

Office Q2 2024

YoY  
Chg 12-Mo.  
Forecast

7.7%

Vacancy Rate



207

Net Absorption, SF



\$25.79

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q2 2024YoY  
Chg 12-Mo.  
Forecast

71.1K

Fredericksburg  
Employment

3.0%

Fredericksburg  
Unemployment Rate

4.1%

U.S.  
Unemployment Rate

Source: BLS

## ECONOMY: Sustained Defense Department Demand

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.

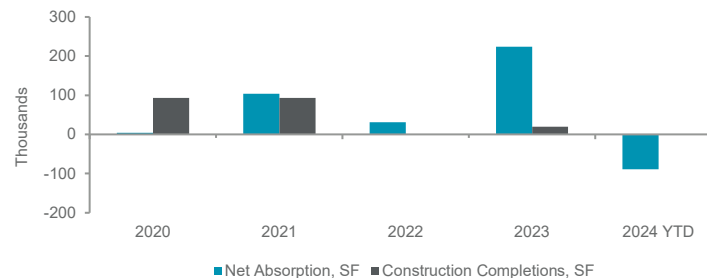
## SUPPLY and DEMAND: Ample Prospect Activity

The second quarter closed with overall vacancy at 7.7%, an increase of 50 bps quarter-over-quarter (QOQ) and up 10 bps YOY. Absorption was positive this quarter, ending with a combined 207 square feet (sf) absorbed. However, year-to-date (YTD) absorption was negative, with -88,894 sf absorbed in total. Stafford County led the charge in leasing with 2,887 sf absorbed in the second quarter. Most vacancies were concentrated in Stafford County as well, which ended the quarter with an 11.4% vacancy rate overall, compared to rates under 7.1% in all other submarkets. Construction is underway on the 2,408-sf office building at 4804 Hood Drive in Spotsylvania, which is set to deliver in October 2024. Office market prospects were plentiful during the second quarter, and activity is expected to remain strong throughout 2024.

## PRICING: Sustained Growth

Overall asking rates increased from \$25.21 per square foot (psf) in the first quarter of 2024 to \$25.79 psf at the end of the second quarter. Caroline, Fredericksburg, and Stafford Counties all saw a slight increase in their rental rates, while Spotsylvania County experienced a decrease this quarter. King George County, however, did not see a change in rates. Stafford County continued to command the highest rates in the market, averaging more than any other submarket with a rate of \$27.08 psf. Office leasing activity held strong in the second quarter. Leasing activity totaled 31,946 sf for the quarter, with the most notable deal at 150 Riverside Parkway: a 5,518-sf class A office in Stafford County. Sales ended the quarter with total volume over \$6.6 million. The most notable transfer was 910 Little Page Street, a 3-star office building in Fredericksburg City, sold as an investment for \$1.85 million.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



# Fredericksburg, VA

Office Q2 2024

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CONSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Caroline County	330,358	1,760	1,760	0.5%	-	100	-	0	\$24.33	N/A
City of Fredericksburg	2,567,492	154,887	146,579	6.0%	-26,032	-60,757	41,429	0	\$25.96	\$24.63
King George County	742,345	52,978	52,978	7.1%	568	-10,000	-	0	\$17.25	N/A
Spotsylvania County	2,289,090	122,777	108,094	5.4%	-1,527	2,887	32,950	2,408	\$23.49	\$22.92
Stafford County	3,305,398	376,383	376,383	11.4%	27,198	-19,364	74,294	0	\$27.08	\$28.08
<b>FREDERICKSBURG TOTALS</b>	<b>9,234,683</b>	<b>708,785</b>	<b>685,794</b>	<b>7.7%</b>	<b>207</b>	<b>-88,894</b>	<b>148,673</b>	<b>2,408</b>	<b>\$25.79</b>	<b>\$26.42</b>

\*Rental rates reflect full service asking.

