

MARKET FUNDAMENTALS

	YOY Chg	Outlook
<div>\$103,600</div> <div>Median HH Income</div>	▲	▲
<div>2.3%</div> <div>Population Growth</div>	▼	▲
<div>3.1%</div> <div>Unemployment Rate</div>	▼	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
<div>2.1%</div> <div>GDP Growth</div>	▼	▲
<div>2.7%</div> <div>Consumer Spending Growth</div>	▬	▲
<div>1.9%</div> <div>Retail Sales Growth</div>	▼	▲

Source: BEA, Census Bureau

ECONOMY: STRONG EMPLOYMENT BASE

The Fredericksburg regional 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.

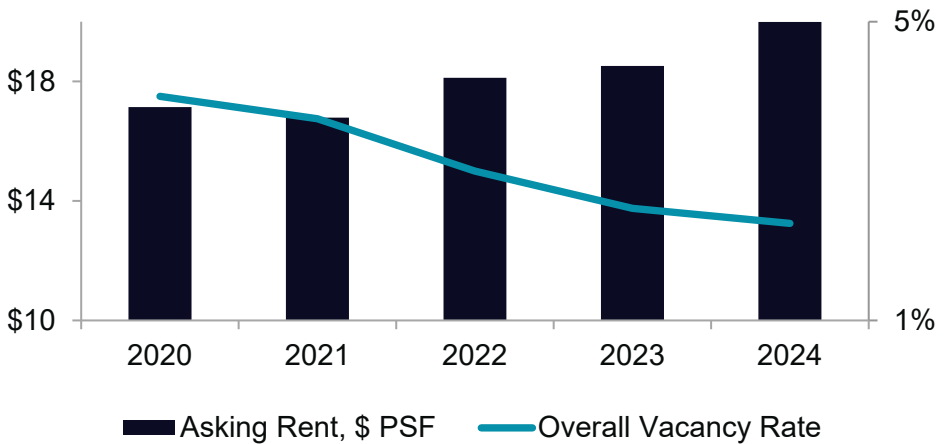
SUPPLY OR DEMAND: HISTORIC LOW VACANCY

The vacancy rate closed the quarter at 2.3%, an increase of just 20 bps since the historic low hit midyear and flat YOY. The year's leasing activity topped 426,000 square feet (sf) with overall net absorption of just over 57,000 sf. Deliveries totaled 85,618 sf for the year, with all product preleased prior to completion. The construction pipeline remains active with 155,115 sf currently in development with preleasing in 61% of those projects. 5980 Plank Road is planned to deliver in the second quarter, and will total 76,000 sf of neighborhood center space, helping with the supply side limitations.

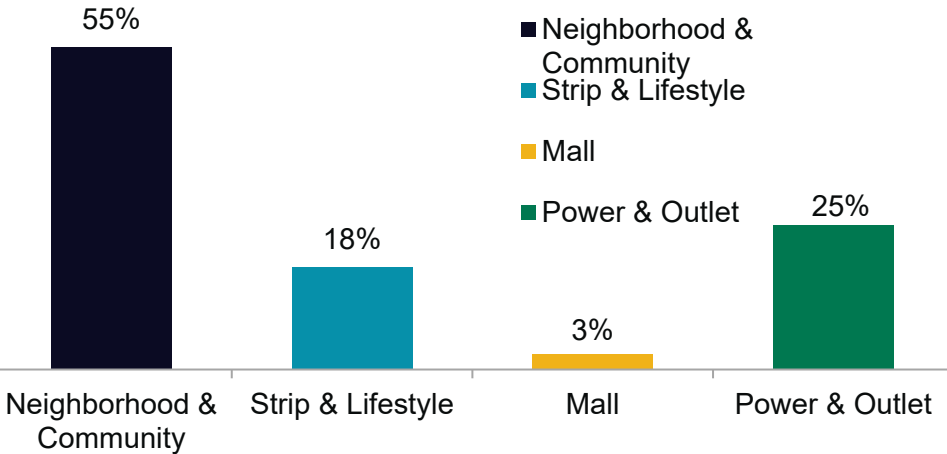
PRICING: RATES ON THE RISE

Overall quoted rates continue to rise, closing the fourth quarter at \$20.60 per square foot (psf), as increase of almost 9% YOY. Quarterly sales activity totaled \$27.2 million with annual volume just under \$74 million. The top sale transaction was located at 860 Richmond Highway in Stafford County. This 6,040 sf building sold for \$5.2 million, or \$859.65 psf. Following behind was 10520 James Madison Parkway. Located in King George County, this 2,709 sf building transacted for \$3.87 million, or \$1,428.57 psf.

