

	YoY Chg	12-Mo. Forecast
2.7% Vacancy Rate	▼	▼
109K Net Absorption, SF	▲	▲
\$7.18 Asking Rent, PSF	▲	—

Overall, Net Asking Rent

ECONOMIC INDICATORS
Q4 2021

	YoY Chg	12-Mo. Forecast
65.0K Fredericksburg Employment	▲	▲
3.8% Fredericksburg Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY: Unemployment Begins to Steady

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment lowered to 3.8% from 4.1% in the fourth quarter and remains below the national rate of 4.2%. Fourth quarter employment is down approximately 2.7% from the same period last year. Unemployment has seen a downward trajectory all year and will likely continue this trend in upcoming quarters. The government has made great strides to improve the status of the economy; from vaccines to business loans. Many businesses were able to get back on track and overcome prior pandemic related issues. Due to that, the Fredericksburg market continued to see consistent recovery throughout the year.

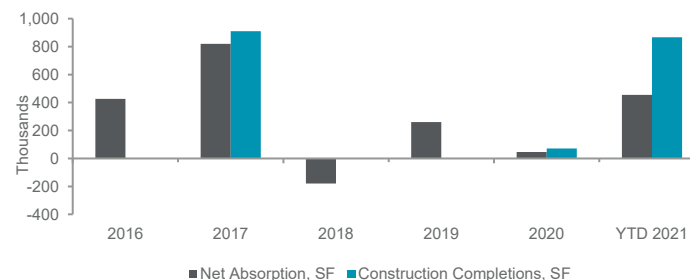
SUPPLY and DEMAND: Supply Remains Limited

Demand for warehouse space continues to drive the industrial market and availability remains limited, the vacancy rate in Q4 lowered to 2.7% from 5.8% in Q3. Construction activity continued on the 81,000-square foot (sf) Class-A Flex space at 650 Corporate Drive in Merritt Business Park at Quantico Corporate Center in Stafford. It is still set to deliver in March 2022. Construction began on a 630,000-sf 4-star industrial warehouse, known as Project Clover, located on Centreport Parkway in Stafford. Project Clover is set to deliver in August 2022. There was one delivery during the fourth quarter; 600 Corporate Drive in Merritt Business Park came to completion in October.

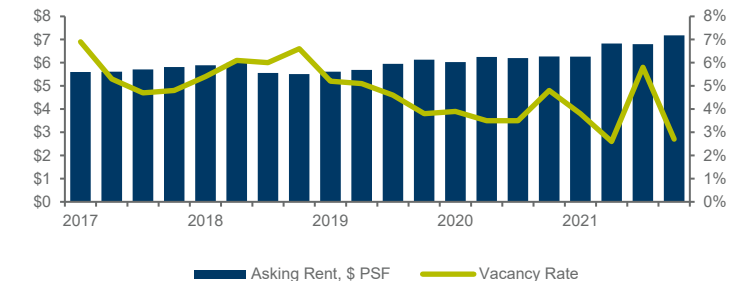
PRICING: Asking Rents Steady

Overall industrial asking rents were above \$7.00 per square foot (psf) with limited availabilities in the current supply. The market has experienced an increase in the overall average asking rent over the past year. There was a slight increase in the asking rates from the third to the fourth quarter. Warehouse rental rates ended the quarter at an average of \$7.08 psf, above those of \$6.72 psf in Q3. Office Service/Flex still commands the highest rate at an average of \$10.03 psf. Sales activity proceeded to increase during the final quarter with nine sales totaling over \$12.8 million. Most notably, 40 Venture Drive, which was sold for investment use at \$4.4 million/\$567.53 psf.

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	0	0.0%	0	0	N/A	N/A	\$5.25
Fredericksburg City	39	1,418,365	41,776	154,657	10.9%	-110,229	0	N/A	N/A	\$7.50
King George County	13	530,409	0	0	0.0%	0	0	N/A	N/A	N/A
Spotsylvania County	137	7,067,926	305,864	117,112	1.7%	252,021	0	N/A	\$10.26	\$7.81
Stafford County	119	4,577,519	701,740	141,698	3.1%	313,394	711,000	\$9.50	\$8.86	\$8.94
FREDERICKSBURG TOTALS	325	15,095,060	1,049,380	413,467	2.7%	455,186	711,000	\$9.50	\$10.03	\$7.08

*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	290	13,224,201	962,250	393,172	3.0%	486,893	711,000	N/A	N/A	\$7.08
Manufacturing	15	1,375,544	64,150	1,875	0.1%	-27,987	0	\$9.50	N/A	N/A
Office Service/Flex	19	424,063	22,980	18,420	4.3%	-3,720	0	N/A	\$10.03	N/A

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
180 Centreport Parkway	Stafford County	Undisclosed	486,720	New
68 Cool Springs Road	Stafford County	Undisclosed	10,000	New
3619 Jefferson Davis Highway	Stafford County	Undisclosed	5,100	New
31 Utah Place	Stafford County	Spigler Petroleum Equipment, LLC	3,000	New

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
40 Venture Drive	Stafford County	Equipment Share / Undisclosed	7,700	\$2.7M / \$74.30
39 Synan Road	Stafford County	348 KH LLC / 39 Synan Road, LLC	36,339	\$4.8M / \$567.53
56 Joseph Mills Drive	Spotsylvania County	Eight Two Seven Acres, LLC / AV3 Properties, LLC	24,000	\$2.3M / \$93.75

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