

	YoY Chg	12-Mo. Forecast
2.4% Vacancy Rate	▼	▼
590K Net Absorption, SF	▲	▲
\$8.78 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS
Q3 2022

	YoY Chg	12-Mo. Forecast
66.6K Fredericksburg Employment	▲	▲
2.8% Fredericksburg Unemployment Rate	▼	▼
3.5% 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 3.1% to 2.8% in the third quarter and remains below the national rate of 3.5%. Third-quarter employment in the Fredericksburg region is up 2.7% from the same period last year and is expected to continue to increase in the coming quarter. Forecasters predict continuous job growth for the Fredericksburg market through the rest of 2022. Steady population growth in this area will continue to be seen as well.

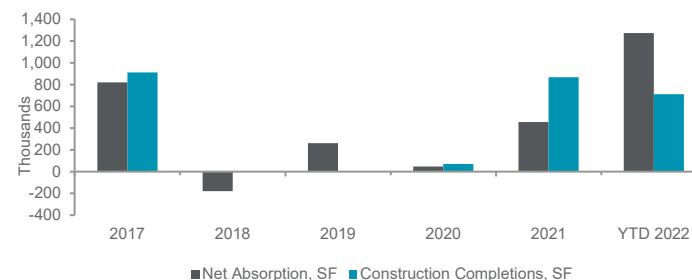
SUPPLY and DEMAND: Limited Availability

The industrial market remains strong. The demand for warehouse space is high, but the inventory of vacant space is still limited. The vacancy rate in Q3 rose to 2.4% from 1.9% in Q2. Construction activity continued on two properties, a 559,480-sf Class-A distribution facility known as Centreport Parkway Building 2, which is also located at Northern Virginia Gateway in Stafford County and is now set to deliver in June 2023, and a 1.2-msf 4-star industrial complex at Carmel Church Loop in Caroline County, also set to deliver in June 2023. One new property began construction this quarter: a 533,624-sf Class-A DHL distribution center located at Venture Business Park in Stafford County with delivery scheduled for November 2022. There was one delivery this quarter: a 630,000-square foot (sf) Class-A warehouse known as Centreport Parkway Building 1 at Northern Virginia Gateway in Stafford County, which delivered in August 2022.

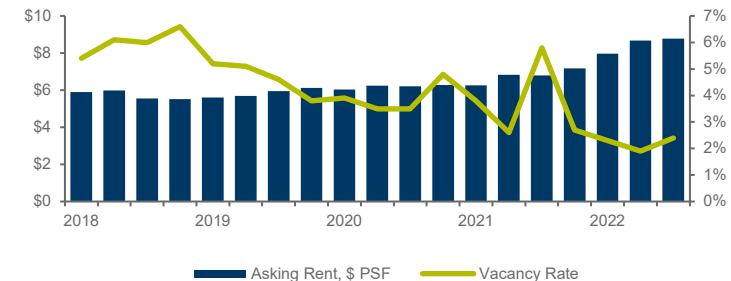
PRICING: Persistent Asking Rents

Overall industrial asking rents were above \$8.00 per square foot (psf) with limited availabilities in the current supply. Slight increases in the overall average asking rent were seen this quarter. Warehouse rental rates ended the quarter at an average of \$8.58 psf, above those of \$6.53 psf in Q2. Although office/service flex product commanded the highest rates last quarter, both the rates for that sector as well as those for manufacturing were unavailable at the time of this report. Sales activity slowed down in the third quarter with three sales totaling over \$5.8M. Most notably, 75 Potomac Creek Drive, a 12,066-sf flex facility, was sold as an investment for \$3 million/\$248.63 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	16	1,424,906	11,320	12,000	0.8%	-12,000	1,159,235	N/A	N/A	N/A
Fredericksburg City	38	1,409,957	79,492	1,712	0.1%	117,725	0	N/A	N/A	\$6.75
King George County	14	541,409	0	0	0.0%	0	0	N/A	N/A	N/A
Spotsylvania County	136	6,568,926	120,302	212,240	3.2%	-40,949	0	N/A	N/A	\$8.58
Stafford County	121	5,288,728	249,599	133,331	2.5%	1,207,795	1,093,104	N/A	N/A	\$10.54
FREDERICKSBURG TOTALS	325	15,233,926	460,713	359,283	2.4%	1,272,571	2,252,339	N/A	N/A	\$8.78

*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	292	13,746,208	421,528	359,283	2.6%	1,248,955	2,252,339	N/A	N/A	\$8.78
Manufacturing	15	1,119,095	18,575	N/A	N/A	1,875	0	N/A	N/A	N/A
Office Service/Flex	18	368,623	20,570	0	0.0%	21,741	0	N/A	N/A	N/A

