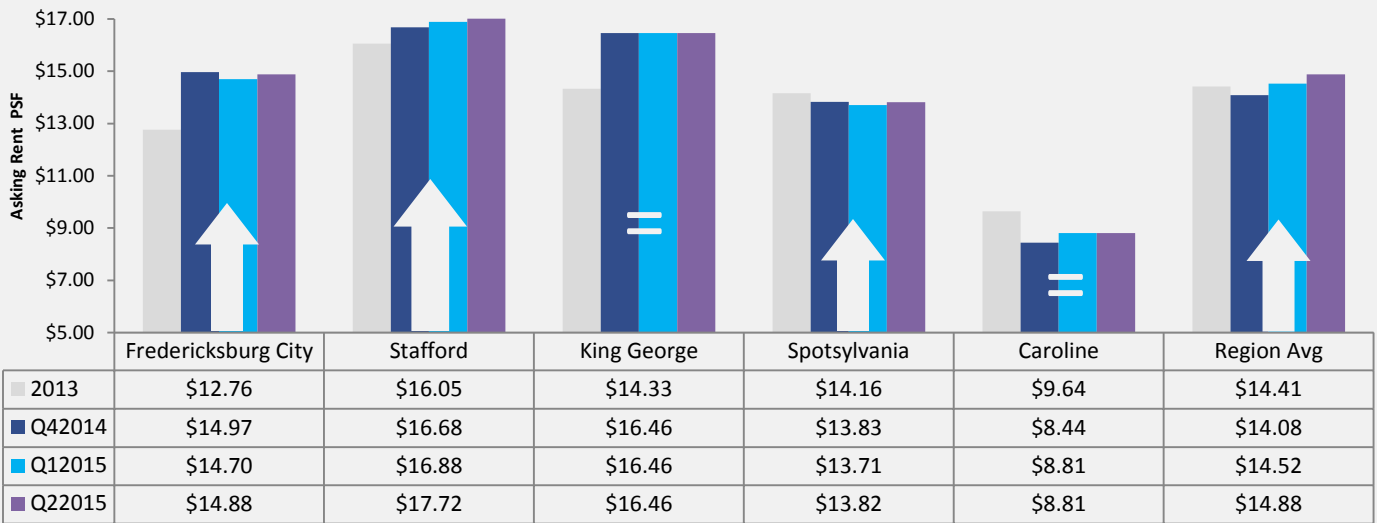
\$1.12B TOTAL RETAIL GAP

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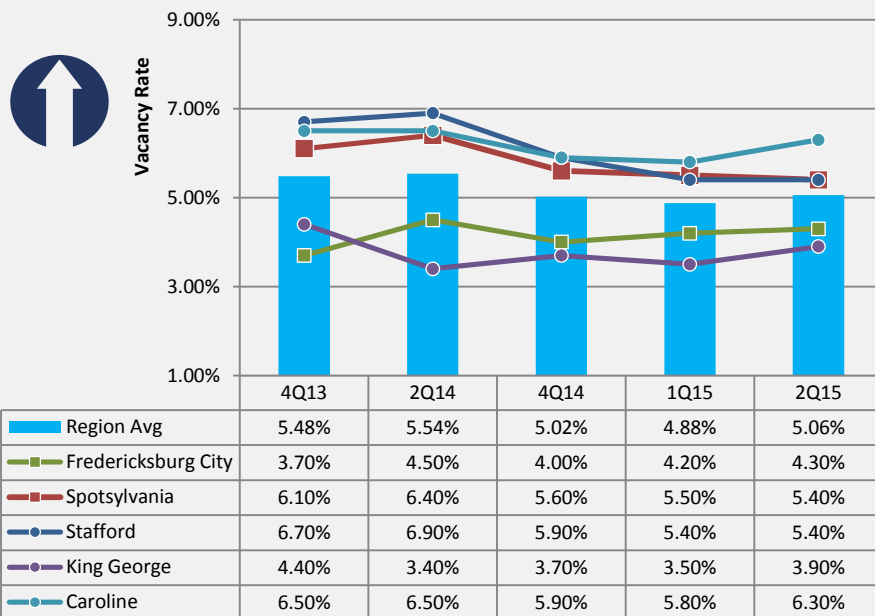
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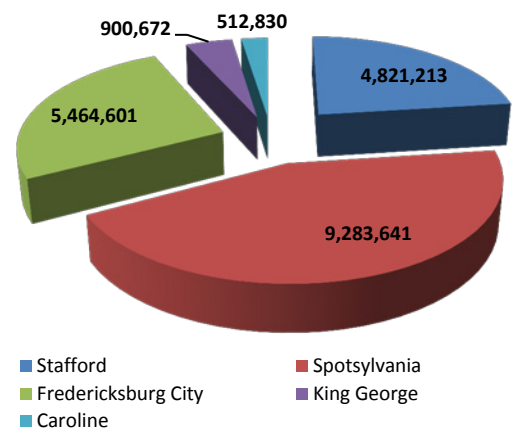
Asking Annual Retail Rental Rates, By Year and Sub Market 2012-Current (Q2-2015)



