

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.0% Vacancy Rate	▲	▼
7.1K YTD Net Absorption, SF	▼	▲
\$25.91 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▬	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
72.9K Fredericksburg Employment	▲	▲
3.1% Fredericksburg Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: STRONG EMPLOYMENT BASE

The Fredericksburg region unemployment rate dropped 10 basis points (bps) year-over-year (YOY), indicating continued job growth. With an unemployment rate of 3.1%, this remains 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. Meanwhile, the region is experiencing significant growth, with over 9,900 acres under construction or planned for data center development.

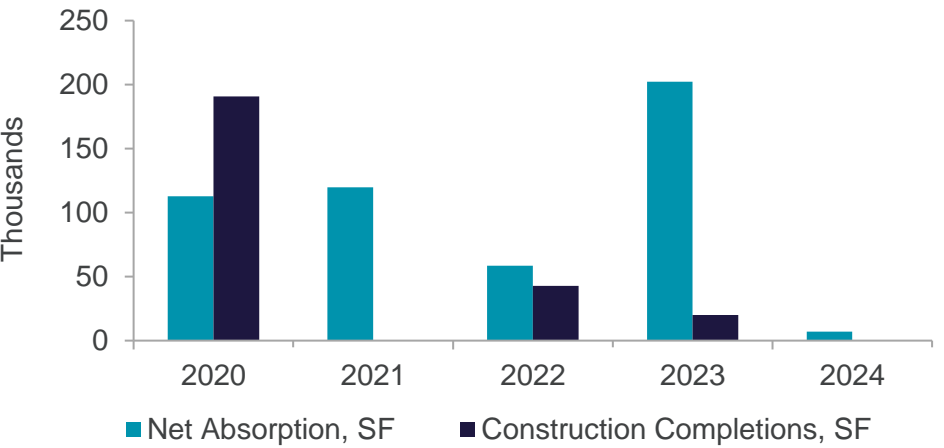
SUPPLY AND DEMAND: LIMITED CONSTRUCTION ACTIVITY

The fourth quarter closed with overall vacancy at 7.0%, an increase of 10 bps quarter-over-quarter (QOQ) and down 30 bps YOY. Net absorption closed the quarter with over 1,800 square feet (sf) of office space absorbed. Leasing activity topped 305,000 sf in 2024 with the most notable deal completed in Q1. ManTech leased 34,758 sf of space in 1000 Corporate Drive, located in Stafford County. Stafford County ended the year with a vacancy rate of 9.7%, compared to rates under 5.7% in the other submarkets. With a limited supply of product under construction, the only project in the pipeline is scheduled to deliver in the second quarter of 2025. The project is located at 9124 Courthouse Road in Spotsylvania County and known as Independence Square Courthouse Village. This new building will total 6,477 sf, and starting rents are estimated to be \$25.00 per square foot (psf).

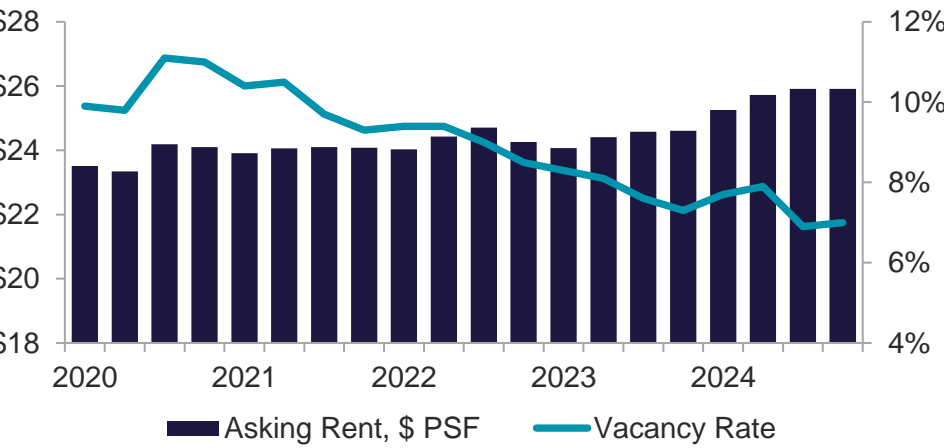
PRICING: RATES REMAIN STEADY

Overall rates remained effectively flat QOQ. Spotsylvania County and Stafford County both saw slight increases in rental rates, while Fredericksburg City experienced a slight decrease. Rates in Caroline County were unchanged QOQ. The total sales volume for the year topped \$43.5 million. The top sale of the year closed in the third quarter. Located at 10300 Spotsylvania Ave, the 157,819 sf office called Lee’s Hill 1 sold for \$17.5 million or \$110.89 psf. The top fourth quarter was located at 520 Williams Street. This 25,425 sf office sold for \$4.3 million or \$169.12 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Caroline County	286,176	4,800	0	1.7%	-4,800	-4,800	2,492	0	\$24.38	-
Fredericksburg City	2,003,053	99,840	8,308	5.4%	-25,899	-31,337	75,496	0	\$25.27	\$23.58
King George County	680,974	33,472	0	4.9%	0	0	5,506	0	-	-
Spotsylvania County	2,036,397	102,017	14,683	5.7%	-3,294	7,975	83,403	6,477	\$23.22	\$22.88
Stafford County	3,147,100	305,500	0	9.7%	35,803	35,274	138,641	0	\$27.15	\$30.43
FREDERICKSBURG TOTALS	8,153,700	545,629	22,991	7.0%	1,810	7,112	305,538	6,477	\$25.91	\$27.35

