

YoY
Chg 12-Mo.
Forecast**8.2%**

Vacancy Rate

**-10.2K**

Net Absorption, SF

**\$23.98**

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q4 2021YoY
Chg 12-Mo.
Forecast**65.0K**Fredericksburg
Employment**3.8%**Fredericksburg
Unemployment Rate**4.2%**U.S.
Unemployment Rate

Source: BLS

ECONOMY: Recovery Continues

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment lowered from 4.1% to 3.8% in the fourth quarter and remains below the national rate of 4.2%. Fourth quarter employment is down 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 through out the year.

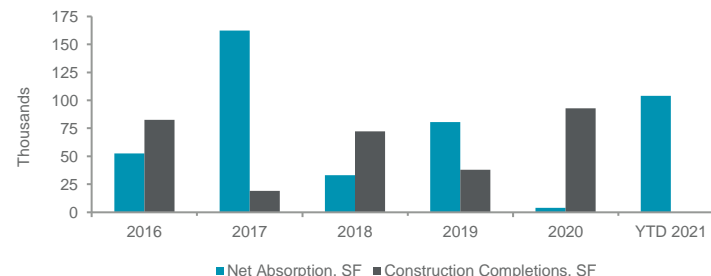
SUPPLY and DEMAND: Fundamentals Continue to Strengthen

The overall vacancy rate decreased, falling from 8.6% in Q3 to 8.2% in Q4. Although absorption was negative in most submarkets this quarter, Fredericksburg City ended in the positive, with 11,782 square feet (sf) absorbed during the quarter. Stafford County still shows the greatest amount year-to-date with over 185,432 sf. Most vacancies are concentrated in Stafford County, which ended the quarter with a 10.8% vacancy rate, compared to rates under 8.6% in all other submarkets. Construction continues on with the 39,574 sf office/medical building at 122 Old Potomac Church Road set to deliver in Q1 of 2022. With the needs of businesses changing from quarter to quarter, the use for office space varied throughout the year. The amount of space needed by businesses has changed, due to remote work and tenant needs, but will most likely continue to follow suit in the new year.

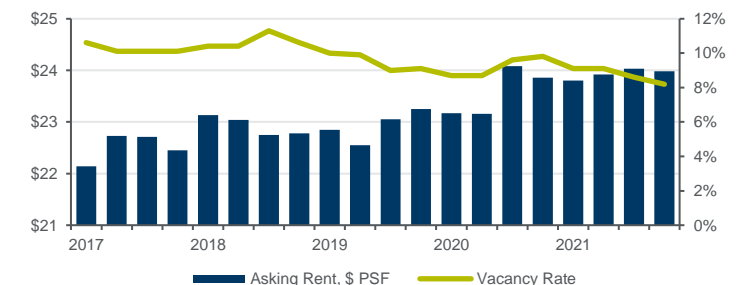
PRICING: Rents Remain Steady

The overall asking rent decreased slightly from \$24.03 in Q3 to \$23.98 per-square-foot (psf) this quarter but remains up 0.02% from the same time last year. Overall rents in the market are expected to stay flat in the near term as tenants and landlords continue to address the effects of the pandemic. Stafford County commanded the highest rental rates in the market just as it did last quarter, averaging more per square foot than any other submarket, with a rate of \$25.71 psf. Leasing activity continued to increase during the year and there is hope that it will see an even greater improvement in the coming year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Fredericksburg, VA

Office Q4 2021

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	424,711	8,500	8,500	2.0%	0	-6,000	0	0	\$24.38	N/A
City of Fredericksburg	2,704,297	158,979	138,794	5.9%	11,782	25,922	94,397	0	\$23.72	\$24.28
King George County	738,851	63,571	63,571	8.6%	-2,000	-4,279	40,000	0	\$19.98	\$24.00
Spotsylvania County	2,315,439	164,460	141,782	7.1%	-1,450	17,215	41,455	0	\$20.18	\$18.32
Stafford County	4,164,508	448,474	448,474	10.8%	-18,509	71,107	185,432	39,574	\$25.71	\$27.86
FREDERICKSBURG TOTALS	10,347,806	843,984	801,121	8.2%	-10,177	103,971	361,284	39,574	\$23.98	\$25.09

*Rental rates reflect full service asking. **Leasing activity does not include renewals.

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1955 Jefferson Davis Highway	Fredericksburg	Weichart Co. of Virginia, LLC	6,000	Renewal
1041 Spotsylvania Avenue	Spotsylvania	Undisclosed	5,896	New
400 Corporate Drive	Stafford	Undisclosed	5,470	New
1320 Central Park Boulevard	Fredericksburg	Undisclosed	3,978	New

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
804 Charles Street	Fredericksburg	Charles Street Property / Will B. Macintosh	4,885	\$880K / \$180.14
7959 – 7969 Kings Highway Bldg. 1	King George	Lady, LLC / Team CAS Holdings, LLC	1,200	\$295K / \$245.83
3435 – 3455 Jefferson Davis Highway	Spotsylvania	Undisclosed / Undisclosed	1,965	\$275K / \$139.95

LOCAL MARKET RESEARCH LEAD

Cameron Williams

Research Manager

+1 804 697 3560

cameron.williams@thalhimer.com

www.thalhimer.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.