

Fredericksburg, VA

Industrial Q4 2020

YoY Chg 12-Mo. Forecast

4.8%
Vacancy Rate



7.1k
Net Absorption, SF



\$6.27
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

63.6k
Fredericksburg Employment



7.3%
Fredericksburg Unemployment Rate



6.7%
U.S. Unemployment Rate



Source: BLS

ECONOMY: Unemployment on the Rise

With many businesses back up and running after dealing with setbacks caused by shutdowns earlier this year, the local economy has started rebuilding. The Fredericksburg region, in particular Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment remained constant with a slight increase and ended the quarter at 7.3%, up from 3.5% a year ago. For the first time this year, the unemployment rate ended the quarter above the national average of 6.7%. Forecasts remain uncertain as unemployment claims continue to make an impact on the local economy this quarter. Even with the beginning stages of a public health resolution to the pandemic starting, recovery is likely to remain uncertain and gradual.

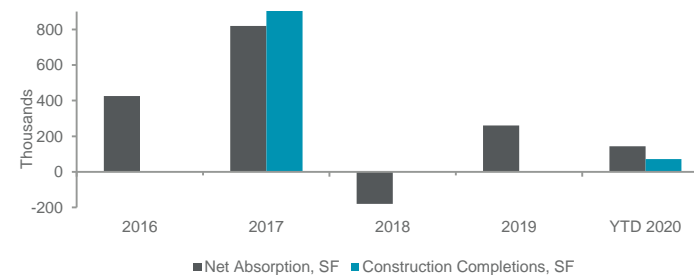
SUPPLY and DEMAND: Supply Remains Tight

Demand for warehouse space continues to drive the industrial market and availability is still tight with the vacancy rate in Q4 rising to 4.8%. Overall net absorption reverted to being positive this quarter, allowing year-to-date net absorption to remain positive with over 33,668 square feet (sf) absorbed. One new industrial property, a 35,970-sf of flex/showroom space in Lansdowne Business Park, delivered during Q4 of 2020. Construction activity continues in Stafford County on two properties: the CSG Partners' 486,720-sf speculative warehouse space at the 95 Distribution Center and the 90,000-sf of flex space in Merritt Business Park at Quantico B. DHL Supply Chain, will invest \$72 million to establish a state-of-the-art distribution warehouse for its Real Estate Solutions unit at Venture Business Park in Stafford County. The 500,000-sf facility will be fitted with high bays and mechanized equipment and serve the Mid-Atlantic Region. This project will create over 577 new jobs in the Stafford County submarket.

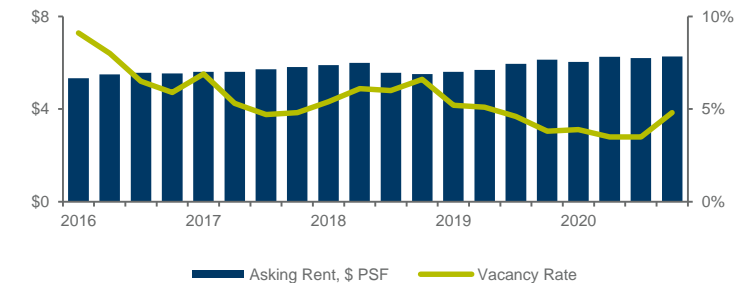
PRICING: Asking Rents Hold Steady

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 \$6.18 psf after reaching \$6.50 in Q3 2020. Overall, the market experienced a 2.1% increase in the average asking rent over the past year. Sales activity continued to pick up during the quarter with five sales totaling over \$3.4 million. Most notably, a 713-square-foot service building located at 5401 Plank Road in Fredericksburg City, sold to an owner occupant at \$1.4 million.

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	40	1,409,542	89,748	44,428	3.2%	41,958	0	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	133	7,048,641	342,040	421,455	6.0%	-28,236	0	\$4.50	\$12.31	\$6.40
Stafford County	113	3,644,659	136,117	170,152	4.7%	19,946	576,720	\$6.47	\$12.98	\$7.55
FREDERICKSBURG TOTALS	316	14,134,092	567,905	679,035	4.8%	33,668	576,720	\$4.74	\$12.41	\$6.18

*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	281	12,279,257	537,683	600,273	4.9%	-19,164	486,720	N/A	N/A	\$6.18
Manufacturing	15	1,291,374	21,442	34,412	2.7%	48,872	0	\$4.74	N/A	N/A
Office Service/Flex	18	467,133	11,780	44,350	9.5%	3,960	90,000	N/A	\$12.14	N/A

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1190 International Pkwy.	Stafford County	Undisclosed	14,400	Direct
11001 Houser Dr.	Spotsylvania County	Floors by Design	9,900	Direct
230 Industrial Dr.	Spotsylvania County	Southeast Cabinetry & Countertops	9,900	Direct
30 Blackjack Rd.	Stafford County	Undisclosed	7,500	Direct

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5401 Plank Road	Spotsylvania County	Deborah Collins / Richard Shaver	713	\$1.4M / \$1964
3608 Loren Whitney Drive	Spotsylvania County	Christopher M. Torres Sr. / Rogers Brothers Gp	12,845	\$1M / \$78
205 Tyler Von Way	Stafford County	Chrismarr Commercial / Undisclosed	3,600	\$475K / 132

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