

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
7.0% Vacancy Rate	▲	▲
-19.1K YTD Net Absorption, SF	▼	▲
\$11.22 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
72.7K Fredericksburg MSA Employment	▲	▲
3.1% Fredericksburg MSA Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▼	▼

Source:BLS

ECONOMY: POPULATION EXPANSION

The Fredericksburg region, particularly Stafford County, benefits from continued demand for defense department contractors near Quantico Marine Corps Base. Regional unemployment increased 40 basis points (bps) year-over-year (YOY) to close the third quarter at 3.1%, well below the national rate of 4.1%. Regional population has increased 21.7% since 2010, a higher rate than any other area in Virginia, and is projected to grow further. Data center development continues to dominate as users and developers are pushed to look outside the saturated Northern Virginia market and giants like Amazon Web Services continue to expand their footprint.

SUPPLY AND DEMAND: VACANCY NUMBERS UP

Industrial market demand remains strong, even as the overall vacancy has increased 540 bps YOY, up from the historic lows hit in early 2023. Construction began on the 10,000-square-foot (sf) warehouse facility at 3406 Shannon Park Drive in Spotsylvania County, scheduled for delivery in the fourth quarter of 2024. The 219,456-square-foot (sf) warehouse facility at Crossroads Industrial in Stafford County was completed in July 2024 with no preleasing in place. Demand for high quality flex and small bay industrial outstrips supply despite new projects coming online. Viable industrial sites are increasingly committed to data center projects, with tens of millions of square feet in the pipeline, adding additional pressure to an already constrained supply.

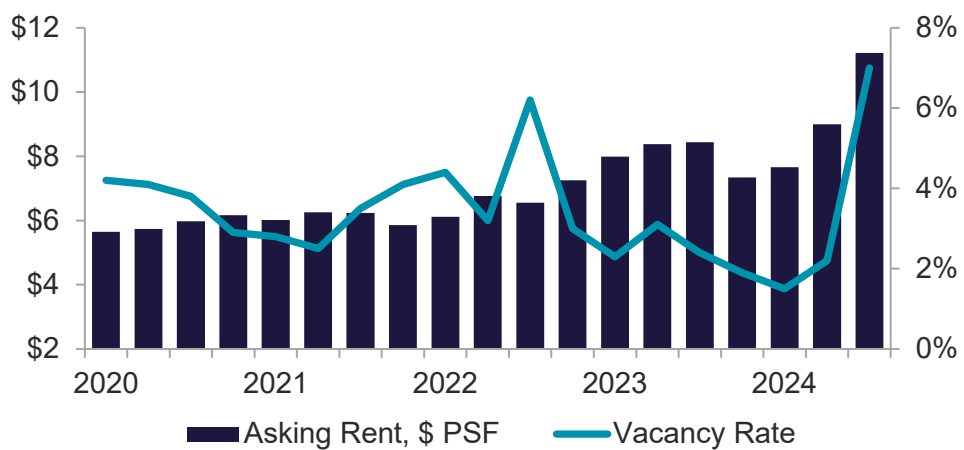
PRICING: RATES ON THE RISE

Overall industrial asking rents ended the third quarter at \$11.22 per square foot (psf), up 17.8% quarter-over-quarter (QOQ) due in large part to the addition of Crossroads Industrial to the available inventory. Warehouse rental rates ended the quarter at an average of \$11.24 psf. Office service/flex commanded the highest rates this quarter at \$12.00 psf. Sales volume topped \$13.2 million for the quarter with the 105,000-sf warehouse at 16517 Bull Church Road in Caroline County selling to an owner/user at \$7.2 million (\$68.57 psf).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Caroline County	19	3,088,106	46,500	337,500	10.9%	-12,000	-58,500	0	\$8.20	N/A	\$6.00
Fredericksburg City	39	1,405,654	-	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	7,339,675	188,770	186,597	2.5%	111,172	1,143	10,000	N/A	\$12.00	\$9.77
Stafford County	131	7,348,178	851,112	851,112	11.6%	58,963	25,963	0	\$14.00	N/A	\$12.86
FREDERICKSBURG TOTALS	343	19,723,022	409,638	1,375,709	7.0%	157,475	-19,144	10,000	\$10.10	\$12.00	\$11.24

*Rental rates reflect weighted net asking \$psf/year

PROPERTY TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse/Distribution	304	17,715,062	367,749	1,357,849	7.7%	115,103	-3,624	10,000	N/A	N/A	\$11.24
Manufacturing	20	1,603,031	-	17,860	1.1%	39,822	-16,110	0	\$10.10	N/A	N/A
Office Service/Flex	19	404,429	17,889	0	- %	2,550	590	0	N/A	\$12.00	N/A

