

# Fredericksburg, VA

## Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
<b>7.2%</b> Vacancy Rate	▲	▲
<b>-244K</b> Net Absorption, SF	▼	▲
<b>\$9.52</b> Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

### ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
<b>71.1K</b> Fredericksburg Employment	▲	▲
<b>3.0%</b> Fredericksburg Unemployment Rate	▲	▲
<b>4.1%</b> 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 increased 20 basis points (bps) year-over-year (YOY) to 3.0% in the second quarter of 2024 and remains well below the national rate of 4.1%. Regional employment numbers are up 2.4% YOY and are expected to increase going in the coming quarters. 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 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.

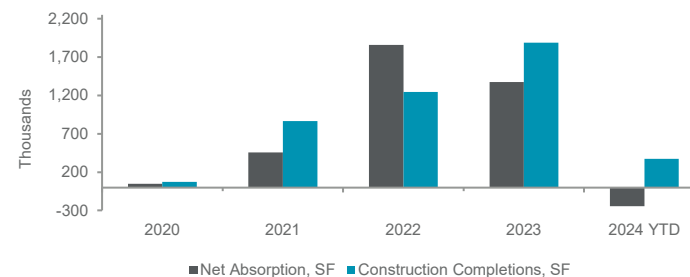
### SUPPLY and DEMAND: Vacancy Rates Rising

Industrial market demand remains strong, and vacancy remains tight even as the overall rate has climbed from the historic lows hit in early 2023. Overall vacancy increased 210 bps in the second quarter up from 5.1% and surged by 530 bps YOY, with the steepest rise in the warehouse and distribution sector. Construction continued on the 219,456-square-foot (sf) warehouse facility at Crossroads Industrial in Stafford County that is set to deliver in the third quarter of 2024. Deliveries included the 325,500-sf Carmel Church Business Center in Caroline County and the 46,800-sf facility at 45 Centreport in Stafford County, which came online in April and March, respectively. Merritt Properties has five buildings proposed in the Austin Ridge Business Park in Stafford County, with more than 425,000 sf of class A light industrial space planned and Cushman & Wakefield | Thalhimer engaged to handle the leasing.

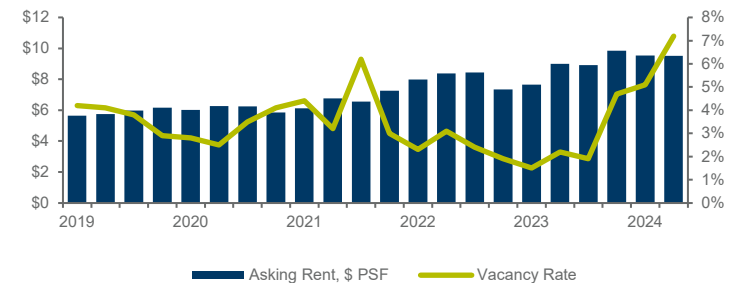
### PRICING: Rents Flat

Overall industrial asking rents ended the second quarter at \$9.52 per square foot (psf), effectively flat quarter-over-quarter (QOQ), with limited options in the current inventory. Warehouse rental rates ended the quarter at an average of \$9.51 psf. Office service/flex commanded the highest rates this quarter at \$12.00 psf. Manufacturing rates were not available at the time of this report. Sales volume topped \$31.1 million for the quarter with the 128,500-sf warehouse at 9601 Cosner Drive (Simmons Building) selling an investment for \$20.2 million (\$157.20 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	19	3,087,426	-	418,500	13.6%	-93,000	0	N/A	N/A	\$6.00
Fredericksburg City	40	1,418,154	-	500	-%	1,250	0	N/A	N/A	\$7.50
King George County	14	541,409	-	-	-%	11,000	0	N/A	N/A	\$26.76
Spotsylvania County	140	7,301,388	185,770	283,469	3.9%	-113,429	0	N/A	\$12.00	\$9.24
Stafford County	130	7,128,722	78,538	702,279	9.9%	-70,480	219,456	N/A	N/A	\$10.51
<b>FREDERICKSBURG TOTALS</b>	<b>343</b>	<b>19,477,099</b>	<b>264,308</b>	<b>1,404,748</b>	<b>7.2%</b>	<b>-264,659</b>	<b>219,456</b>	<b>N/A</b>	<b>\$12.00</b>	<b>\$9.51</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	304	17,497,774	224,069	1,352,926	7.7%	-212,627	219,456	N/A	N/A	\$9.51
Manufacturing	19	1,561,896	24,000	51,822	3.3%	-50,072	0	N/A	N/A	N/A
Office Service/Flex	20	417,429	16,239	2,800	0.0%	-1,960	0	N/A	\$12.00	N/A