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
150 Riverside Parkway	Stafford	Arete	5,518	New
4103 Lafayette Boulevard	Stafford	Undisclosed	4,100	New
150 Riverside Parkway	Stafford	Undisclosed	3,050	New
150 Riverside Parkway	Stafford	Undisclosed	2,052	New
912 Princess Anne Street	Fredericksburg	Mitchell & Simopoulos, PLLC	2,020	New

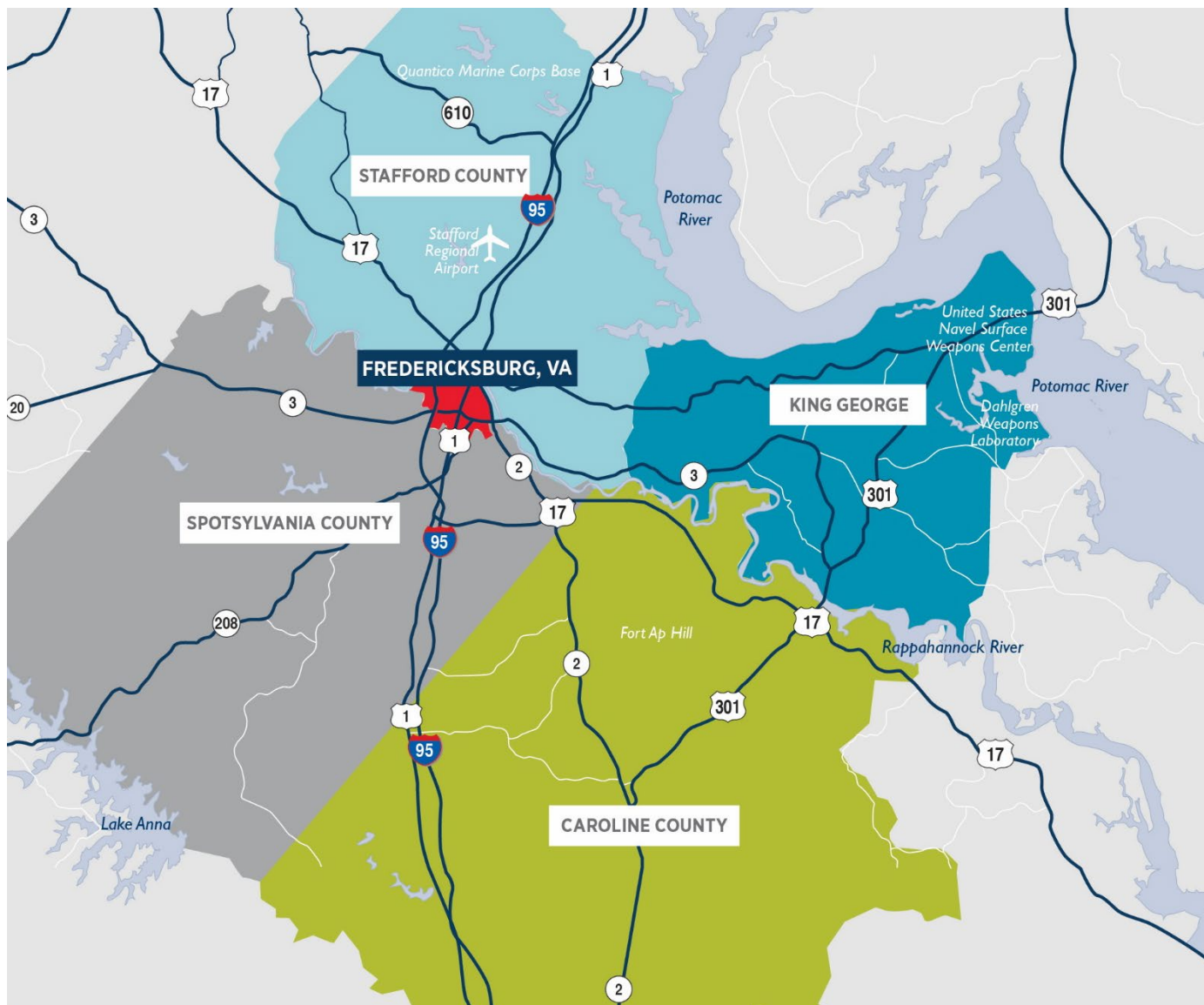
## KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
910 Little Page Street	Fredericksburg	Rappahannock Properties / Juno Properties, LLC	5,000	\$1.9M / \$370.50
211-321 Park Hill Drive	Fredericksburg	Park Hill Group, LLC / Wilson Realty, Inc.	8,746	\$1.5M / \$174.96
Condo: 385 Garrisonville Road – 1 <sup>st</sup> Floor – 105	Stafford	Revathi Rathinsamy / Potter House CFC Woodbridge	18,000	\$975K / \$143.21
630 Garrisonville Road	Stafford	Dominion Cardiac / Ministerio Internacional	3,630	\$755K / \$207.99
Condo: 10708 Ballantraye Drive – 1 <sup>st</sup> Floor - 204	Spotsylvania	Undisclosed / Undisclosed	6,336	\$410K / \$243.18



# Fredericksburg, VA

Office Q2 2024

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