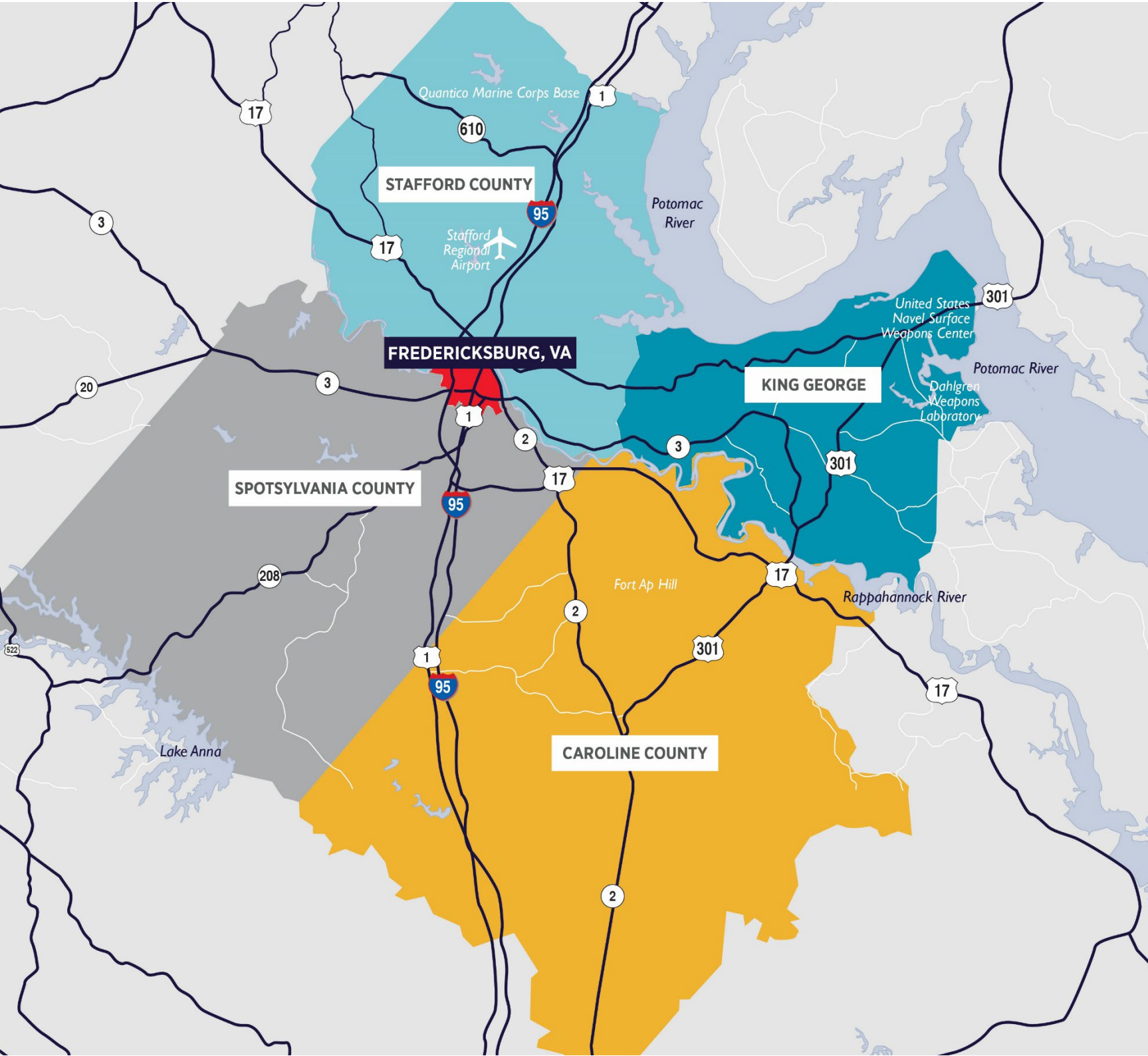
KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
45 Centreport Parkway	Stafford	Undisclosed	46,800	New
16517 Bull Church Road	Caroline	Marble Systems	46,500	New
650 Nelms Circle	Stafford	Undisclosed	12,000	New
68 Cool Springs Road	Stafford	Undisclosed	5,000	New
100 Interstate Business Park	Stafford	Sam Alkotini	2,820	New

KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
16517 Bull Church Road	Caroline	Ladysmith Floor & Lumber / Woodford Sales, LLC	105,000	\$7.2M / \$68.57
44 Joseph Mills Drive	Spotsylvania	Joseph Mills Drive, LLC / Medicorp Properties, Inc.	51,822	\$6.0M / \$115.78
27 McWhirt Loop - 1 st Floor	Stafford	Avelar Candido Castro / Castro Avelar Properties, LLC	29,901	Undisclosed

INDUSTRIAL SUBMARKETS



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