

Fredericksburg, VA

Industrial Q4 2023

YoY
Chg

12-Mo.
Forecast

4.5%

Vacancy Rate



159K

Net Absorption, SF



\$10.15

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2023

YoY
Chg

12-Mo.
Forecast

70.2K

Fredericksburg
Employment



2.9%

Fredericksburg
Unemployment Rate



3.7%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Data Center Development Dominates

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment increased 20 basis points (bps) year-over-year (YOY) to 2.9% in the fourth quarter of 2023 and remains well below the national rate of 3.7%. Regional employment numbers are up 2.6% year-over-year (YOY) and are expected to continue to grow in the new year. Population is projected to grow 20% by 2030, and Fredericksburg has been the fastest growing region statewide for five consecutive years. The Fredericksburg region is set to join Virginia's fast-growing data center market. Data centers continue to be approved by all local jurisdictions and could provide jobs and revenue to the area.

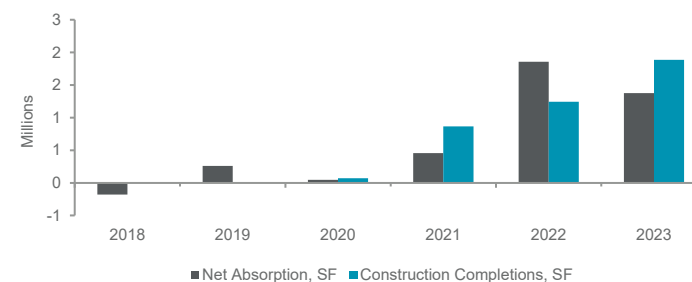
SUPPLY and DEMAND: Vacancy Rates Rising

The industrial market remains strong. Strong warehouse demand persists, and vacancy remains tight. Overall vacancy has risen by 260 bps since the mid-year mark and is up 280 bps YOY. Construction began on the 219,456-square-foot (sf) Class A warehouse facility located at 1045 Richmond Highway in Stafford County known as Crossroads Industrial, projected to deliver in July 2024. Construction activity continued on the 323,475-sf class B distribution center, known as Carmel Church Business Center, located at 11174 Enterprise Parkway in Caroline County and slated to deliver in April 2024. The Peterson Companies' 559,470-sf class A distribution facility in Stafford County, known as Centreport Parkway Building 2, delivered in November 2023. The new building marks the next phase of the Northern Virginia Gateway, a 260-acre park designed to include industrial and data center development.

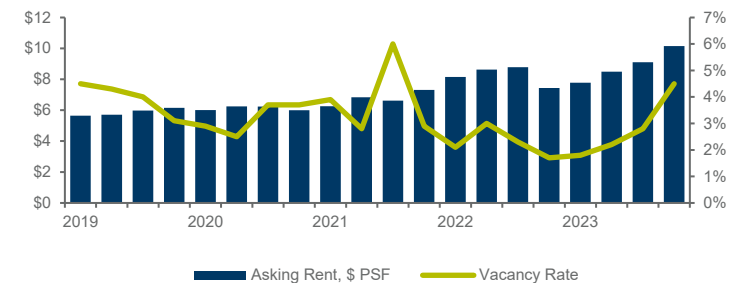
PRICING: Rents Increase

Overall industrial asking rents ended the fourth quarter at \$10.15 per square foot (psf), a jump of 11.3% quarter-over-quarter (QOQ), with limited options in the current inventory. Warehouse rental rates ended the quarter at an average of \$9.96 psf, an increase of more than 9.2% QOQ. While warehouse facilities commanded the highest rates this quarter, neither office service nor manufacturing rates were available at the time of this report. Sales activity was steady in Q4 with total deal volume over \$4.4 million. Most notably, 5117 Commonwealth Drive, a 20,000-sf facility, that was sold as an investment for \$2.3M at \$82.67 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	18	2,761,926	12,000	-	- %	1,262,579	325,500	N/A	N/A	\$7.00
Fredericksburg City	39	1,400,415	14,410	42,230	3.0%	-40,518	0	N/A	N/A	\$7.50
King George County	14	541,409	-	11,000	2.0%	0	0	N/A	N/A	N/A
Spotsylvania County	140	7,226,846	320,233	144,240	2.0%	83,268	0	N/A	N/A	\$9.94
Stafford County	128	6,539,808	152,175	628,084	9.6%	70,142	219,456	N/A	N/A	\$10.27
FREDERICKSBURG TOTALS	339	18,470,404	498,818	825,554	4.5%	1,375,471	544,956	N/A	N/A	\$10.15

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	299	16,461,079	492,358	821,564	5.0%	1,272,857	544,956	N/A	N/A	\$10.15
Manufacturing	19	1,561,896	4,700	1,750	0.1%	167,750	0	N/A	N/A	N/A
Office Service/Flex	20	417,429	1,760	2,240	0.5 %	-480	0	N/A	N/A	N/A

