

Fredericksburg, VA

Industrial Q1 2024

	YoY Chg	12-Mo. Forecast
5.1% Vacancy Rate	▲	▲
-83K Net Absorption, SF	▼	▲
\$9.53 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
70.3K Fredericksburg Employment	▲	▲
3.2% Fredericksburg Unemployment Rate	▼	▲
3.8% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY: Population Growth

The Fredericksburg region, particularly Stafford County, benefits from continued demand for Defense Department contractors near Quantico Marine Corps Base. Regional unemployment decreased 20 basis points (bps) year-over-year (YOY) to 3.2% in the first quarter of 2024 and remains well below the national rate of 3.8%. Regional employment numbers are up 2.6% YOY and are expected to continue to grow in the coming quarters. Population is projected to rise 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 development activity continues to dominate the headlines as Amazon continues to expand its footprint, planning two facilities in Stafford County that represent a \$2 billion investment and potential tax revenue of more than \$100 million annually. Business Facilities awarded the Virginia Economic Development Partnership with a 2023 award for Amazon Web Services' \$35 billion commitment to the state.

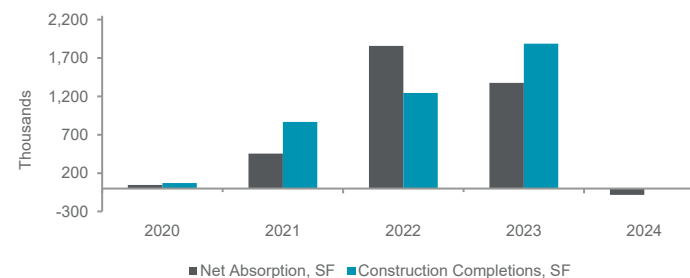
SUPPLY and DEMAND: Vacancy Rates Rising

Industrial market demand remains strong, and vacancy rates remain tight even as it has climbed from the historic lows hit in early 2023. Overall vacancy has risen by 40 bps since the last quarter and is up 360 bps YOY. Construction began on a 46,800-square-foot (sf) warehouse facility located at 45 Centreport in Stafford County that is set to deliver in Q2 2024. Construction continued on two facilities: Carmel Church Business Center in Caroline County (323,475 sf) and Crossroads Industrial in Stafford County (219,456 sf). The two properties are anticipated to deliver in April 2024 and July 2024, respectively. There were no deliveries this quarter.

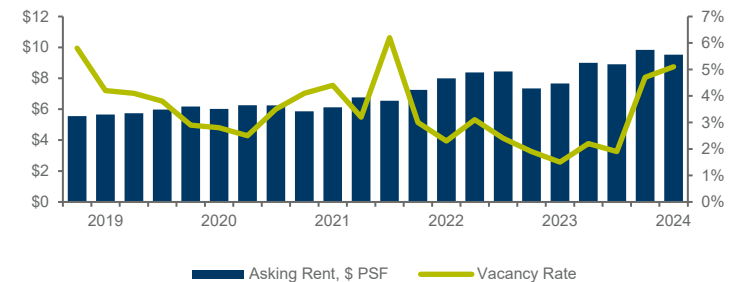
PRICING: Rents Decrease

Overall industrial asking rents ended the first quarter at \$9.53 per square foot (psf), a drop of 6.1% quarter-over-quarter (QOQ), with limited options in the current inventory. Warehouse rental rates ended the quarter at an average of \$9.50 psf, a slight decrease of 1.9% QOQ. Office service/flex commanded the highest rates this quarter. Manufacturing rates were not available at the time of this report. Sales activity remained steadfast with total deal volume over \$6.8 million. Most notably, 10 Harkness Boulevard, a 53,500-sf warehouse, sold to an owner for \$3.9 million (\$72.90 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	-	-	- %	-	325,500	N/A	N/A	N/A
Fredericksburg City	39	1,394,503	-	-	-%	42,230	0	N/A	N/A	\$7.50
King George County	14	541,409	-	-	-%	11,000	0	N/A	N/A	\$26.76
Spotsylvania County	143	7,401,366	20,639	286,007	3.9%	-96,767	0	N/A	\$12.00	\$9.62
Stafford County	128	6,541,248	-	667,858	10.2%	-39,774	266,256	N/A	N/A	\$10.49
FREDERICKSBURG TOTALS	342	18,640,452	20,639	953,865	5.1%	-83,311	591,756	N/A	\$12.00	\$9.50

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	303	16,661,127	8,600	951,065	5.7%	-84,501	591,756	N/A	N/A	\$10.15
Manufacturing	19	1,561,896	4,700	0	0.0%	1,750	0	N/A	N/A	N/A
Office Service/Flex	20	417,429	12,039	2,800	0.7%	-560	0	N/A	\$12.00	N/A

