

YoY  
Chg 12-Mo.  
Forecast**8.3%**

Vacancy Rate

**-18.7K**

Net Absorption, SF

**\$23.90**

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q1 2022YoY  
Chg 12-Mo.  
Forecast**66.6K**Fredericksburg  
Employment**3.2%**Fredericksburg  
Unemployment Rate**3.6%**U.S.  
Unemployment Rate

Source: BLS

## ECONOMY: Jobs on the Rise

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment lowered from 3.8% to 3.2% in the first quarter and remains below the national rate of 3.6%. First quarter employment is up 3.7% from the same period last year and is expected to continue to increase in the coming quarters. Forecasts show that job growth will continue to be seen in the Fredericksburg market during 2022. Steady population growth in this area will be seen as well.

## SUPPLY and DEMAND: Fundamentals Continue to Strengthen

The overall vacancy rate increased slightly, rising from 8.2% in Q4 of 2021 to 8.3% in Q1 2022. Although absorption was negative in most submarkets this quarter, Caroline and Spotsylvania Counties both ended in the positive, with a combined 16,713 square feet (sf) absorbed during the quarter. Spotsylvania County shows the greatest amount so far year-to-date with over 13,213 sf. Most vacancies are concentrated in Stafford County, which ended the quarter with a 11.5% vacancy rate, compared to rates under 8.4% 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 Q2 of 2022. The office market continues to improve as the 'Return-to-Work' continues for office occupiers. The market may appear to have plenty of inventory for companies actively looking for spaces, but when searches are tailored to their specific needs, the supply is much more constrained than expected.

## PRICING: Rents Remain Steady

The overall asking rent decreased slightly from \$23.98 in Q4 2022 to \$23.90 per-square-foot (psf) this quarter but remains up 0.04% from the same time last year. Overall rents in the market are expected to remain steady in the coming quarters. Stafford County commanded the highest rental rates in the market just as it did last quarter, averaging more psf than any other submarket, with a rate of \$25.77 psf. Office leasing activity has held steady over recent quarters. Landlords are holding asking rents steady and getting close to ask without having to give incentives that are much above what they were offering pre-COVID-19.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



# Fredericksburg, VA

Office Q1 2022

## 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	5,000	5,000	1.2%	3,500	3,500	1294	0	\$24.38	N/A
City of Fredericksburg	2,702,756	154,886	134,701	5.7%	-6,761	-6,761	24,535	0	\$23.94	\$24.54
King George County	754,495	63,571	63,571	8.4%	0	0	0	0	\$20.24	\$24.00
Spotsylvania County	2,318,045	156,721	134,083	6.8%	13,213	13,213	0	0	\$19.96	\$18.32
Stafford County	4,149,478	476,325	476,325	11.5%	-28,680	-28,680	2,616	39,574	\$25.77	\$27.92
<b>FREDERICKSBURG TOTALS</b>	<b>10,349,485</b>	<b>856,543</b>	<b>813,680</b>	<b>8.3%</b>	<b>-18,728</b>	<b>-18,728</b>	<b>28,445</b>	<b>39,574</b>	<b>\$23.90</b>	<b>\$25.22</b>

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

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
601 Williams Street	Fredericksburg	Undisclosed	7,081	New
710 Littlepage Street	Fredericksburg	Undisclosed	4,283	New
2050 Gordon W. Shelton Boulevard	Fredericksburg	Undisclosed	3,600	New
321 Williams Street	Fredericksburg	Undisclosed	2,342	New

## KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
130 Executive Center Parkway	Fredericksburg	RCH Family LLC / Brighthouse Properties LLC	9,975	\$2.1M / \$210.53
8920 Jefferson Davis Highway	Spotsylvania	By Grace Prop LLC / Capital Alto LLC	3,356	\$1.5M / \$432.06
21 Venture Drive	Stafford	21 Venture Group LLC / Anasec Consulting	2,080	\$1.1M / \$538.46

## LOCAL MARKET RESEARCH LEAD

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