KEY LEASE TRANSACTIONS Q4 2023

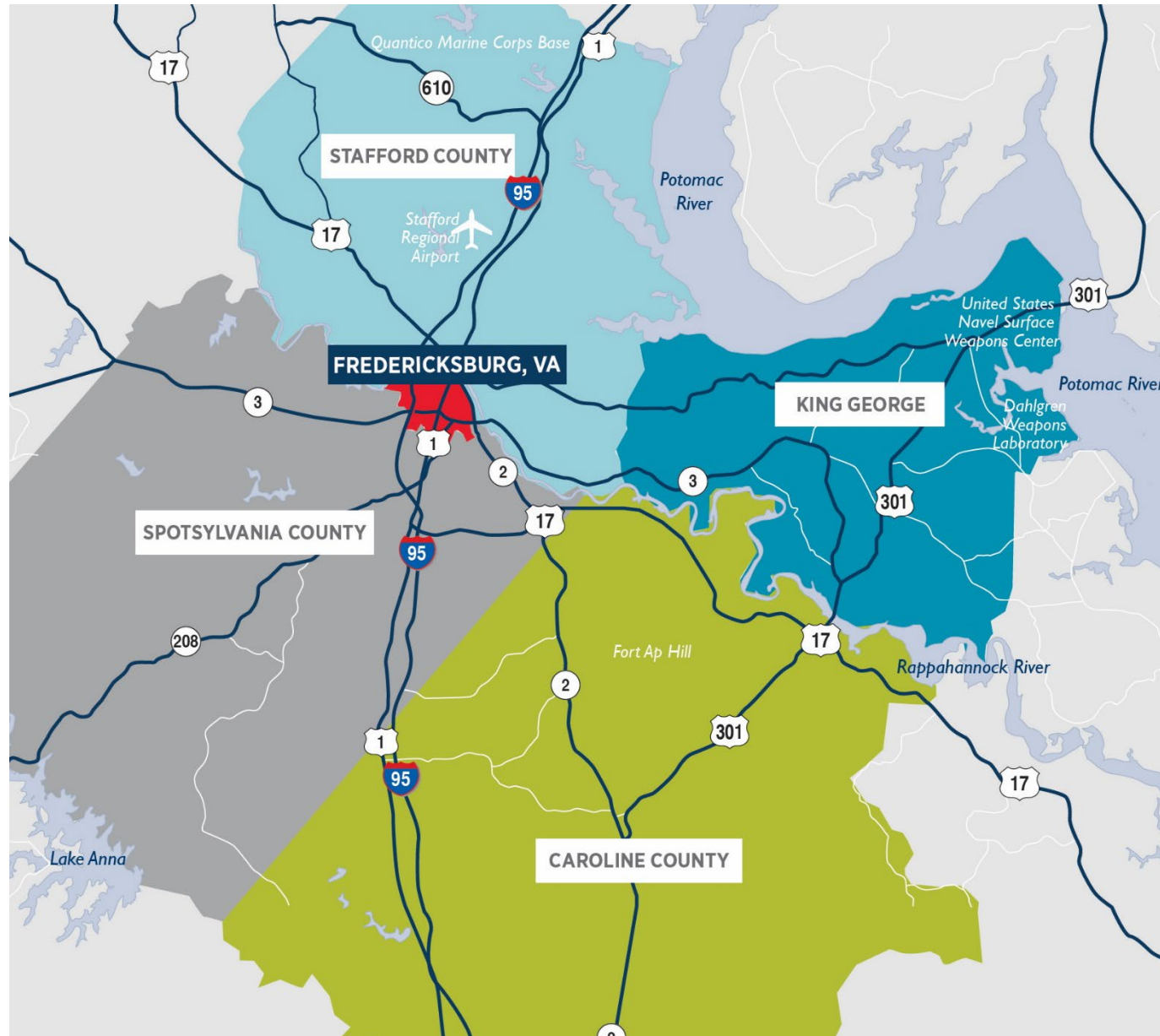
PROPERTY	SUBMARKET	TENANT	SF	TYPE
300 Centreport Parkway	Stafford County	Nextday Cabinets	64,656	New
650 Corporate Drive	Stafford County	Long Home Products	10,845	New
2301 – 2311 Airport Avenue	Fredericksburg	Precision Garage Door	3,900	New

KEY SALE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
110 Juliad Court	Stafford County	Intuit , Inc. / Franklin Companies, LLC	30,000	\$2.3M / \$82.67
5117 Commonwealth Drive	Spotsylvania County	Commonwealth Center, LLC / Pillar Investment Group, LLC	20,000	\$2.1M / \$102.60

Fredericksburg, VA

Industrial Q4 2023

INDUSTRIAL SUBMARKETS**VIRGIL NELSON, CCIM**

Senior Vice President

Tel: +1 540 322 4150

virgil.nelson@thalhimer.com**WILSON GREENLAW, JR., CCIM, SIOR**

Vice President

Tel: +1 540 322 4156

wilson.greenlaw@thalhimer.com**A CUSHMAN & WAKEFIELD
RESEARCH PUBLICATION**

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 52,000 employees in over 400 offices and 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environment, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2024 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.

thalhimer.com

Independently Owned and Operated / A Member of the
Cushman & Wakefield Alliance