

YoY
Chg 12-Mo.
Forecast**6.7%**

Vacancy Rate

**178.6K**

Net Absorption, SF

**\$24.97**

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q3 2022YoY
Chg 12-Mo.
Forecast**66.6K**Fredericksburg
Employment**2.8%**Fredericksburg
Unemployment Rate**3.7%**U.S.
Unemployment Rate

Source: BLS

ECONOMY: Growth Endures

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 3.7%. 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: Vacancies Decline

The overall vacancy rate decreased in the third quarter, falling from 8.5% in Q2 to 6.7% in Q3. Absorption was positive overall, with a combined 178,575 square feet (sf) absorbed during the quarter. Absorption year-to-date (YTD) also stands positive, with 129,094 sf absorbed. Stafford County showed the greatest amount so far YTD with over 109,793 sf in net absorption. Most vacancies were concentrated in Stafford County, which ended the quarter with a 9.9% vacancy rate, compared to rates under 7.4% in all other submarkets. There were no properties under construction this quarter. The office market remained stable. It has been consistent so far this year and continues to improve as it recovers gradually.

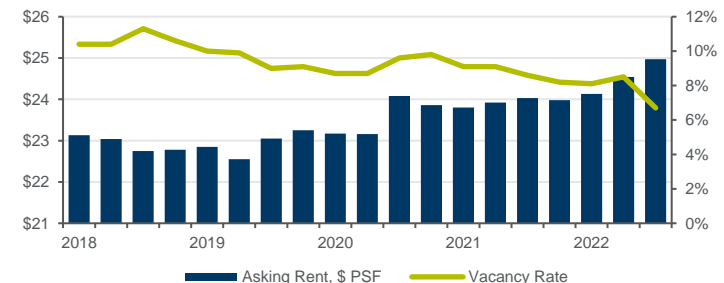
PRICING: Rents Steady

The overall asking rate increased from \$24.54 in Q2 to \$24.97 per square foot (psf) this quarter and remained up 3.91% 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. While most submarkets saw a slight decrease in their rental rates, Stafford County was the only submarket to see an increase this quarter. It continued to command the highest rates in the market, averaging more psf than any other submarket with a rate of \$27.17 psf. Office leasing activity has held steady over recent quarters. Sales activity was consistent with twelve sales totaling over \$17.3 million; most notably 475 Aquia Towne Center Drive, a 4-star office in Stafford. It was sold as an investment for \$5.8M/\$59.48 psf. Market conditions have created favorable leasing terms for new tenants.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Fredericksburg, VA

Office Q3 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	4,244	4,244	0.9%	69,958	4,256	3,786	0	\$21.31	N/A
City of Fredericksburg	2,825,264	98,568	78,383	3.5%	15,707	61,138	55,035	0	\$23.82	\$24.08
King George County	754,495	56,111	56,111	7.4%	-654	2,610	8,540	0	\$19.04	N/A
Spotsylvania County	2,400,444	139,178	116,500	5.8%	-12,796	12,949	38,027	0	\$20.76	\$13.78
Stafford County	4,186,929	414,323	414,323	9.9%	106,360	48,141	109,793	0	\$27.17	\$28.38
FREDERICKSBURG TOTALS	10,663,095	712,424	669,561	6.7%	178,575	129,094	215,181	0	\$24.97	\$26.90

