

	YoY Chg	12-Mo. Forecast
<b>2.8%</b> Vacancy Rate	▲	▲
<b>86K</b> Net Absorption, SF	▼	▲
<b>\$9.10</b> Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS  
Q3 2023

	YoY Chg	12-Mo. Forecast
<b>69.7K</b> Fredericksburg Employment	▲	▲
<b>2.7%</b> Fredericksburg Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

## ECONOMY: Regional Employment Strong

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment decreased 50 basis points (bps) quarter-over-quarter (QOQ) to 2.7% in the third quarter of 2023 and remains well below the national rate of 3.7%. Regional employment numbers are up 2.4% year-over-year (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.

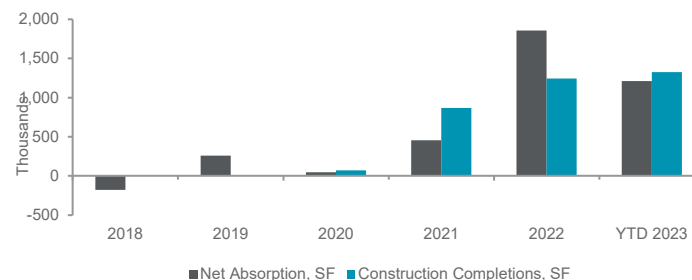
## SUPPLY and DEMAND: Vacancies Increase

The industrial market remains strong. Strong warehouse demand persists, and vacancy continues to be tight. Most available space has been removed just as fast as it was added to the market. Overall vacancy has risen by 60 basis points (bps) since the last quarter and is up 60 bps YOY. Construction began on the 323,475-sf Class B distribution center located at 11174 Enterprise Parkway in Caroline County and known as Carmel Church Business Center, projected to deliver in April 2024. Construction activity continued on one property: the 559,480-square-foot (sf) Class A distribution facility, known as Centreport Parkway Building 2, located in Stafford County's Northern Virginia Gateway and set to deliver in November 2023. M.C. Dean's 168,000-sf manufacturing and storage facility in Caroline County, known as Modular Mission Critical, delivered in August 2023. The new building serves as an expansion to facilitate the company's growing workforce of nearly 400 employees and their need for increased production capability.

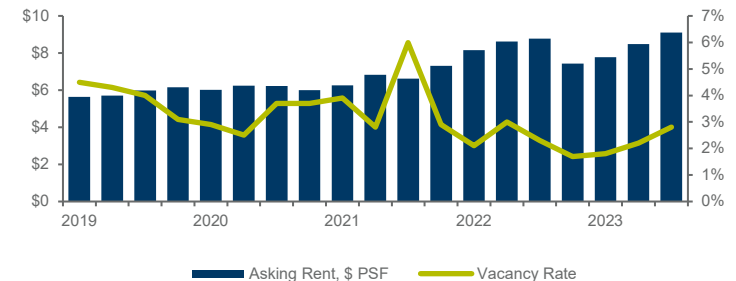
## PRICING: Rents Increase

Overall industrial asking rents ended the third quarter at \$9.10 per square foot (psf), a jump of 7.2% quarter-over-quarter (QOQ), with limited options in the current inventory. Warehouse rental rates ended the quarter at an average of \$9.10 psf, a slight increase of more than 7% QOQ. Warehouse facilities commanded the highest rates this quarter with both office service and manufacturing rates unavailable at the time of this report. Sales activity was steady in Q3 with total deal volume over \$1.3 million. Most notably, 5127 Park Drive, a 10,000-sf facility, that was sold as an investment for \$1.3M at \$125.00 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; 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	17	2,738,141	12,000	-	- %	1,327,235	323,475	N/A	N/A	\$7.00
Fredericksburg City	33	1,400,415	10,510	46,130	3.3%	-54,818	0	N/A	N/A	\$7.50
King George County	14	541,409	-	11,000	2.0%	-	0	N/A	N/A	N/A
Spotsylvania County	123	5,855,156	74,674	131,780	2.3%	-17,811	0	N/A	N/A	\$9.22
Stafford County	139	7,157,148	128,654	304,879	4.3%	-77,371	559,480	N/A	N/A	\$9.50
<b>FREDERICKSBURG TOTALS</b>	<b>332</b>	<b>17,692,269</b>	<b>225,838</b>	<b>493,789</b>	<b>2.8%</b>	<b>1,212,857</b>	<b>882,955</b>	<b>N/A</b>	<b>N/A</b>	<b>\$9.10</b>

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	296	15,785,606	219,378	492,039	3.1%	1,043,347	882,955	N/A	N/A	\$9.10
Manufacturing	18	1,538,040	4,700	1,750	-0.1%	167,750	0	N/A	N/A	N/A
Office Service/Flex	18	368,623	1,760	-	- %	1,760	0	N/A	N/A	N/A

