

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$110,600 Median HH Income	▲	▲
1.4% Population Growth	▼	▲
3.7% Unemployment Rate	▲	▼

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% GDP Growth	▼	▲
1.5% Consumer Spending Growth	▼	▲
1.0% Retail Sales Growth	▼	▬

Source: BEA, Census Bureau

ECONOMY: GROWTH DRIVEN BY INVESTMENT

Fredericksburg continues to benefit from Virginia’s strong economic fundamentals and its strategic connection to Northern Virginia’s growth. Commercial real estate investment activity remains robust across the Commonwealth, with Northern Virginia leading the nation in the first half of 2026 with more than \$11.5 billion (B) in sales volume. Buc-ee’s recently acquired more than 35 acres in Stafford County for \$14.8 million (M) and plans to develop a new travel center, bringing another high-profile investment to the market. Virginia has also maintained its position as the nation’s leader in workforce development, earning *Business Facilities’* top ranking for Customized Workforce Training for the fourth consecutive year, while the Commonwealth’s expanding data center industry supported 36,700 construction jobs and generated \$2.6B in pay and benefits in 2025. Together, these developments, along with the University of Mary Washington’s recognition by *Money* as one of America’s Best Colleges, highlight the Fredericksburg region’s growing appeal as a destination for investment, talent, and long-term economic growth.

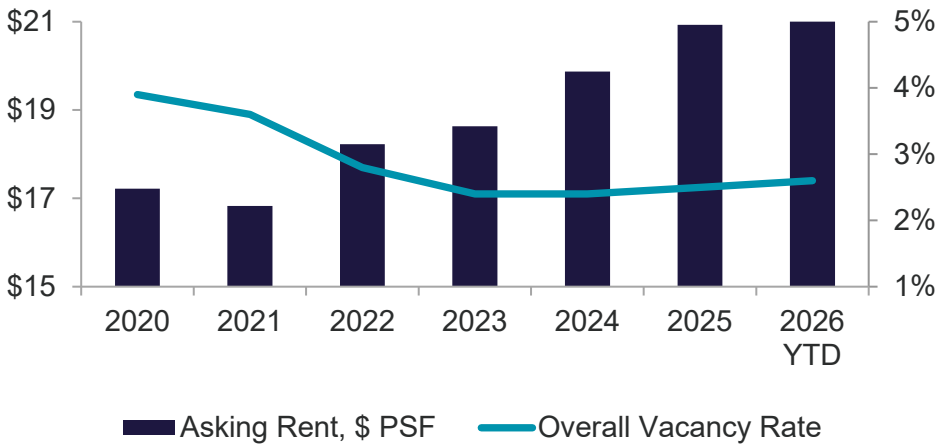
SUPPLY AND DEMAND: GROCERY ACTIVITY INCREASES

Overall vacancy closed the quarter at 2.6%, decreasing 10 basis points (bps) quarter-over-quarter (QOQ) and remained flat year-over-year (YOY). Vacancy has remained below 3.0% for the past 4 years or 18 consecutive quarters. Third quarter leasing activity totaled 88,162 square feet (sf), and 403,693 year-to-date (YTD). The top lease transaction for the quarter was located at 3536 Plank Rd where Goodwill leased 18,700 sf of space in Spotsylvania County. Anchor leasing activity remained robust, with Lidl reportedly backfilling the former 25,000-sf Joann Fabrics space at Cosner’s Corner in Spotsylvania County. Multiple grocery-anchored projects are in the pipeline and include Publix locations in Caroline and Stafford counties, a Harris Teeter in Stafford County, and a Trader Joe’s planned as part of a new mixed-use development in Fredericksburg