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
475 Aquia Towne Center Drive	Stafford County	Undisclosed	22,456	New
475 Aquia Towne Center Drive	Stafford County	Undisclosed	9,393	New
150 Riverside Pkwy	Stafford County	ATSSA	6,933	New
475 Aquia Towne Center Drive	Stafford County	Undisclosed	3,572	New
16480 Commerce Drive	King George County	ManTech	3,506	New

\*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q4 2024

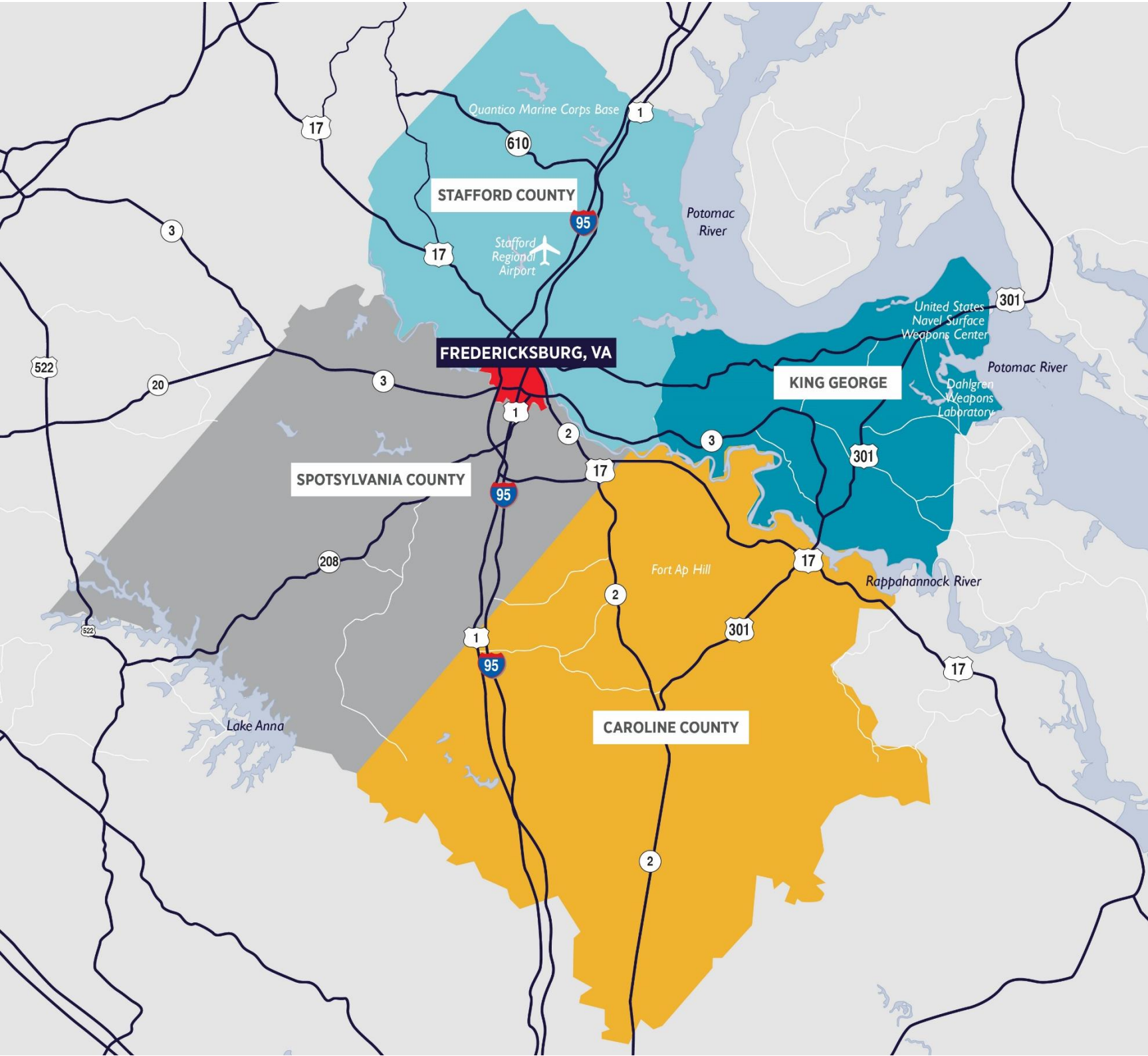
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
520 Williams Street	Fredericksburg City	520 Williams St, LLC Vakos Real Estate Services	25,425	\$4.3M / \$169.12
7851 Dolley's Court	King George County	Coldwell Banker Elite / Mary Washington Health Care	10,816	\$1.3M / \$120.19
1151 Hospital Drive	Fredericksburg City	150 Spear Street Associates / Irfgst-Fredericksburg LLC	7,696	Undisclosed
4471 James Madison Parkway	King George County	Law Office of Kyle Skopic / Lakeside Title Company	6,264	\$651,248 / \$103.97
4483 James Madison Parkway	King George County	Law Office of Kyle Skopic / Lakeside Title Company	4,176	\$548,752 / \$131.41

KEY UNDER CONSTRUCTION Q4 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
9124 Courthouse Road	Spotsylvania County	N/A	6,477	WJ Vakos



OFFICE SUBMARKETS



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