

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.4% Vacancy Rate	▲	▲
-130.1K YTD Net Absorption, SF	▼	▼
\$11.47 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
72.9K Fredericksburg MSA Employment	▲	▲
3.1% Fredericksburg MSA Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: STRONG EMPLOYMENT BASE

The Fredericksburg region unemployment rate dropped 10 basis points (bps) year-over-year (YOY), indicating continued job growth. Regional unemployment closed the year at 3.1%, well below the national average rate of 4.2%. The University of Mary Washington has earned recognition in the latest U.S. News & World Report rankings, placing #9 among top public schools and #132 among national liberal arts colleges. The region is poised for significant growth, with over 9,900 acres under construction or planned for data center development.

SUPPLY AND DEMAND: VACANCY RISES

Vacancy rates continued to climb from the historic lows reached in early 2023, however, the increases have been moderating. Overall vacancy has increased 60 basis points (bps) quarter-over-quarter (QOQ), and 310 bps YOY primarily as a result of two new speculative (SPEC) deliveries that added almost 550,000 square (sf) to the available inventory. Carmel Church Business Center delivered in the second quarter in Caroline County, and Crossroads Industrial in Stafford County came online early in the third quarter, both bulk distribution projects. Leasing activity has topped 600,000 sf for the year, a drop from the high levels of the early pandemic years but robust given the supply-side constraints likely to be alleviated somewhat by the newly built SPEC product. The pipeline remains active with over 443,500 sf scheduled for delivery in the first quarter of 2025.

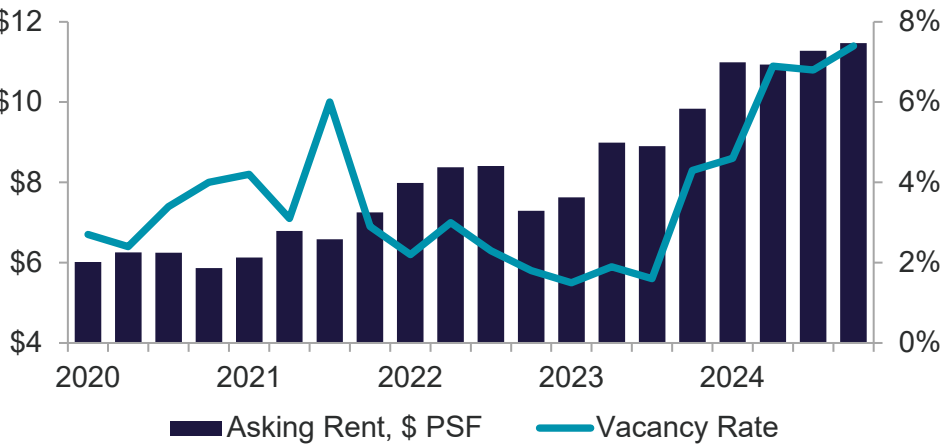
PRICING: RENTAL RATE INCREASES

Overall industrial rates closed the fourth quarter up 16.5% YOY and up 4.8% since the midyear mark. Warehouse rental rates ended the quarter up 17.3% YOY, with upward pressure on pricing expected due to the sustained demand. Sales volume topped \$58.4 million for the year, a steep drop from prior year numbers and an indication of the lack of quality offerings as opposed to declining interest in the region. The sale of the 128,500 sf Simmons Building in Spotsylvania was the year’s top deal, trading from Prologis to EQT Exeter in the second quarter for \$20.2 million.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Caroline County	3,103,906	337,500	10.9%	0	-58,500	325,000	0	\$8.20	-	\$6.00
Fredericksburg City	1,405,654	40,980	2.9%	-40,480	-39,230	0	0	-	-	\$8.25
King George County	541,409	0	0%	0	11,000	0	0	-	-	\$26.76
Spotsylvania County	7,343,932	246,960	3.4%	-101,960	-99,317	260,000	0	-	\$12.00	\$9.86
Stafford County	7,366,731	829,372	11.3%	28,379	55,992	193,817	0	\$14.00	-	\$13.06
FREDERICKSBURG TOTALS	19,761,632	1,454,812	7.4%	-114,061	-130,055	16,747,457	0	\$10.10	\$12.00	\$11.50

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

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3550 Lee Hill Drive	Spotsylvania County	Continental Moving	20,000	New
600 Corporate Drive	Stafford County	Undisclosed	12,785	New
600 Corporate Drive	Stafford County	Undisclosed	7,036	New
129 Industrial Drive	Spotsylvania County	Elite Contracting, Inc.	4,000	New
24 Synan Road	Stafford County	Undisclosed	1,925	New