SPACE DEMAND / DELIVERIES



AVAILABILITY BY PROPERTY TYPE



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)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Caroline County	804,309	2,920	0	0.4%	7,765	21,498	5,919	\$33.79
Fredericksburg City	5,497,189	82,314	0	1.5%	1,567	-15,878	8,500	\$18.22
King George County	1,108,543	73,600	1,298	6.8%	-2,500	4,522	0	\$19.65
Spotsylvania County	8,279,422	200,388	31,688	2.8%	16,104	-59,323	109,860	\$21.47
Stafford County	5,894,262	100,592	0	1.7%	17,686	106,344	30,836	\$21.67
FREDERICKSBURG TOTALS	21,583,725	459,814	32,986	2.3%	40,622	57,163	155,115	\$21.01

\*Rental rates reflect Triple Net asking \$PSF/Year

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
10604 Courthouse Road	Spotsylvania County	Undisclosed	13,813	New
5099 Patriot Highway	Spotsylvania County	Undisclosed	6,758	New
1100-1140 Stafford Market Place	Stafford County	Undisclosed	5,888	New
1380-1386 Carl D Silver Parkway	Fredericksburg City	River Rock Outfitters	4,200	New
325 Garrisonville Road	Stafford County	Massage Envy	2,500	Renewal

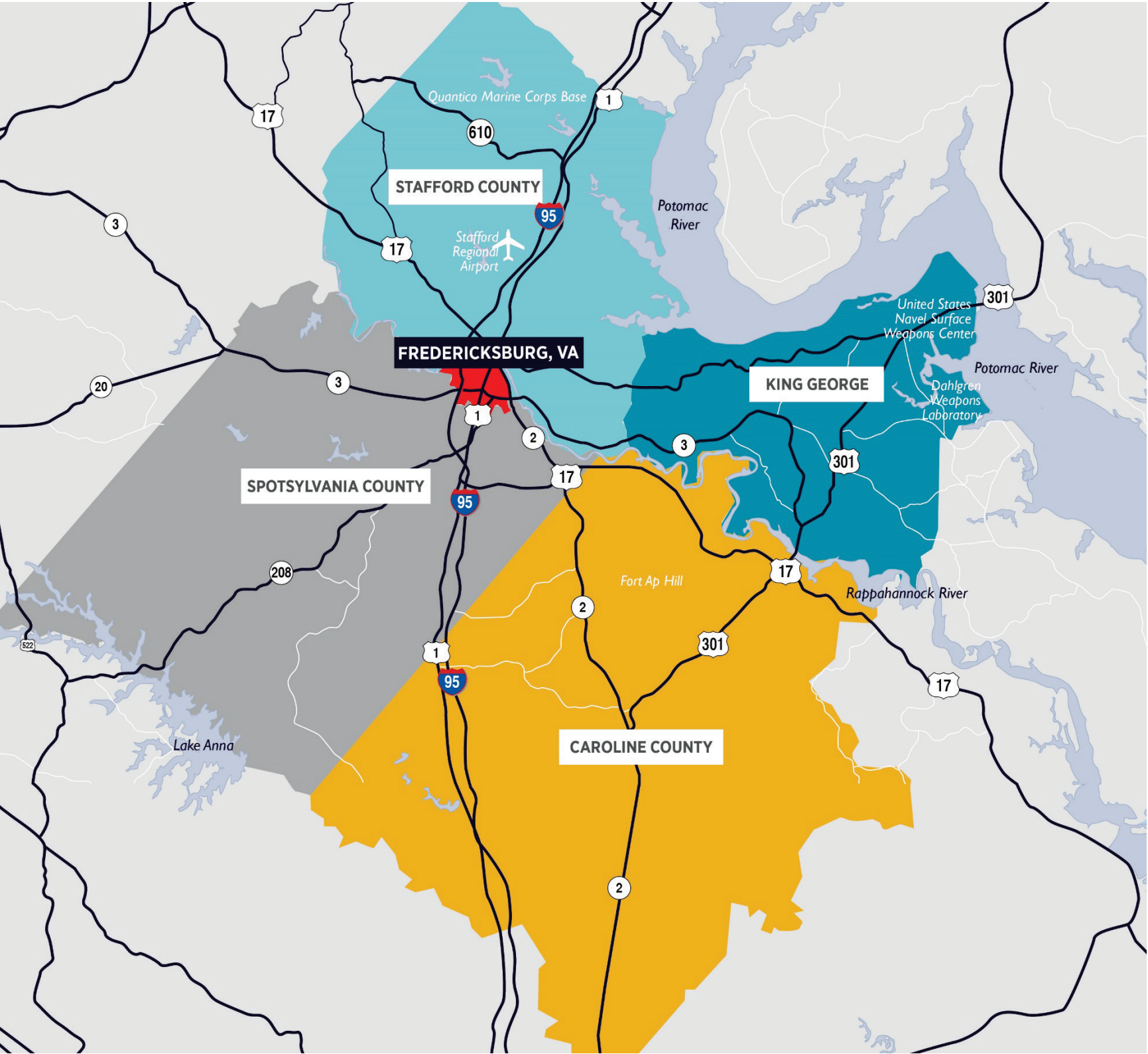
KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
400-410 Amaret St	Fredericksburg City	Fredericksburg Auto Parts Inc / Jarrell Properties, Inc.	18,758	\$1.9M / \$100
3502 Plank Road	Spotsylvania County	Hallberg, LP / Taste of Tandoor	12,190	\$2.03 / \$167
860 Richmond Highway	Stafford County	6s Wawa Cranes Corner VA / Wgv LC	6,049	\$5.2M / \$860
1698 Carl D Silver Parkway	Fredericksburg City	Artemis Real Estate Partners / Paladin Company	4,016	\$3.4M / \$847
10520 James Madison Parkway	King George County	The Niki Group / Zusin Development	2,709	\$3.9M / \$1,429

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
25550 A P Hill Boulevard	Caroline County	Royal Farms	5,440	Two Farms Inc.
4900 Plank Road	Spotsylvania County	Valvoline	2,500	Sumner Partners, LLC

RETAIL SUBMARKETS



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