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
11905 Bowman Drive	Spotsylvania County	All American Life League	8,399	Renewal
230 Industrial Drive	Spotsylvania County	Be Ready	3,000	New
230 Industrial Drive	Spotsylvania County	JRM Technologies	2,800	New

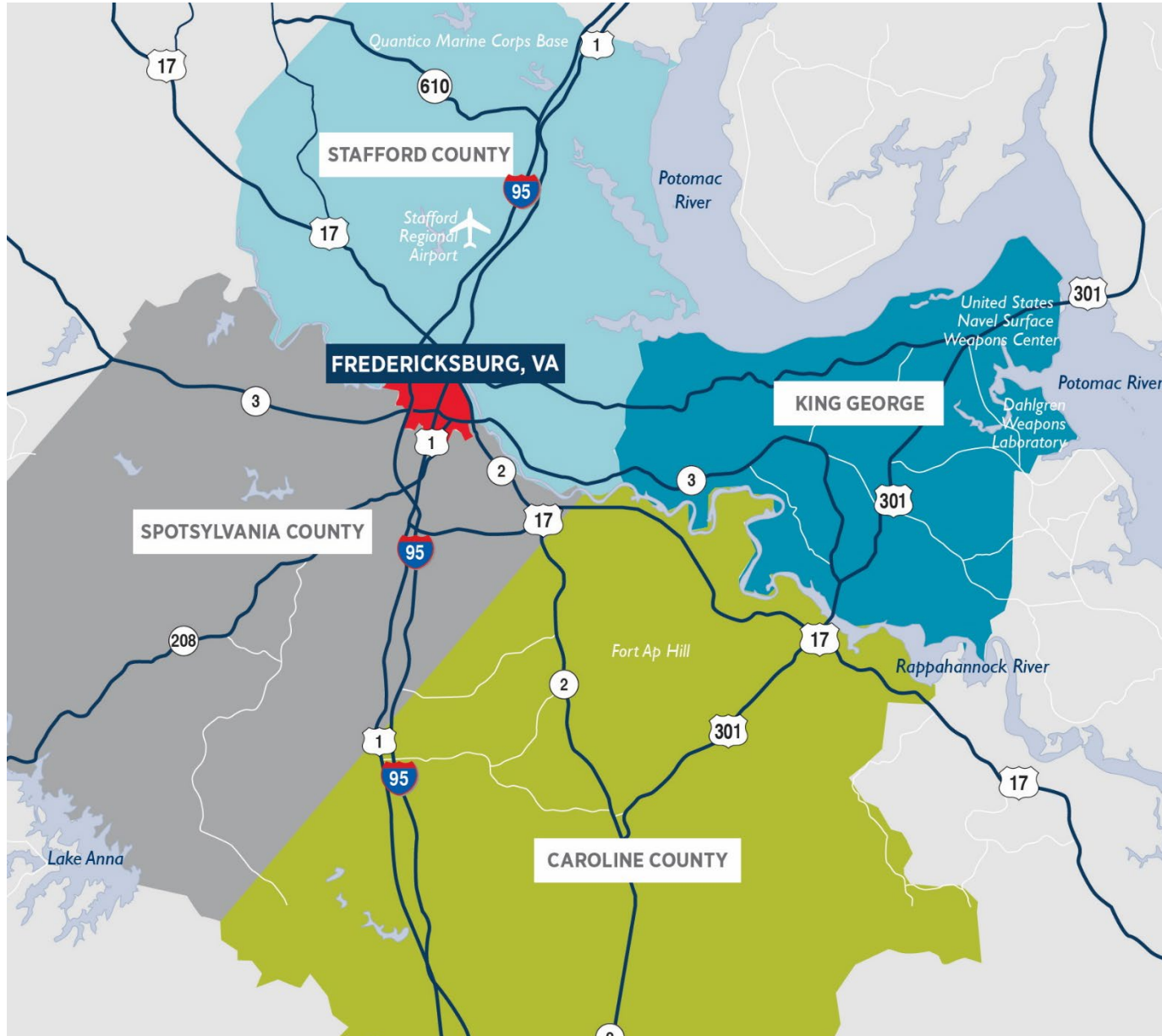
KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
10 Harkness Boulevard – Battlefield Industrial Park	Stafford County	Dominion Real Estate, LLC / 10 Harkness Blvd. Realty, LLC	53,500	\$3.9M / \$72.90
10857 House Drive	Spotsylvania County	Christopher D. Johnson / Sola Salons	14,542	\$2.8M / \$189.80
5446 Rosedale Drive	King George County	John S. Cornette / Keith H. Thomas	3,989	\$170K / \$42.62

Fredericksburg, VA

Industrial Q1 2024

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 commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and 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), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©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