

YoY  
Chg
 12-Mo.  
Forecast
**8.9%**

Vacancy Rate

**-79.1K**

Net Absorption, SF

**\$24.53**

Asking Rent, PSF



(Overall, All Property Classes)

**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

**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: Vacancies On the Rise**

The overall vacancy rate increased in the second quarter, rising from 8.2% in Q1 to 8.9% in Q2. Although absorption was negative overall this quarter, Fredericksburg City, King George County, and Spotsylvania County all ended in the positive, with a combined 43,391 square feet (sf) absorbed during the quarter. Fredericksburg City shows the greatest amount so far year-to-date with over 42,576 sf in net absorption. Most vacancies are concentrated in Caroline County, which ended the quarter with a 15.0% vacancy rate, compared to rates under 13.0% in all other submarkets. Construction was halted on the 39,574 sf office/medical building at 122 Old Potomac Church Road which was set to deliver in Q2 of 2022 but will no longer be completed. There are no other properties under construction this quarter. The office market remains stable. It has been consistent so far this year and continues to improve as it recovers gradually.

**PRICING: Rents Remain Consistent**

The overall asking rate increased slightly from \$24.13 in Q1 to \$24.53 per square foot (psf) this quarter but remains up 2.55% from the same time last year. Overall rents in the market have not changed much over the past year and 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 \$26.12 psf. Caroline county saw a decrease in rents, lowering from \$24.38 psf in Q1 to \$21.79 psf in Q2. Office leasing activity has held steady over recent quarters. Market conditions have created favorable leasing terms for new tenants.

**SPACE DEMAND / DELIVERIES**

**OVERALL VACANCY & ASKING RENT**


# Fredericksburg, VA

Office Q2 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 CONSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Caroline County	495,963	74,202	74,202	15.0%	-69,202	-65,702	3,786	0	\$21.79	N/A
City of Fredericksburg	2,808,926	117,478	97,293	4.2%	27,368	42,576	44,686	0	\$23.96	\$24.54
King George County	754,495	60,307	60,307	8.0%	3,264	3,264	7,240	0	\$19.60	N/A
Spotsylvania County	2,353,512	142,364	119,686	6.0%	12,759	23,572	10,484	0	\$21.68	\$19.42
Stafford County	4,184,094	543,736	543,736	13.0%	-53,292	-87,012	29,678	0	\$26.12	\$28.04
<b>FREDERICKSBURG TOTALS</b>	<b>10,596,990</b>	<b>938,087</b>	<b>895,224</b>	<b>8.9%</b>	<b>-79,103</b>	<b>-83,302</b>	<b>95,874</b>	<b>0</b>	<b>\$24.53</b>	<b>\$26.35</b>

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

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
24 Onville Road	Stafford	Will Power Enterprises, Inc.	5,800	New
701 Kenmore Road	Fredericksburg	Democratic Congressional Campaign Committee	5,191	New
2765 Jefferson Davis Highway	Stafford	Undisclosed	4,980	New
51 Barrett Heights	Stafford	Gillies Real Estate	4,745	New

## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
12000 Kennedy Lane	Spotsylvania	100 Enterprises, LLC / Undisclosed	8,200	\$1.4M / \$174.39
10817 Tidewater Trail	Spotsylvania	Creative Ventures, LLC / SS Genuine Devine, LLC	11,250	\$1.4M / \$265.23
51 Barrett Heights	Stafford	Hiralal Gandhi, LLC / Virginia Premier Realty, LLC	12,000	\$1.1M / \$562.50

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