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

KEY LEASE TRANSACTIONS Q3 2022

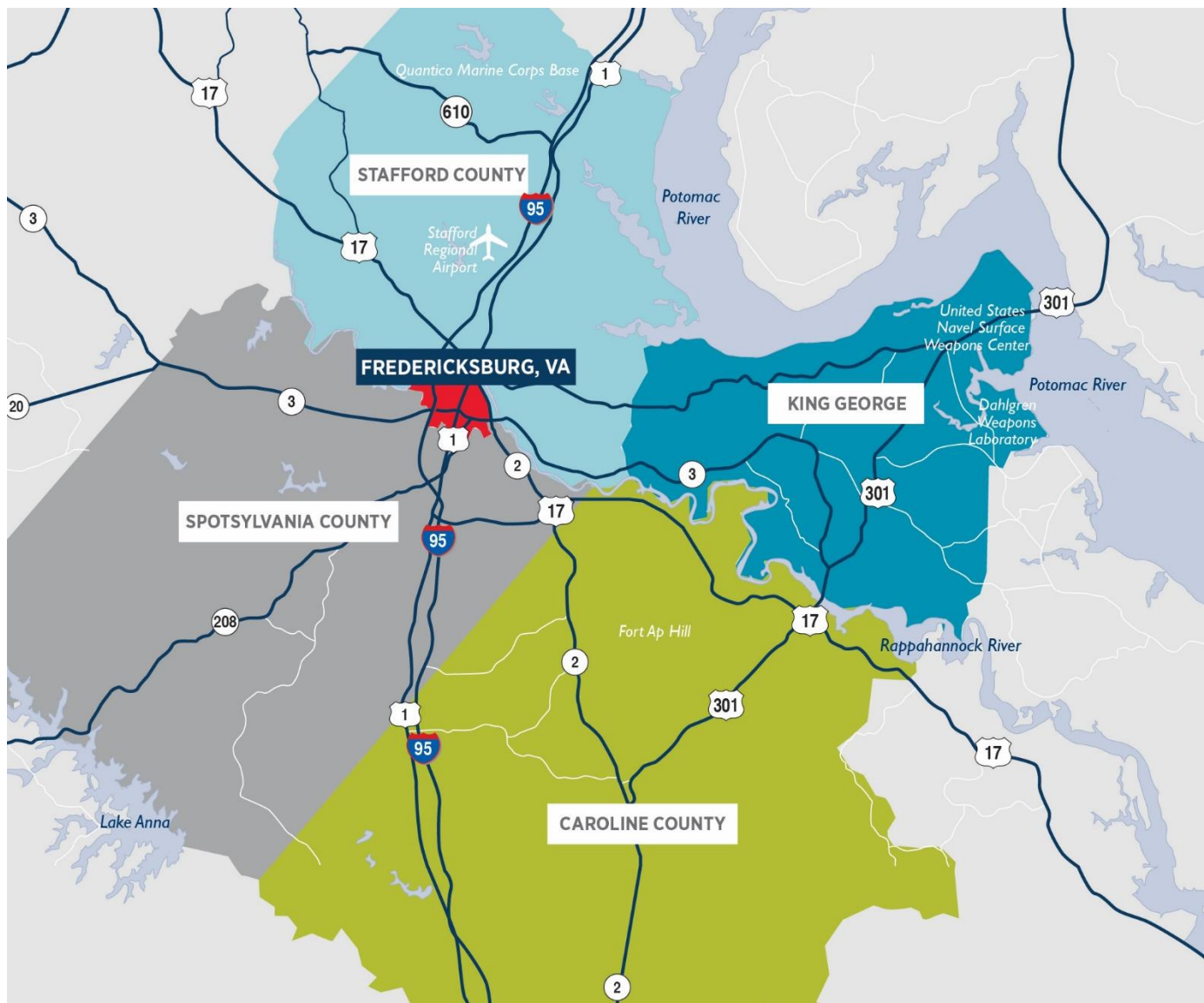
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1000 Corporate Drive	Stafford	Mantech	37,121	New
50 Tech Parkway	Stafford	First Division Consulting, Inc.	14,340	New
4510 Plank Road	Spotsylvania	Undisclosed	7,825	New
2052 Patriot Highway	Stafford	Undisclosed	5,177	New

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
475 Aquia Towne Center	Stafford	Greystone Servicing Corporation, LLC / Aquia Office, LLC	97,990	\$5.8M / \$59.48
24010 Partnership Boulevard	Caroline	Carmel Church Properties, LLC / Jibran Muhammad	71,252	\$3.8M / \$44.60
4414 Lafayette Boulevard	Spotsylvania	R E Investments, LLC / Bellvue Investments, LLC	15,244	\$2.3M / \$150.88

Fredericksburg, VA

Office Q3 2022

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