## KEY LEASE TRANSACTIONS Q2 2024

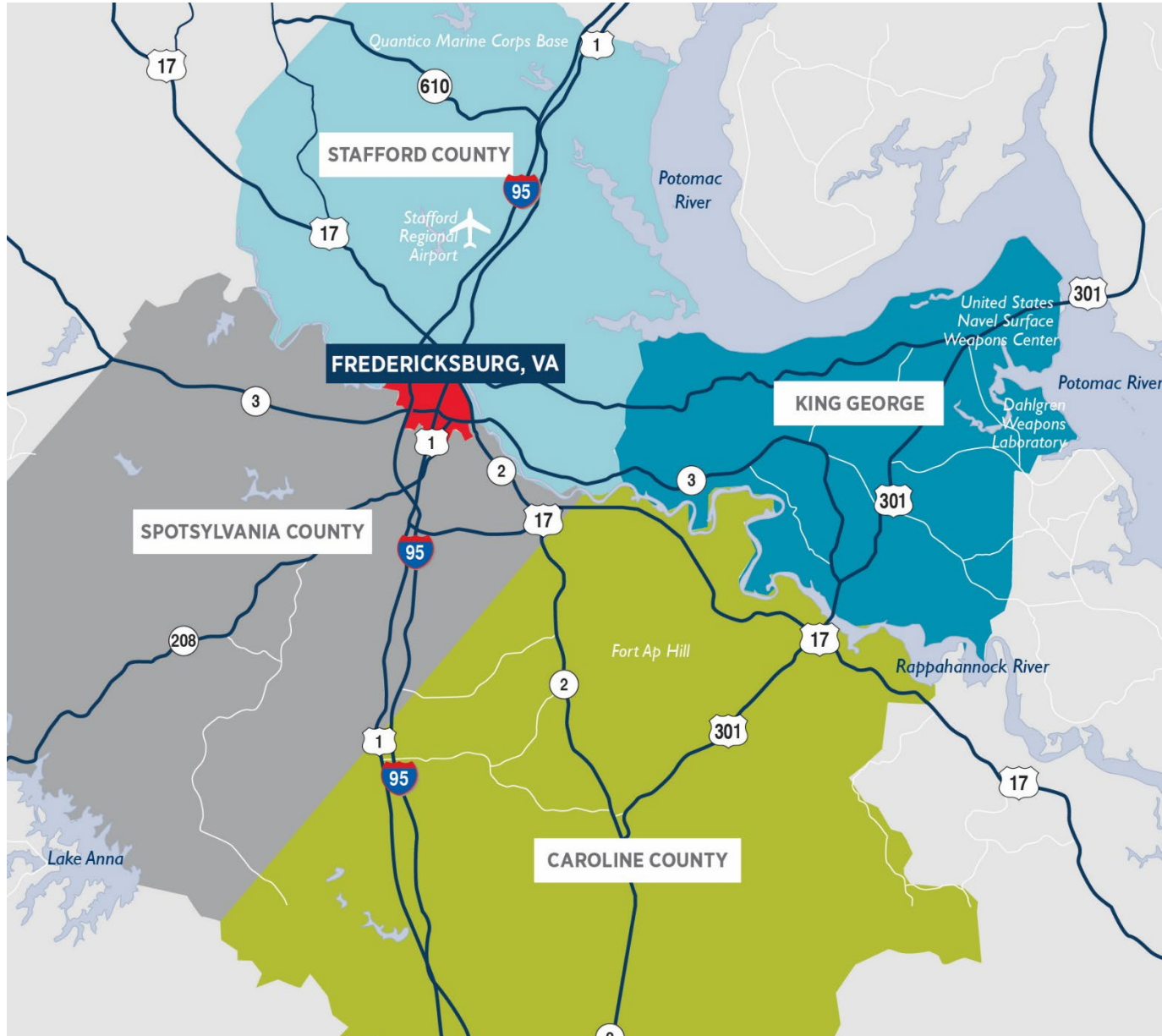
PROPERTY	SUBMARKET	TENANT	SF	TYPE
18 Blackjack Road	Stafford County	Sylvain Analytics	44,000	Renewal
55-57 Joseph Mills Drive	Spotsylvania County	Virginia Green	38,500	New
5121 Park Drive	Spotsylvania County	Brightview	10,080	Renewal

## KEY SALE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
9601 Cosner Drive – Simmons Building	Spotsylvania County	Liberty Property Limited / Exeter 9601 Cosner L.P.	128,500	\$20.2M / \$157.20
22 Perchwood Drive – Crane's Corner 2	Stafford County	Radley Management LLC / Innovation Investment LLC	20,400	\$2.8M / \$135.78
131 Wyche Road	Stafford County	Gerard D. Cooper / JRE Stafford LLC	9,776	\$2.8M / \$286.42

# Fredericksburg, VA

Industrial Q2 2024

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