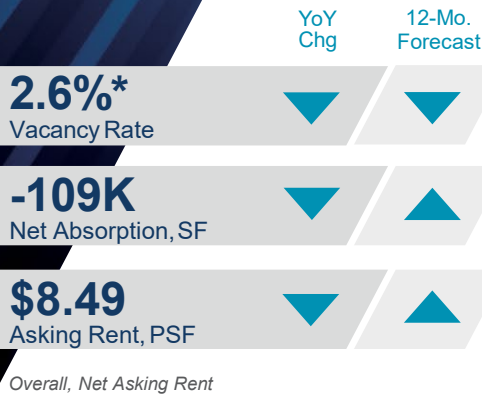
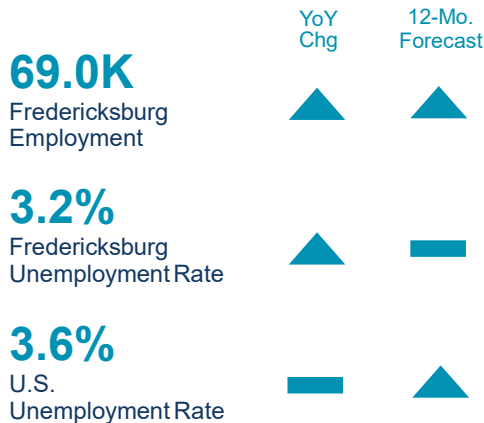


# Fredericksburg, VA

Industrial Q2 2023



## ECONOMIC INDICATORS Q2 2023



Source: BLS, Moody's Analytics

## ECONOMY: A Region in Growth Mode

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment increased 10 basis points (bps) year-over-year (YOY) to 3.2% in the second quarter of 2023 but remains below the national rate of 3.6%. Regional employment numbers are up 3.8% YOY and are expected to increase through the coming quarters. Population is projected to grow 20% by 2030, and Fredericksburg has been the fastest growing region statewide for five consecutive years.

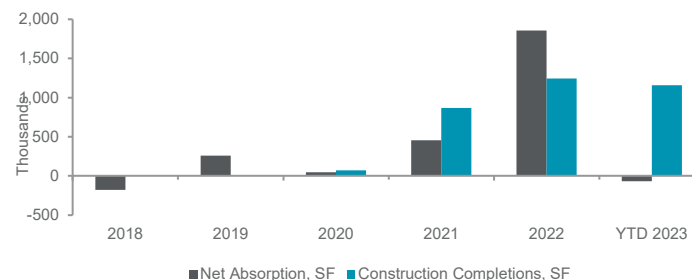
## SUPPLY and DEMAND: Vacancies Increase

The industrial market remains strong. Warehouse demand remains high, and vacancy limited. Most available space has been removed just as fast as it was added to the market. Overall vacancy has increased 90 basis points since the start of the year but decreased 40 bps YOY. Construction activity continued on two properties: the 559,480-square-foot (sf) Class-A distribution facility, known as Centreport Parkway Building 2, which is located in Stafford County's Northern Virginia Gateway and is set to deliver in November 2023, and the 168,000-sf Class-A manufacturing building located at 12500 Innovation Drive in Caroline County and known as Modular Mission Critical, projected to deliver in October 2023. Flint Development's 1.2-msf industrial complex in Caroline County, known as Caroline 95 Logistics, delivered in May 2023. Fully leased to World Class Distribution Inc., the facility will create 745 new jobs.

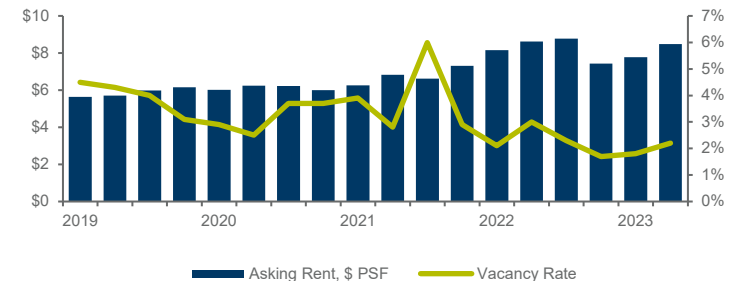
## PRICING: Rents on the Rise

Overall industrial asking rents ended the second quarter above \$8.00 per square foot (psf), a jump of 9.1% quarter-over-quarter (QOQ), with limited options in the current inventory. Warehouse rental rates ended the quarter at an average of \$8.49 psf, a slight decrease of less than 1% QOQ. Manufacturing facilities commanded the highest rates this quarter at \$8.50 psf with office service rates unavailable at the time of this report. Sales activity increased slightly in Q2 with total deal volume over \$1.3 million. Most notably, 25364 Richmond Turnpike, a 7,000-sf facility, was sold as an investment for \$665,000 at \$95.00 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	1,410,906	12,000	-	- %	-	168,000	\$8.50	N/A	N/A
Fredericksburg City	38	1,356,108	110	40,480	3.0%	-40,260	0	N/A	N/A	\$6.95
King George County	14	541,409	-	11,000	2.0%	-	0	N/A	N/A	N/A
Spotsylvania County	138	6,765,656	101,508	194,517	2.9%	-52,100	0	N/A	N/A	\$7.80
Stafford County	122	5,828,566	62,319	166,485	2.9%	-16,833	559,480	N/A	N/A	\$9.60
<b>FREDERICKSBURG TOTALS</b>	<b>327</b>	<b>15,902,645</b>	<b>175,937</b>	<b>412,482</b>	<b>2.6%*</b>	<b>-109,193</b>	<b>727,480</b>	<b>\$8.50</b>	<b>N/A</b>	<b>\$8.49</b>

Rental rates reflect weighted net asking \$psf/year. \*Some statistics will not match U.S. Marketbeat Tables.