## KEY LEASE TRANSACTIONS Q3 2023

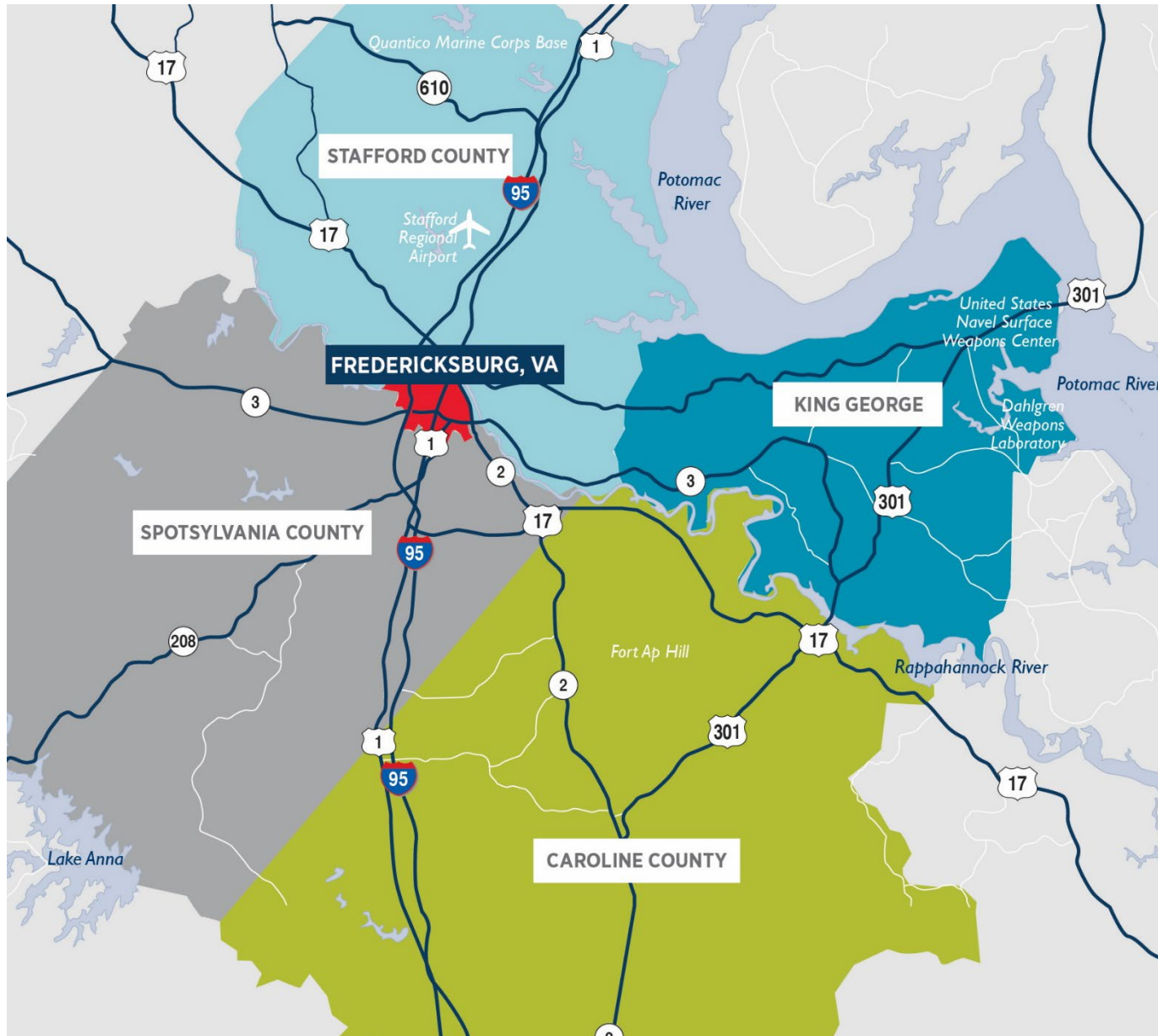
PROPERTY	SUBMARKET	TENANT	SF	TYPE
2301-2311 Airport Avenue	Stafford County	Empire Auto Parts & Humble Trucking	10,400	New
210 Freedom Court	Spotsylvania County	NK Flooring, LLC	6,000	New
119 Juliad Court	Stafford County	Black Optix Tint	5,000	New
212 Freedom Court	Spotsylvania County	Undisclosed	2,258	New

## KEY SALE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
5127 Park Drive	Spotsylvania County	Park Drive Associates, LLC / Payne Investments of VA, LLC	10,000	\$1.25M / \$125.00
66 Le Way Drive	Stafford County	Sisson Perry R / Lindbrook-oi Le Way, LLC	26,590	Undisclosed / Undisclosed
61 McWhirt Loop	Stafford County	Sisson Perry R / Lindbrook-oi Le Way, LLC	2,098	Undisclosed / Undisclosed

# Fredericksburg, VA

Industrial Q3 2023

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