

YoY  
Chg 12-Mo.  
Forecast

8.7%

Vacancy Rate



2.5K

Net Absorption, SF



\$23.16

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q1 2020YoY  
Chg 12-Mo.  
Forecast

64.1K

Fredericksburg  
Employment

5.9%

Fredericksburg  
Unemployment Rate

13.0%

U.S.  
Unemployment Rate

Source: BLS

## ECONOMY:

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Unemployment has risen significantly to 5.9% since the first quarter, a substantial increase from 2.5% a year ago but still below the national rate of 14.0%. Forecasts state that unemployment will continue to rise due to the record unemployment claims still impacting the local economy. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

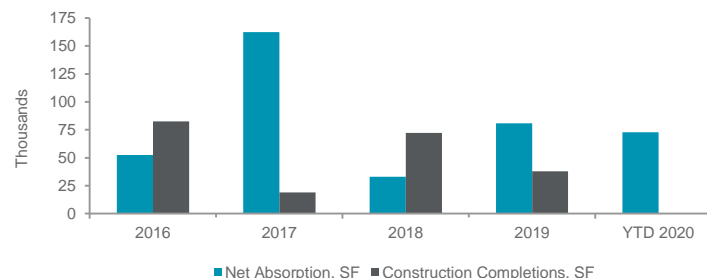
## SUPPLY and DEMAND: Demand for Office Space Remains Consistent

The vacancy rate continued to decrease in Q2, falling slightly from 8.8% in Q1 to 8.7% in Q2. The greatest amount of absorption was seen in the Stafford County submarket with over 13,000 square feet (sf) absorbed during the quarter. Most vacancies were still concentrated in Stafford County, which ended the quarter with a 12.5% vacancy rate, compared to rates under 8.0% in all other submarkets. There were no properties delivered during this quarter, but construction continues on Liberty Place. The 86,000-sf mixed-use property in Fredericksburg is already 93% leased and set to deliver next quarter.

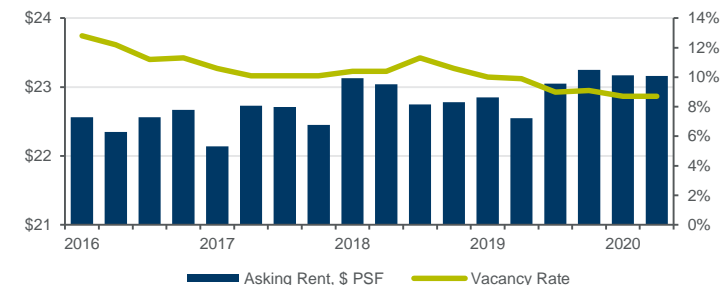
## PRICING: Asking Rents Hold Steady

Rental rates have not changed much since the first quarter, showing a slight decrease from \$23.22 to \$23.16 per-square-foot (psf). Overall rents in the market continue to remain consistent, not yet reflective of the slowdown caused by COVID-19 in Q1. Any increase will be modest, continuing the trend over the last five years. The true effects on the market will be slow to emerge due to leases already in progress needing time to end. Due to its proximity to Quantico Marine Corps Base, Stafford County will continue to command the highest rental rates in the market, averaging over \$5.00 psf more than some of the other submarkets.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



# Fredericksburg, VA

Office Q2 2020

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL 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	424,617	18,052	18,052	4.3%	3,536	1,536	0	0	\$17.42	-
City of Fredericksburg	2,661,926	156,648	152,655	5.7%	-14,098	-8,805	2,382	86,000	\$24.06	\$25.93
King George County	710,805	31,918	31,918	4.5%	7,800	7,800	5,000	0	\$17.91	\$24.00
Spotsylvania County	2,301,899	188,431	165,753	8.2%	-8,005	39,023	22,634	0	\$19.86	\$18.32
Stafford County	4,157,414	521,401	521,401	12.5%	13,298	33,328	15,087	0	\$25.38	\$27.02
<b>FREDERICKSBURG TOTALS</b>	<b>10,256,661</b>	<b>895,892</b>	<b>869,221</b>	<b>8.7%</b>	<b>2,531</b>	<b>72,882</b>	<b>65,103</b>	<b>86,000</b>	<b>\$23.16</b>	<b>\$24.65</b>

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

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
107-109 Olde Greenwich Dr	Spotsylvania County	Undisclosed	5,000	New
17021 Combs Dr	King George County	JRC Integrated Systems	5,000	Renewal
159 Lichfield Blvd	Stafford County	DCS, Inc	3,937	New
100-109 Westwood Office Park	City of Fredericksburg	Undisclosed	1,500	New

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
50 Tech Pkwy	Stafford County	Golden Eagle Development Group/ Boyd Watterson Asset Management	94,064	\$14.7M / \$156.54
208-210 Hudgins Rd	Spotsylvania County	Central VA Housing Coalition/ Animal Control Solutions	5,409	\$980,000 / \$181.18

## KEY BUILDINGS UNDER CONSTRUCTION Q2 2020

PROPERTY	SUBMARKET	OWNER/DEVELOPER	SF	EST. DELIVERY DATE
Liberty Place	City of Fredericksburg	Thomas J Wack Company	86,000	Q2 2020

## LOCAL MARKET RESEARCH LEAD

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