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	293	14,403,607	169,477	412,482	2.9%	-72,233	559,480	N/A	N/A	\$8.49
Manufacturing	16	1,130,415	4,700	1,450	- %	1,500	168,000	\$8.50	N/A	N/A
Office Service/Flex	18	368,623	1,760	-	- %	1,760	0	N/A	N/A	N/A

## KEY LEASE TRANSACTIONS Q2 2023

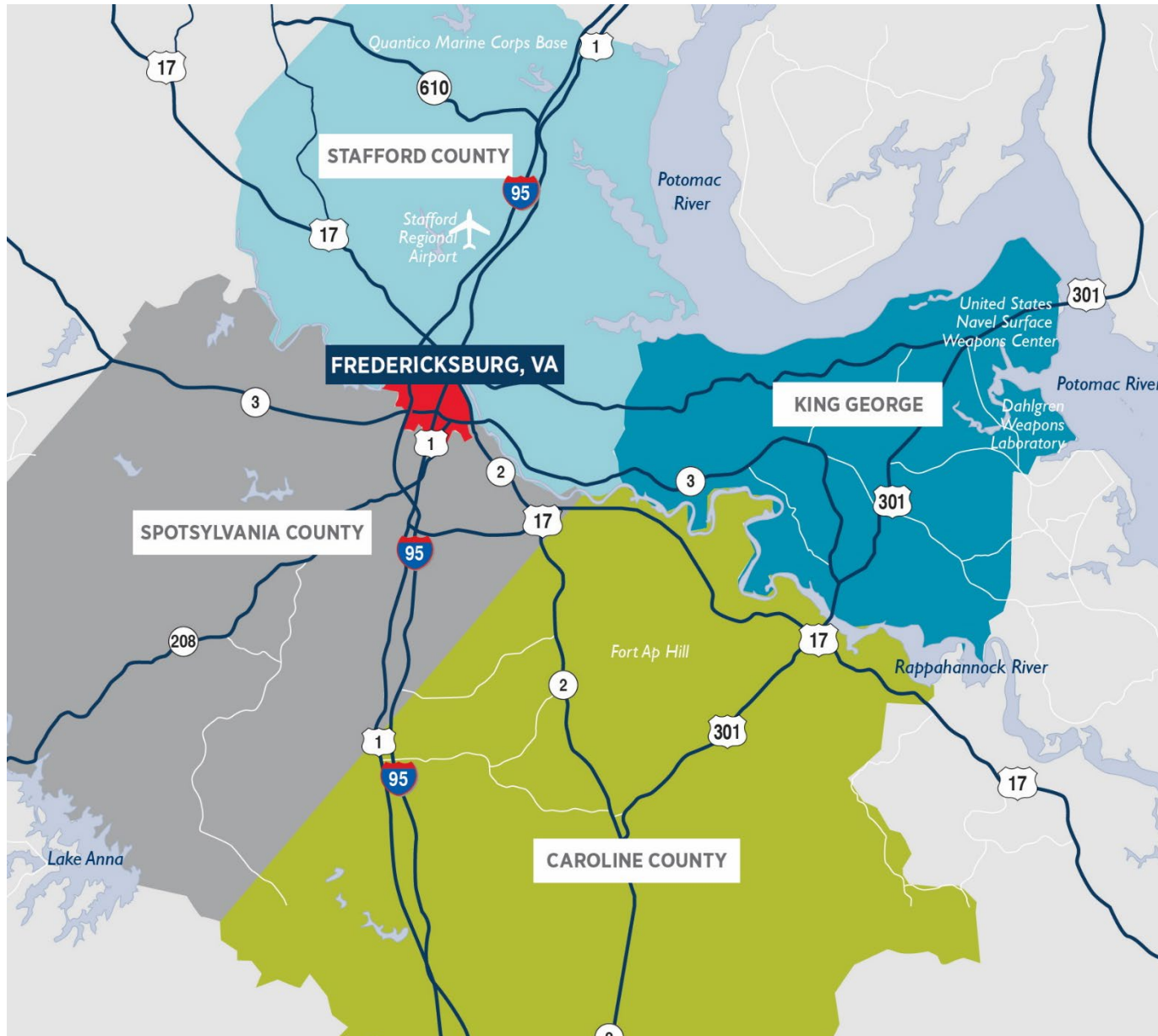
PROPERTY	SUBMARKET	TENANT	SF	TYPE
16517 Bull Church Road	Caroline County	Undisclosed	12,000	New
11200 Houser Drive	Spotsylvania County	DPF Services, LLC	6,000	New
11001 Houser Drive	Spotsylvania County	Junk Busters, LLC	3,300	Renewal
11001 Houser Drive	Spotsylvania County	Undisclosed	3,300	New

## KEY SALE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
11001 Pierson Drive	Spotsylvania County	Titan Real Estate Holdings, LLC / Randall Investments, LLC	40,674	\$642K / \$15.79
25364 Richmond Turnpike	Caroline County	Undisclosed / Undisclosed	7,000	\$665K / \$95.00
11034 Bloomsburg Road	King George County	4-9, LLC / Total Machine, LLC	6,000	Undisclosed / \$16.06

# Fredericksburg, VA

Industrial Q2 2023

**INDUSTRIAL SUBMARKETS****VIRGIL NELSON, CCIM**

Senior Vice President

Tel: +1 540 322 4150

[virgil.nelson@thalhimer.com](mailto:virgil.nelson@thalhimer.com)**WILSON GREENLAW, JR., CCIM, SIOR**

Vice President

Tel: +1 540 322 4156

[wilson.greenlaw@thalhimer.com](mailto:wilson.greenlaw@thalhimer.com)**A CUSHMAN & WAKEFIELD  
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