

YoY Chg 12-Mo. Forecast

5.1%
Vacancy Rate

37.4k
Net Absorption, SF

\$6.09
Asking Rent, PSF

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2019

YoY Chg 12-Mo. Forecast

67.2k
Fredericksburg
Employment

3.1%
Fredericksburg
Unemployment Rate

3.6%
U.S.
Unemployment Rate

Source: BLS

ECONOMY: Unemployment Remains Low

Regional unemployment remains low, ending the quarter at 3.1%, slightly up from 3.0% a year ago but still below the national average of 3.6%. At the end of 2019, the US economy continues to expand, and consumer confidence remains strong. How long that will last is the question and although analysts are predicting that demand for consumer goods could soften due to slowing income growth, the local industrial market is already tight and should not be adversely affected.

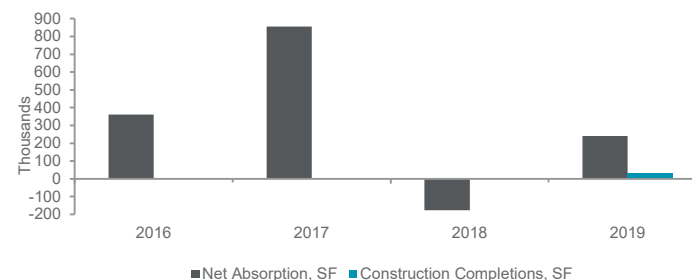
SUPPLY and DEMAND: Supply Remains Tight

Demand for warehouse space continues to drive demand in the industrial market and availability is tightening with Q4 seeing its lowest vacancy rate in over five years. Despite ending the year with only modest absorption, only one new industrial property delivered in 2019. A modest 71,000 square-foot (sf) of new construction is expected to come available in 2020, and supply is anticipated to remain tight. Vacancy rates across all industrial property types dropped in Q4, with warehouse dipping down to 4.3%. Distribution properties are being purchased by users, leading to a greater demand for what vacant space exists on the I-95 corridor.

PRICING: Asking Rents On The Rise

The tight supply is slowly driving asking rents up and they topped \$6.00 per square foot (psf) for the first time in five years. Warehouse properties saw the greatest gains, ending the quarter at an average \$6.29 psf, a 9% increase over asking rents in Q1 2019. Overall, the market saw an 11% increase from the average asking rent of \$5.24 psf at the end of 2018.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Fredericksburg, VA

Industrial Q4 2019

MARKET STATISTICS

SUBMARKET **	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Caroline County	1,571,213	46,000	2.9%	0	147,397	0	0	N/A	N/A	\$4.59
Fredericksburg City	1,429,242	83,986	5.9%	500	-10,940	0	0	\$8.25	N/A	\$5.40
King George County	575,156	0	0%	0	70,000	0	0	N/A	N/A	\$7.50
Spotsylvania County	7,264,401	627,011	8.6%	18,800	13,245	50,970	0	\$4.87	N/A	\$7.17
Stafford County	4,062,177	175,249	4.3%	-2,733	7,378	20,000	0	\$7.5	\$8.00	\$7.04
FREDERICKSBURG TOTALS	14,902,189	932,246	5.1%	16,567	227,080	70,970	0	\$5.28	\$8.00	\$6.26

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

** Stats on the table are not reflective of U.S. MarketBeat tables.

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	12,051,392	514,512	4.3%	37,367	241,593	35,000	30,000	\$6.26
Manufacturing	1,346,874	183,462	13.6%	0	-925	0	0	\$5.28
Office Service / Flex	337,408	5,940	1.8%	0	0	35,970	0	\$8.00
High Tech	96,328	0	0%	0	0	0	0	-

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3010 Mine Road / McK Business Park	Spotsylvania County	IDX Virginia	41,650	Direct
7435 Lee Hill Drive	Spotsylvania County	TES	40,000	Direct

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Central Road Portfolio	City of Fredericksburg	Wilson Realty, LLC / Andrew and Andrew RE Investment	63,713	\$3.8M / \$59.64
112 Juliad Court	Stafford County	112 Juliad LLC / Americo Real Estate	60,000	\$2M / \$33.33
487 Lendall Lane	Stafford County	Daaz Invertment LLC / First Line Holdings LLC	18,483	\$1.8M / \$97.39
220 Von Tyler Way	Stafford County	W B Harlow LLC / Red Dog Investments LLC	12,006	\$1.375M / \$110.36

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