

## MARKETBEAT

# Fredericksburg, VA

Office Q3 2019



CUSHMAN & WAKEFIELD

THALHIMER

### FREDERICKSBURG OFFICE

#### Economic Indicators

	Q3 18	Q3 19	12-Month Forecast
Fredericksburg Employment	66k	66.9k	▲
Fredericksburg Unemployment	3.0%	3.1%	▲
U.S. Unemployment	3.8%	3.7%	▲

Source: BLS, Moody's Analytics. 2019 Q3 data are based on latest available data.

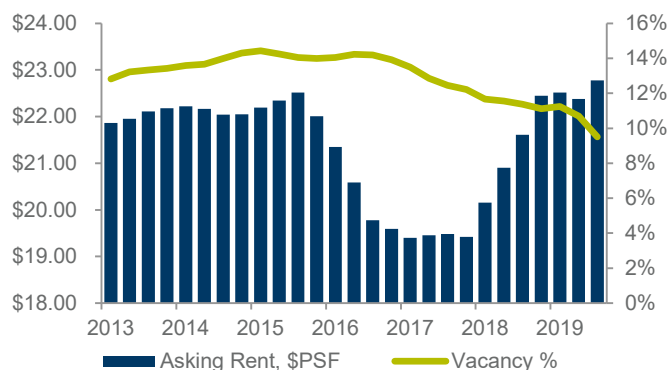
#### Market Indicators (Overall, All Classes)

	Q3 18	Q3 19	12-Month Forecast
Vacancy	11.8%	9.5%	▼
YTD Net Absorption (sf)	42.6k	37.5k	■
Under Construction (sf)	10k	30k	■
Average Asking Rent*	\$22.46	\$22.78	■

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

#### Overall Asking Rent/Overall Vacancy

##### 4-QTR TRAILING AVERAGE



## Economy

Unemployment remains low, ending the quarter at 3.1%, slightly up from 3.0% a year ago but still below the national average of 3.7%. Analysts predict that although the national labor participation rate is beginning to fall after peaking in Q1 2019, it is still below the peak reached in the late 1990s, which suggests that there are people who have not rejoined the work force and can continue to fuel future job growth, at least in the short term.

## Market Overview

Year-to-date (YTD) absorption made modest gains, ending the quarter at a positive 37,500-square-feet (sf). 30,000 sf of office space remains under construction, with no deliveries or construction starts reported in the quarter. The vacancy rate saw modest improvements, ending the quarter under 10% for the first time in over five years. Vacancy in Class A properties climbed to 17.8%. Rental rates have remained flat over the course of 2019, ending Q3 at \$22.78. This was a modest jump above Q1 and Q2, but overall rental rates have shown little variance in the past year.

Ninety percent of all lease deals signed in Q3 were under 3,500 sf, suggesting that small businesses or start-ups are leading momentum in office leasing. The U.S. Department of Veterans continues to lease new office space in the area with a deal for 14,500 sf at 4830 Southpoint Dr. and Chenango Corp inked a deal at 65 Barrett Heights Rd. for 8,461 sf.

## Outlook

With absorption and rental rates remaining flat quarter over quarter, Q4 2019 is not anticipated to present any surprises in the office market. New leases are expected to be driven by smaller companies and the status quo should be maintained, at least into early next year.

Cushman & Wakefield | Thalhimer  
1125 Jefferson Davis Highway  
Suite 350  
Fredericksburg, VA 22401  
[thalhimer.com](http://thalhimer.com)

For more information, contact:  
Jeannine Dudzinski  
Brokerage Services Associate  
Tel: +1 540 373 0600  
[jeannine.dudzinski@thalhimer.com](mailto:jeannine.dudzinski@thalhimer.com)

#### About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.