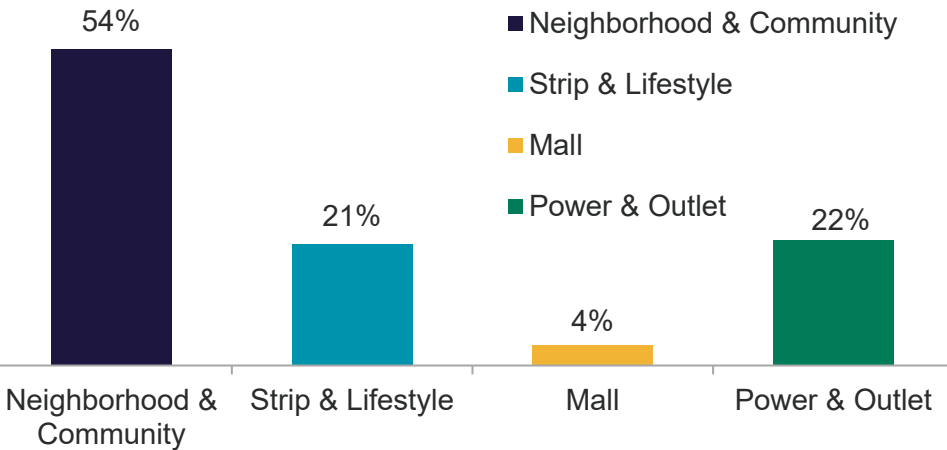
PRICING: RETAIL INVESTMENT ACTIVITY CONTINUES

Overall quoted rates remained essentially flat QOQ and increased 6.1% YOY. Sales volume for the quarter reached over \$21.1M, and over \$72.1M YTD. The largest transaction for the quarter was located at 27 S Gateway Dr, also known as Carter’s Crossing in Stafford County. This 40,617-sf community center transacted for \$8.8M, or \$216.66 per-square-foot (psf) with a 8.4% cap rate. The center is anchored by Target and was 100% leased at the time of sale.

SPACE DEMAND / DELIVERIES



AVAILABILITY BY PROPERTY TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Caroline County	977,826	5,140	0	0.5%	5,270	19,290	0	\$26.72
Fredericksburg City	5,348,698	145,108	12,742	3.0%	-8,326	-30,638	0	\$28.63
King George County	1,151,983	12,900	0	1.1%	-2,000	-3,500	0	\$31.00
Spotsylvania County	8,501,237	243,284	45,824	3.4%	34,949	1,230	0	\$21.28
Stafford County	5,771,671	86,330	9,100	1.7%	24,088	54,488	16,325	\$21.81
FREDERICKSBURG TOTALS	21,751,415	492,762	67,666	2.6%	53,981	40,870	16,325	\$22.61

*Rental rates reflect Triple Net asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3536 Plank Rd	Spotsylvania County	Goodwill	18,700	New
570 Celebrate Virginia Pky	Stafford County	Planet Fitness	15,905	New
8900-8902 Courthouse Rd	Spotsylvania County	Undisclosed	6,000	New
10013 Patriot Hwy	Spotsylvania County	Undisclosed	5,000	New
100 Forbes St	Stafford County	Undisclosed	4,499	New