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
309 Lansdowne Road	Fredericksburg City	Just Fulfillment, Inc.	20,911	New
400 Nelms Circle	Stafford County	Heaven's Best	11,350	Renewal
13146 US Route 1 Highway	Caroline County	Denison Landscaping	11,320	New
514 Lansdowne Road	Spotsylvania County	Undisclosed	9,540	New

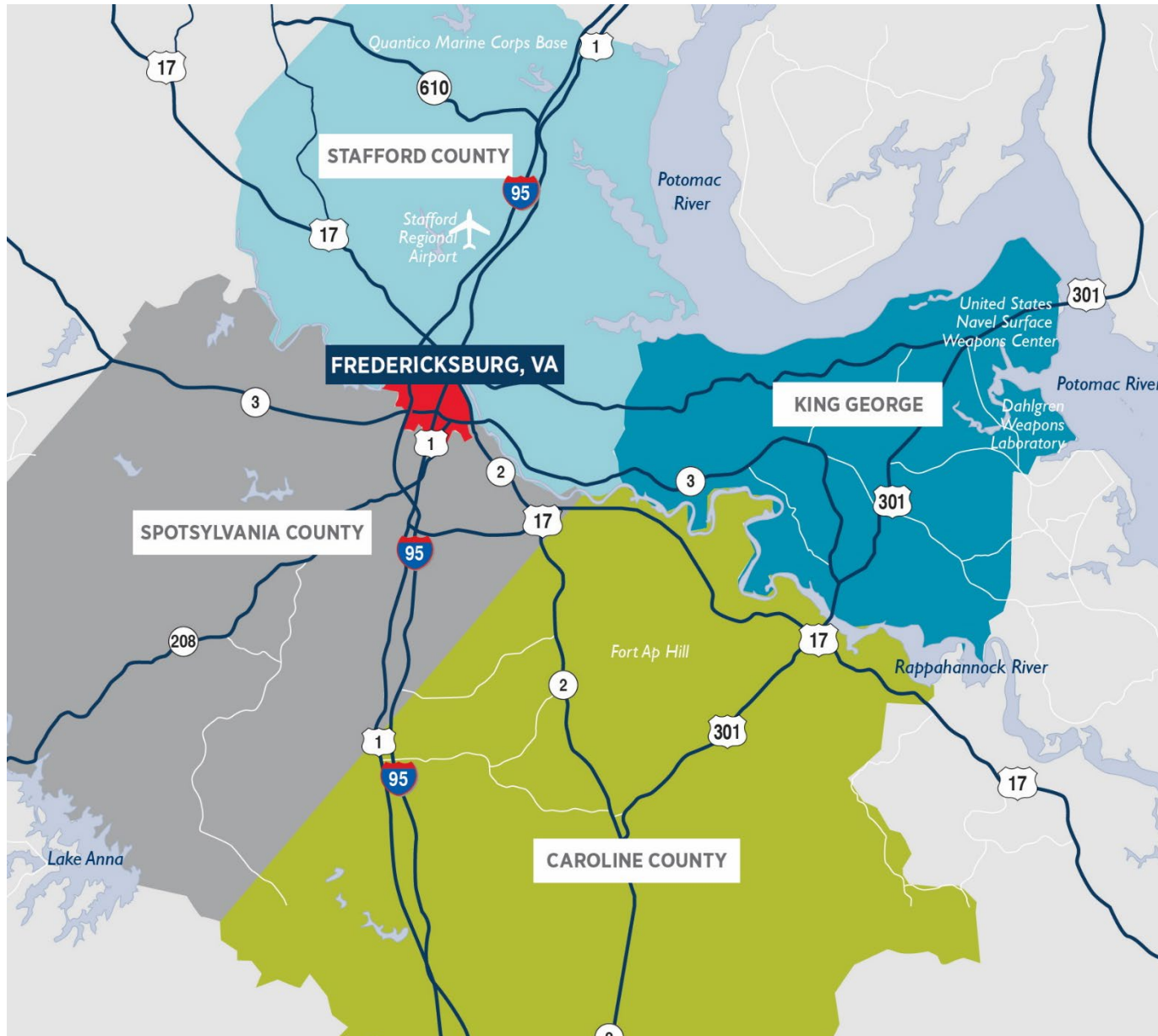
KEY SALE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
75 Potomac Creek Drive	Stafford County	JLB Associates, Inc. / Potomac Creek Industrial, LLC	12,066	\$3M / \$248.63
336 Shannon Airport Circle	Spotsylvania County	3361 Shannon Airport Circle, LLC. / Shannon Air Museum	19,000	\$2M / \$105.26
13146 US Route 1 Highway	Caroline County	Gary S. Trice / Homestead Industrial, LLC	11,320	\$850K / \$75.09

Fredericksburg, VA

Industrial Q3 2022

INDUSTRIAL SUBMARKETS

**LIZ GREVING**

Research Manager

Tel: +1 804 697 3560

liz.greving@thalhimer.com**A CUSHMAN & WAKEFIELD
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