

Fredericksburg, VA

Industrial Q3 2020

	YoY Chg	12-Mo. Forecast
3.5% Vacancy Rate	▼	▼
-16.1k Net Absorption, SF	▼	▲
\$6.20 Asking Rent, PSF	▲	▬

Overall, Net Asking Rent

**ECONOMIC INDICATORS
Q3 2020**

	YoY Chg	12-Mo. Forecast
63.0k Fredericksburg Employment	▼	▼
7.2% Fredericksburg Unemployment Rate	▲	▼
8.8% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: Unemployment on the Rise

Businesses have been getting back up to speed this quarter after being furloughed or shut down earlier this year and many sectors are finally picking back up. The Fredericksburg region, in particular Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment increased and ended the quarter at 7.2%, up from 3.0% a year ago. Even with this increase it is still below the national average of 8.8%. Forecasts remain uncertain as record unemployment claims made an impact on the local economy during the last quarter.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

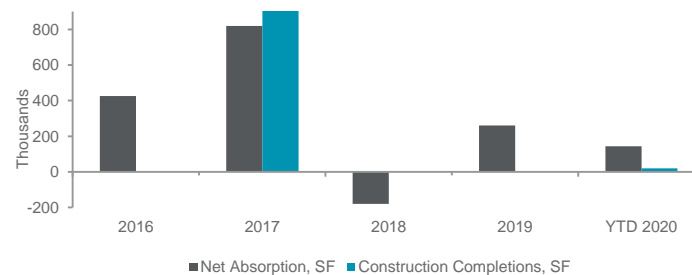
SUPPLY and DEMAND: Supply Remains Tight

Demand for warehouse space continues to drive the industrial market and availability is still tight with the vacancy rate in Q3 staying at 3.5%. Overall net absorption was negative for the quarter, however year-to-date net absorption is positive with over 142,000 square feet (sf) absorbed. One new industrial property, Centreport Pkwy in Stafford, delivered during Q3 of 2020. Construction activity continues on CSG Partners' 486,720-sf speculative warehouse space at the 95 Distribution Center in Stafford County. Two more properties were under construction during this quarter: 90,000-sf of flex space in Merritt Business Park at Quantico B and 35,970-sf of flex/showroom space in Lansdowne Business Park.

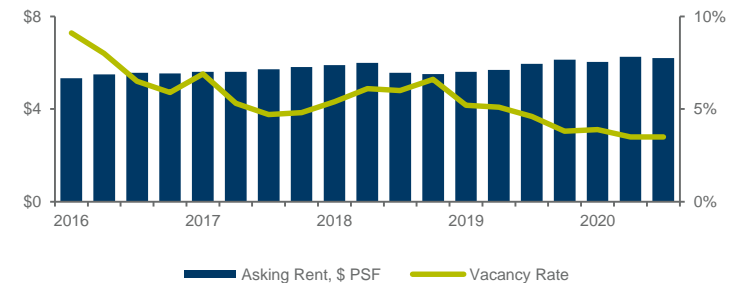
PRICING: Asking Rents Hold Steady

Overall industrial asking rents remain above \$6.00 per square foot (psf) with limited availabilities in the current supply. Warehouse rental rates ended the quarter at an average \$6.45 psf after reaching \$6.50 in Q2 2020. Overall, the market experienced a 4.2% increase in the average asking rent over the past year. Sales activity picked back up during the quarter with four sales totaling over \$4.4M. Most notably, the 13,370-sf warehouse property at 24 Perchwood Dr sold to an owner user for \$3.5M.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Caroline County	17	1,500,841	0	43,000	2.9%	0	0	N/A	N/A	\$4.04
Fredericksburg City	39	1,385,542	86,230	24,794	1.8%	62,032	35,970	N/A	N/A	\$5.50
King George County	13	530,409	0	0	0.0%	0	0	N/A	N/A	N/A
Spotsylvania County	132	6,987,238	274,896	221,516	3.2%	132,870	0	\$4.50	\$9.85	\$7.01
Stafford County	112	3,624,659	109,667	198,772	5.5%	-56,351	596,720	\$6.47	\$12.98	\$7.70
FREDERICKSBURG TOTALS	313	14,028,689	470,793	488,082	3.5%	142,786	552,690	\$4.74	\$12.08	\$6.45

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

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

PROPERTY TYPE	TOTAL BLDGS	INVENTORY	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Warehouse/Distribution	279	12,209,824	444,263	448,040	3.7%	81,129	596,720	N/A	N/A	\$6.45
Manufacturing	15	1,291,374	16,150	30,262	2.3%	53,022	0	\$4.74	N/A	N/A
Office Service/Flex	17	431,163	10,380	9,780	2.3%	3,960	35,970	N/A	\$12.08	N/A

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
46 Commerce Pky	Stafford County	Undisclosed	20,450	Sublet
16045 James Madison Pkwy	King George County	Ford	9,493	Direct
230 Industrial Dr	Spotsylvania County	Norfleet Quality	6,000	Direct
11900 Main St	Spotsylvania County	High Temperature Linings	5,292	Direct

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
24 Perchwood Dr	Stafford County	Perchwood LLC / Agape Fellowship Ministries In	13,370	\$3.5M / \$261.78
314-316 Forbes St	Fredericksburg City	Robert W. & Karen B. Pitts / Undisclosed	7,350	\$700K / \$95.24

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