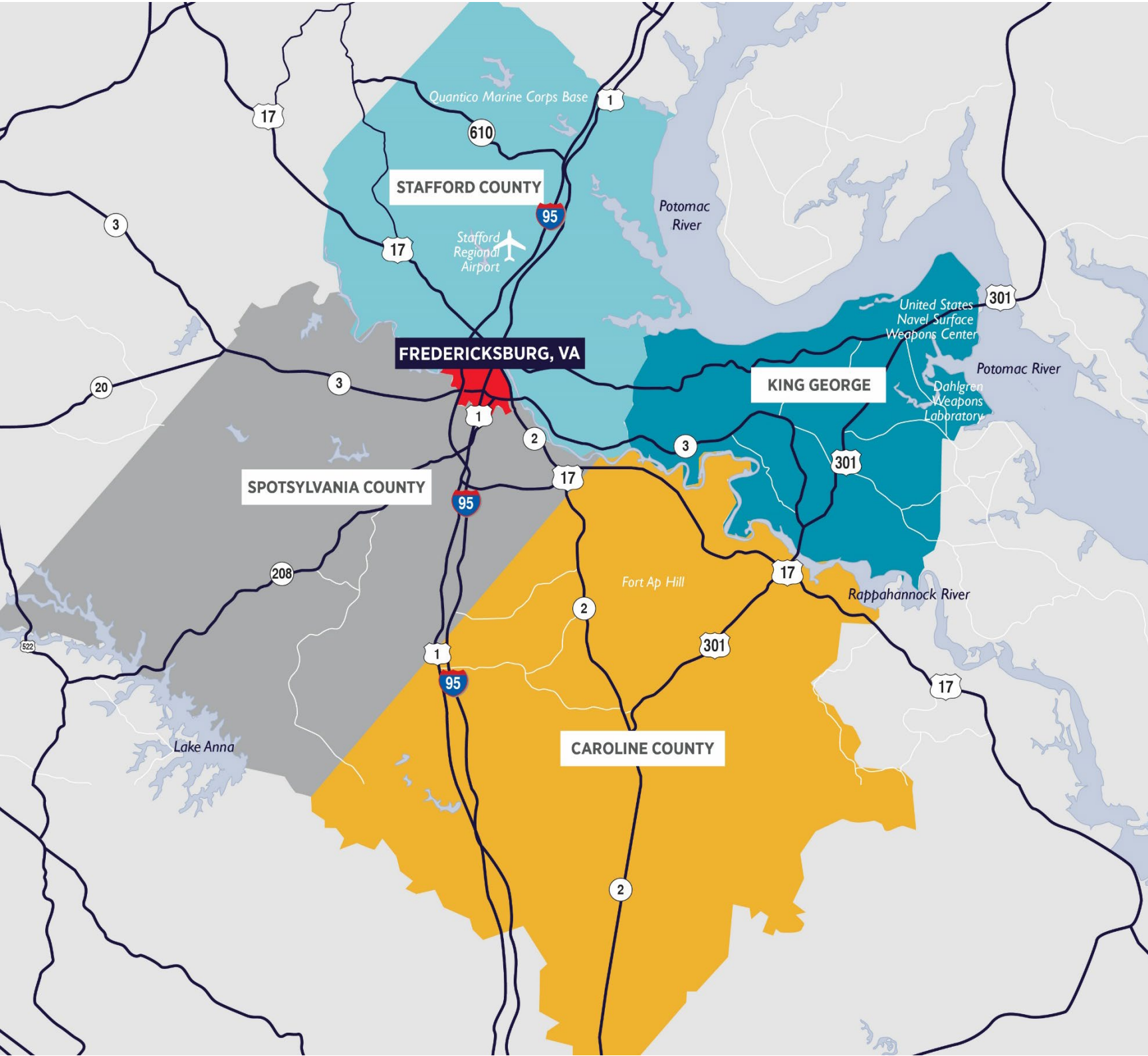
KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
11001 Pierson Drive	Spotsylvania County	L.Dwight & Patricia D Wenger Living Trust / J.H. Payne Investments LLC	6,150	\$865K / \$141
8525 Indian Hills Court	Spotsylvania County	Payne & Payne Properties LLC / Simple Leasing LLC	5,283	\$915K / \$173

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
11174 Enterprise Parkway	Caroline County	(Spec)	325,500	Lingerfelt
1045 Richmond Highway	Stafford County	(Spec)	219,456	Matan Inc.
45 Centreport Parkway	Stafford County	Laudenbach Brewing	46,800	N/A

INDUSTRIAL SUBMARKETS



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