

	YoY Chg	12-Mo. Forecast
1.9% Vacancy Rate	▼	▼
472K Net Absorption, SF	▲	▲
\$8.67 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS
Q2 2022

	YoY Chg	12-Mo. Forecast
66.5K Fredericksburg Employment	▲	▲
3.1% Fredericksburg Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY: Job Growth Continues

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment lowered from 3.2% to 3.1% in the second quarter and remains below the national rate of 3.6%. Second-quarter employment is up 3.4% from the same period last year and is expected to continue to increase in the coming quarters. Forecasts still show that job growth will continue to be seen in the Fredericksburg market during 2022. Steady population growth in this area will continue to be seen as well.

SUPPLY and DEMAND: Limited Availability

The industrial market remains strong. The demand for warehouse space is high, but the inventory of vacant space remains low. The vacancy rate in Q2 lowered to 1.9% from 2.3% in Q1. Construction activity continued on three properties; a 630,000-square foot (sf) Class-A warehouse known as Centreport Parkway- Building 1 at Northern Virginia Gateway in Stafford; set to deliver in August 2022, a 555,725-sf Class-A Distribution space known as Centreport Parkway Building- 2, which is also located at Northern Virginia Gateway; set to deliver in December 2022, and a 1,159,235-sf 4-star industrial space at Carmel Church Loop; set to deliver in December 2022. Longwood Five, the industrial warehouse unit at 11200 Houser Drive, has had continuous construction since late 2021 and should be completed in July 2022. One new property began construction this quarter; a 933,946-sf Class-A industrial building located at 68 Oakenwold Lane and is set to deliver in April 2023. There was one delivery this quarter; the 81,000-sf Class-A Flex space at 650 Corporate Drive in Merritt Business Park at Quantico Corporate Center in Stafford, which was completed in April 2022.

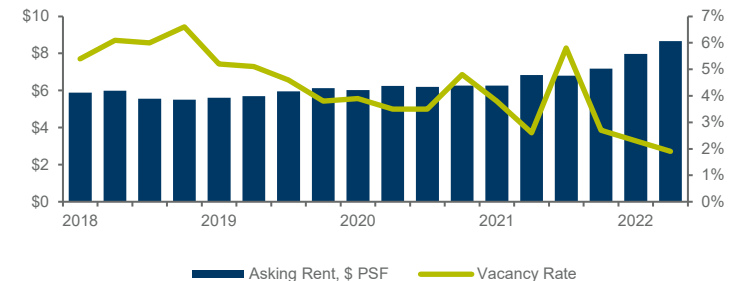
PRICING: Persistent Asking Rents

Overall industrial asking rents were above \$7.00 per square foot (psf) with limited availabilities in the current supply. Slight increases in the overall average asking rent were seen this quarter. There was an increase in the asking rates from the first quarter to the second quarter. Warehouse rental rates ended the quarter at an average of \$8.56 psf, above those of \$7.84 psf in Q1. Office Service/Flex still commands the highest rate at an average of \$10.26 psf. Sales activity picked up during the second quarter with seven sales totaling over \$13.8M; most notably, 4300-4724 Carr Drive, a 17,400-sf flex space. It was sold as an investment for \$3.8 million/\$220.69 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	15	1,413,586	0	12,000	0.8%	-12,000	1,159,235	N/A	N/A	N/A
Fredericksburg City	38	1,409,957	86,486	19,307	1.4%	51,614	0	N/A	N/A	\$6.75
King George County	13	530,409	0	0	0.0%	0	0	N/A	N/A	N/A
Spotsylvania County	135	6,504,926	74,341	84,101	1.3%	14,619	0	N/A	\$10.26	\$8.25
Stafford County	121	4,714,462	68,910	155,814	3.3%	537,752	2,119,671	\$9.50	\$8.86	\$10.60
FREDERICKSBURG TOTALS	322	14,573,340	229,737	271,222	1.9%	591,985	3,278,906	\$9.50	\$10.26	\$8.56

*Rental rates reflect weighted net asking \$psf/year. Renewals not included in leasing statistics.

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	288	13,030,182	212,938	260,965	2.0%	570,244	3,278,906	N/A	N/A	\$8.56
Manufacturing	15	1,119,095	2,750	1,875	0.2%	0	0	\$9.50	N/A	N/A
Office Service/Flex	19	424,063	14,049	8,382	2.0%	21,741	0	N/A	\$10.26	N/A

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1015 – 1017 Tyler Street	Fredericksburg City	Advanced Sheet Metal	65,000	New
4600 – 4724 Carr Drive	Spotsylvania County	Undisclosed	12,000	New
514 Lansdowne Road	Spotsylvania County	Undisclosed	6,392	New
Interstate Business Park	Stafford County	Undisclosed	4,700	New

KEY SALE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
4300 -4724 Carr Drive	Spotsylvania County	Falcon Realty Investments LLC / Carr Drive LLC	17,400	\$3.8M / \$220.69
109 Juliad Court	Stafford County	Kegley, Kyle E Jr / Franklin Electric Co Inc	21,369	\$3.2M / \$149.75
650 Nelms Circle	Stafford County	Degen, Michael & Camille J / Friendship Title Inc.	30,000	\$2.3M / \$77.53
4600 – 4724 Carr Drive	Spotsylvania County	Falcon Realty Investments LLC / Xceptional Wildlife Removal	12,000	\$1.9M / \$158.33

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