

Office Q4 2019

YoY
Chg 12-Mo.
Forecast**9.1%**

Vacancy Rate

**-14,300K**

Net Absorption, SF

**\$23.39**

Asking Rent, PSF



(Overall, All Property Classes)

**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

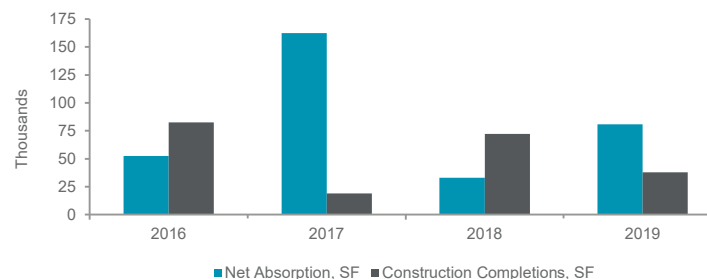
Unemployment remains low and ended the quarter at 3.1%, a slight increase from 3.0% a year ago but still below the national rate of 3.6%. Despite speculations of a potential economic recession, local analysts are predicting that Virginia's economy is poised to remain strong in 2020 and any downturn would most likely be mild in this region. The state, as a whole, is expected to add 48,000 jobs in 2020, a 1.2% increase over 2019. The Fredericksburg region, in particular Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base.

DEMAND: Demand for Office Space Remains Consistent

Year to date absorption ended the year on a positive note at 53,387 square feet (sf). The vacancy rate decreased in Q4, falling from 9.5% in Q3 to 9.1% in Q4. Most vacancies continues to be located in Stafford County, which ended the quarter with a 13.1% vacancy rate, compared to rates under 6% in all other submarkets. The single property delivered in 2019 was also located in the Stafford County submarket, a 30,000 Class A property in the Quantico Corporate Center. It is fully occupied. Only one building is under construction: Liberty Place, a mixed-use property that currently has four office condos available for sale in the City of Fredericksburg.

PRICING: Asking Rents Rise Slightly

Rental rates have remained relatively flat over 2019, rising 4% above 2018 rents and ending the year at \$23.39 per-square-foot (psf). Overall rents in the market should continue to remain fairly consistent and any increase will be modest, continuing the trend over the last five years. Due to its proximity to Quantico Marine Corps Base, Stafford County commands the highest rental rates in the market, averaging over \$4 more PSF than other submarkets.

SPACE DEMAND / DELIVERIES**OVERALL VACANCY & ASKING RENT**

Fredericksburg, VA

Office Q4 2019

MARKET STATISTICS

SUBMARKET **	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Caroline County	422,617	0	19,588	4.6%	1,279	7,459	0	0	\$16.36	-
City of Fredericksburg	2,664,229	1,255	148,553	5.6%	-3,829	11,595	105,054	86,000	\$18.82	\$21.67
King George County	711,939	0	40,068	5.6%	-16,513	30,662	27,926	0	\$16.66	\$24.00
Spotsylvania County	2,343,351	14,683	183,641	7.8%	-13,027	-4,384	85,648	0	\$16.59	\$18.02
Stafford County	4,193,379	0	597,669	13.1%	45,096	35,373	189,729	0	\$23.35	\$26.10
FREDERICKSBURG TOTALS	10,335,515	15,938	989,519	9.1%	-14,312	53,387	408,357	86,000	\$23.39	\$25.84

*Rental rates reflect full service asking. Leasing activity includes renewals.

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

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4805 Lassen Lane	Spotsylvania County	Atlantic Union Bank	21,534	Partial Sale – Leaseback
4300-4525 Carr Drive	Spotsylvania County	Parsons Service Company	19,380	Renewal / Expansion
75 Barrett Heights Road	Stafford County	Bowhead/UIC Government Services	5,378	Direct
1227-1229 Central Park Boulevard	City of Fredericksburg	GEICO	5,100	Direct
24 Onville Road	Stafford County	A Place of Second Chance	4,000	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
4805 Lassen Lane	Spotsylvania County	Atlantic Union Bank / H&H Land Holdings, LLC	21,534	\$3.57M / \$166.02
415-417 Wolfe Street	City of Fredericksburg	Woodmere Assocs Ltd / W.J. Vakos Cos	17,098	\$4.2M / \$254.64
11 Smokehouse Road	Stafford	E & P Produce, Inc. / Realty Exchange Corp	8,364	\$4M / \$478.24
4901 Plank Road	Spotsylvania County	Silver Companies / Bryn Mawr Mall Associates	6,200	\$3.4M / \$548.39

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
1010 Corporate Drive	Stafford County	Cyber Bates Foundation / X Corp Solutions	30,000	Cyber Bates Foundation

LOCAL MARKET RESEARCH LEAD

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