

## MARKETBEAT

# Fredericksburg, VA

Industrial Q1 2019



CUSHMAN & WAKEFIELD

THALHIMER

## FREDERICKSBURG INDUSTRIAL

### Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Fredericksburg Employment	6.5M	6.5M	▲
Fredericksburg Unemployment	3.2%	2.9%	▲
U.S. Unemployment	3.9%	3.6%	▲

Numbers above are quarterly averages; June 2019 data used to represent Q2 2019

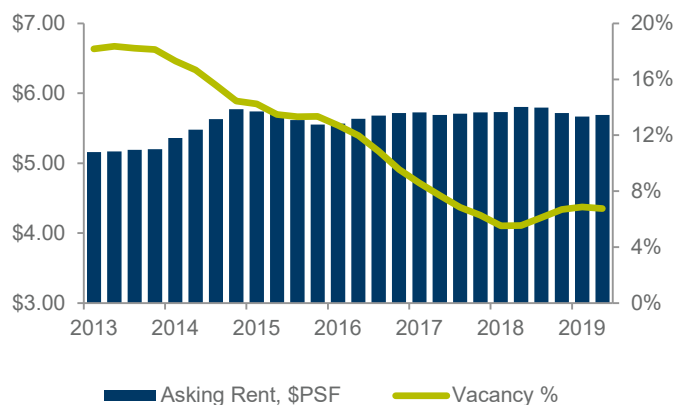
### Market Indicators (Overall, All Property Types)

	Q2 18	Q2 19	12-Month Forecast
Vacancy	6.7%	7.3%	▲
YTD Net Absorption (sf)	728k	70k	▲
Under Construction (sf)	0k	65k	▲
Average Asking Rent*	\$5.97	\$5.70	▲

\*Rental rates reflect net asking \$psf/year

### Overall Asking Rent/Overall Vacancy

#### 4-QTR TRAILING AVERAGE



## Economy

Unemployment for the Fredericksburg region remains below the national average of 3.3%, dipping down to 2.9% this quarter. Fredericksburg also saw larger gains in jobs added during the last four quarters, compared to the Washington DC market. Local job growth averaged 2% which was double the DC Metro average. Fredericksburg saw a 3% increase in household income over the last year and local population growth remained flat.

## Market Overview

Warehouse leasing drove absorption upward in Q1 but saw the largest slump in Q2. Regardless, absorption remains positive for the year. Vacancy ended its several-quarter downward trend, rising to 7.3% this quarter. All property types, apart from High Tech, saw an increase in vacancy with manufacturing seeing the largest increase of 2.8%.

Asking rents gained a bit of ground from their downward slide, increasing from \$5.59 per square foot (psf) in Q1 to \$5.70 psf this quarter. Renewals are currently accounting for about 47% of all leasing activity in 2019. Lease transactions of note include Specialty Coating and Laminating's renewal of 32,500 square feet (sf) at 3010 Mine Road. SiteOne Fredericksburg signed for 9,000 sf at 115 Juliad Court and Republic Environmental Systems renewed 8,800 sf at 11812 Main Street. One notable Q2 acquisition was the sale of the flex property at 30 Commerce Parkway that sold for \$1,300,000 to a new user.

## Outlook

While modest economic growth is still being predicted for the rest of 2019, economists are cautious due to questions surrounding Chinese import tariffs, among other issues. Trade disputes affect distribution and could have an impact on the local market. However, analysts expect that continued unemployment and job growth will bolster consumer confidence.

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