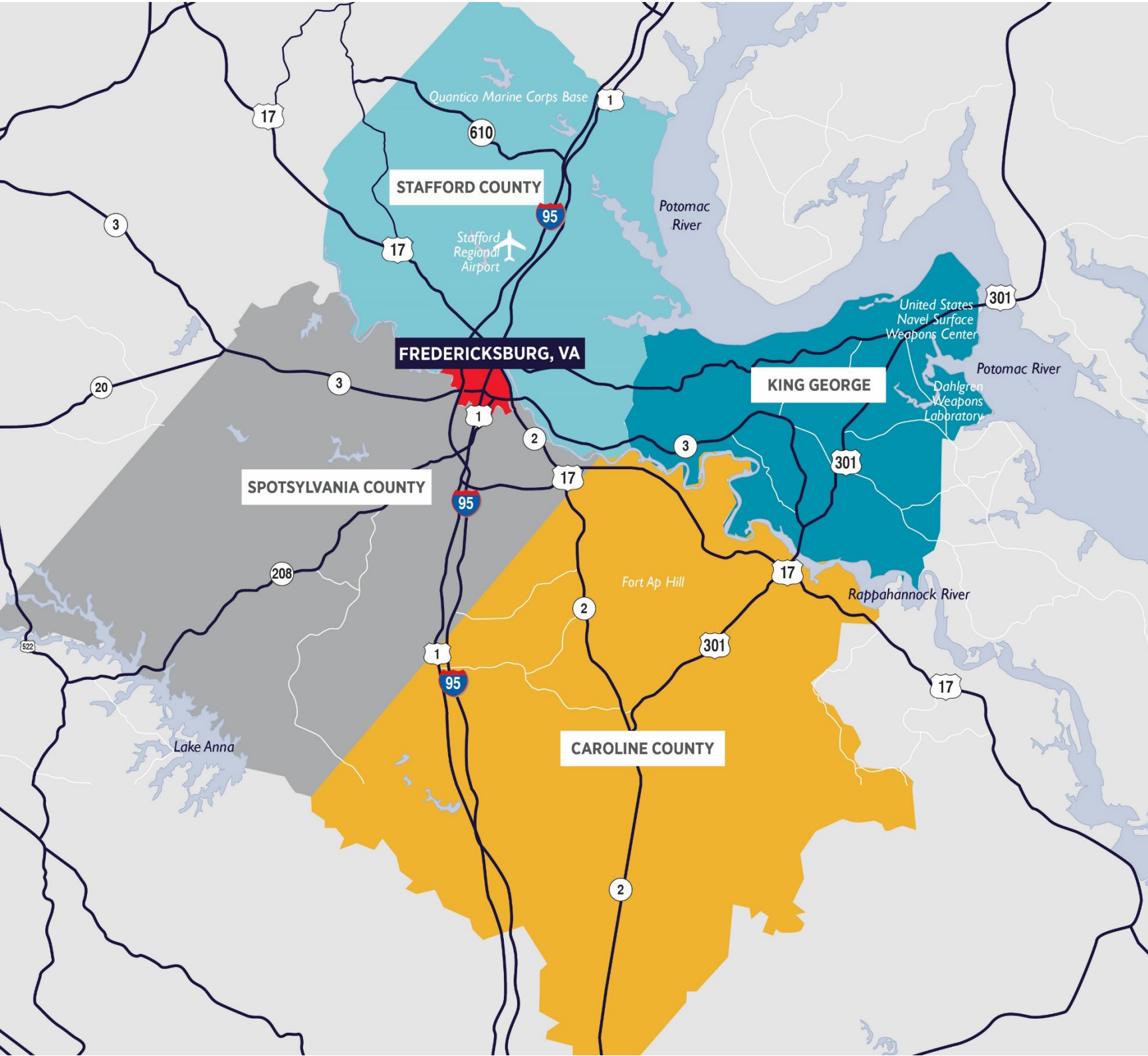
KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
27 S Gateway Dr	Stafford County	Undisclosed / Undisclosed	40,617	\$8.8M / \$216.66
7400 Starr dr	Caroline County	The Keith Corporation / Undisclosed	16,864	\$4.6M / \$271.96
930 Garrisonville Rd	Stafford County	The Morgan Companies / Undisclosed	5,736	\$3.3M / \$578.80
10243 Patriot Hwy	Spotsylvania County	Westminster Capital, Inc. / Divaris Real Estate, Inc.	5,284	\$2.6M / \$484.29
10105 Southpoint Pky	Spotsylvania County	Sindy's Nails / Undisclosed	4,422	\$2.2M / \$497.51

KEY UNDER CONSTRUCTION 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1024 Courthouse Rd – 4	Stafford County	Longhorn Steakhouse	7,030	Norton Scott, LLC / N/A
1024 Courthouse Rd – 5	Stafford County	Olive Garden	7,030	Norton Scott, LLC / N/A
950 Wonder Rd	Stafford County	Popeyes	2,265	B.M. Smith & Associates, Inc. / B.M. Smith & Associates, Inc.

RETAIL SUBMARKETS



VIRGIL NELSON, CCIM
Senior Vice President
Tel: +1 540 322 4150
virgil.nelson@thalhimer.com

SHARON SCHMIDT
Senior Associate
Tel: +1 540 322 4155
sharon.schmidt@thalhimer.com

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