Vacancy Rates By Sub Market Q4 2013- Current (Q2-2015)



Retail Inventory By County/City (Q2 2015)



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### CONSTRUCTION COMPLETIONS Q2-2015

Address or (shopping center)	Tenant(s)	City/County	Building Size
Route 3 & Dahlgren Rd	Sheetz	King George	6,000+ SF
Greenbrier Shopping Center 2060 Plank Road	Cook Out	Fredericksburg	3,200 SF
Celebrate VA North 240 McWhirt Loop	Sonic	Stafford	1,608 SF

### CONSTRUCTION UNDERWAY/ STARTS Q2-2015

Cowan Crossing	Multi-Tenant: Chipotle, Starbucks, Vocelli's Pizza	Fredericksburg	8,500 SF
Harrison Crossing	Popeye's	Spotsylvania	2,000 SF
Amelia Square	Sedona Tap House	Fredericksburg	5,000 SF
Carter's Crossing	Multi-Tenant: Chipotle, Freddy's, AT&T & Quickway Hibachi	Stafford	9,660 SF
Parkview-Mixed Use	Bank of Chesapeake	Fredericksburg	4,000+ SF

Cowan Crossings, Fredericksburg-Chipotle, Starbucks & Vocelli's Pizza



Carter's Crossing, Stafford  
Chipotle, Freddy's, AT&T, Quickway Hibachi



### Construction & Expansion Highlights Q2 2015

Sheetz completed construction and opened in King George

Cook Out opened it's first Fredericksburg Location May 2015

Sonic Opened its third location in the Fredericksburg Region in June 2015

Construction of 8,500 SF Multi-Tenant Building at Cowan Crossing is near completion

9,660 SF Retail Building is under construction at Carter's Crossing-Stafford featuring Freddy's, Chipotle, AT&T and Quickway Hibachi

Popeye's is near completion at the Harrison Crossing Development in Spotsylvania

The Community Bank of The Chesapeake is well underway at the Parkview mixed-use project in Downtown Fredericksburg

Sedona Tap House is well underway at Amelia Square in Downtown Fredericksburg



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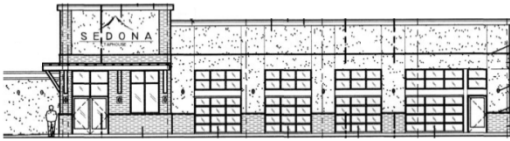
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SEDONA TAPHOUSE-Amelia Square-Fredericksburg



Harrison Crossing-Popeye's- Spotsylvania



PARKVIEW-Fredericksburg  
Community Bank of The Chesapeake

May-2015



Cook Out-Fredericksburg, VA- Opened 05/2015



Sonic-Stafford, VA- Opened 06/2015



June-2015



King George Gateway-King George, VA-Completed Q1-2015; All Stores are Now Open for Business



Harrison Crossing-Taco Bell-  
Spotsylvania-Open Q1-2015



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