

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.2% Vacancy Rate	▲	▼
-50.4K YTD Net Absorption, SF	▼	▼
\$26.70 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.1K Fredericksburg Employment	▲	▲
3.0% Fredericksburg Unemployment Rate	▼	▲
4.1% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: EMPLOYMENT GROWTH CONTINUES

Fredericksburg's unemployment rate has dropped 10 basis points (bps) quarter-over-quarter (QOQ), staying well below the national average of 4.1%. Recognized as the 2024 State of the Year by Business Facilities, Virginia continues to build on its business-friendly atmosphere, and Fredericksburg is growing at the center of it. Since 2020, the region's population has surged by 6.5%, the fastest growth rate among Virginia's planning districts, according to the University of Virginia's Weldon Cooper Center. In addition, The Silver Companies and STACK Infrastructure are planning a major \$10 billion data center investment in the City of Fredericksburg, further boosting the area's economic momentum.

SUPPLY AND DEMAND: VACANCY INCREASES

The first quarter closed with overall vacancy at 8.2%, an increase of over 13.9% QOQ. Leasing activity reached almost 40,000 sf, and the largest deal was in the City of Fredericksburg with Samson Properties' renewal of 7,198 sf in 1440 Central Park Boulevard. Stafford County continues to have the highest vacancy rate in the market, ending at 10.0%, with Spotsylvania close behind at 9.3%. All other submarkets have vacancy rates below 6.3%. Independence Square Courthouse Village, located at 9124 Courthouse Road in Spotsylvania County remains under construction. This 6,477 sf office building is expected to be completed in the second quarter of 2025, and starting rents are estimated to be \$25.00 per square foot (psf).

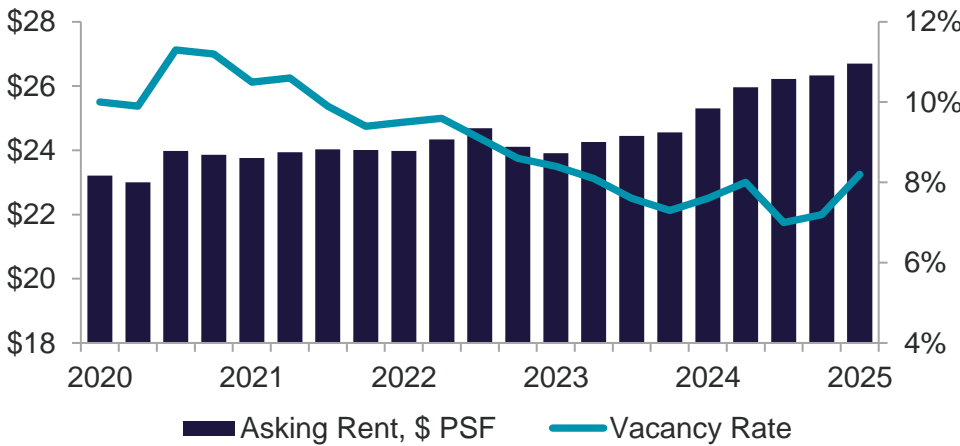
PRICING: RATES TREND UPWARD

Overall rates have increased 5.7% QOQ. Fredericksburg City and Stafford County both saw slight increases in rental rates, while Spotsylvania County experienced a slight decrease. Rates in Caroline County were unchanged from the previous quarter. The top sale transaction for the quarter was the transfer of 1340 Central Park Boulevard. Mary Washington Healthcare purchased this 42,367 sf building for \$8.6 million or \$203.58 psf. Mary Washington Healthcare also purchased 1031 Care Way, expanding their regional footprint. Also located in Fredericksburg City, this 20,568 sf building sold for \$6.7 million, or \$325.75 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	2,400	0	0.8%	0	0	2,400	0	\$24.44	\$
Fredericksburg City	1,867,872	100,418	8,308	5.8%	6,992	6,992	20,498	0	\$26.74	\$24.29
King George County	670,158	42,068	0	6.3%	3,527	3,527	3,527	0	-	-
Spotsylvania County	2,036,397	189,234	0	9.3%	-75,534	-75,534	8,456	6,477	\$24.09	\$23.69
Stafford County	3,160,457	317,618	0	10.0%	14,534	14,534	4,282	0	\$27.92	\$30.58
FREDERICKSBURG TOTALS	8,021,060	651,738	8,308	8.2%	-50,481	-50,481	39,163	6,477	\$26.70	\$27.68

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1440 Central Park Blvd	Fredericksburg City	Samson Properties	7,198	Renewal
305 Hanson Ave	Fredericksburg City	Lincare	5,900	Renewal
10304 Spotsylvania Ave	Spotsylvania County	MD Tech Solutions LLC	3,584	New
16442 Commerce Dr	King George County	Undisclosed	3,527	New
5608 Southpoint Center Blvd	Spotsylvania County	Undisclosed	3,000	New

*Renewals not included in leasing statistics

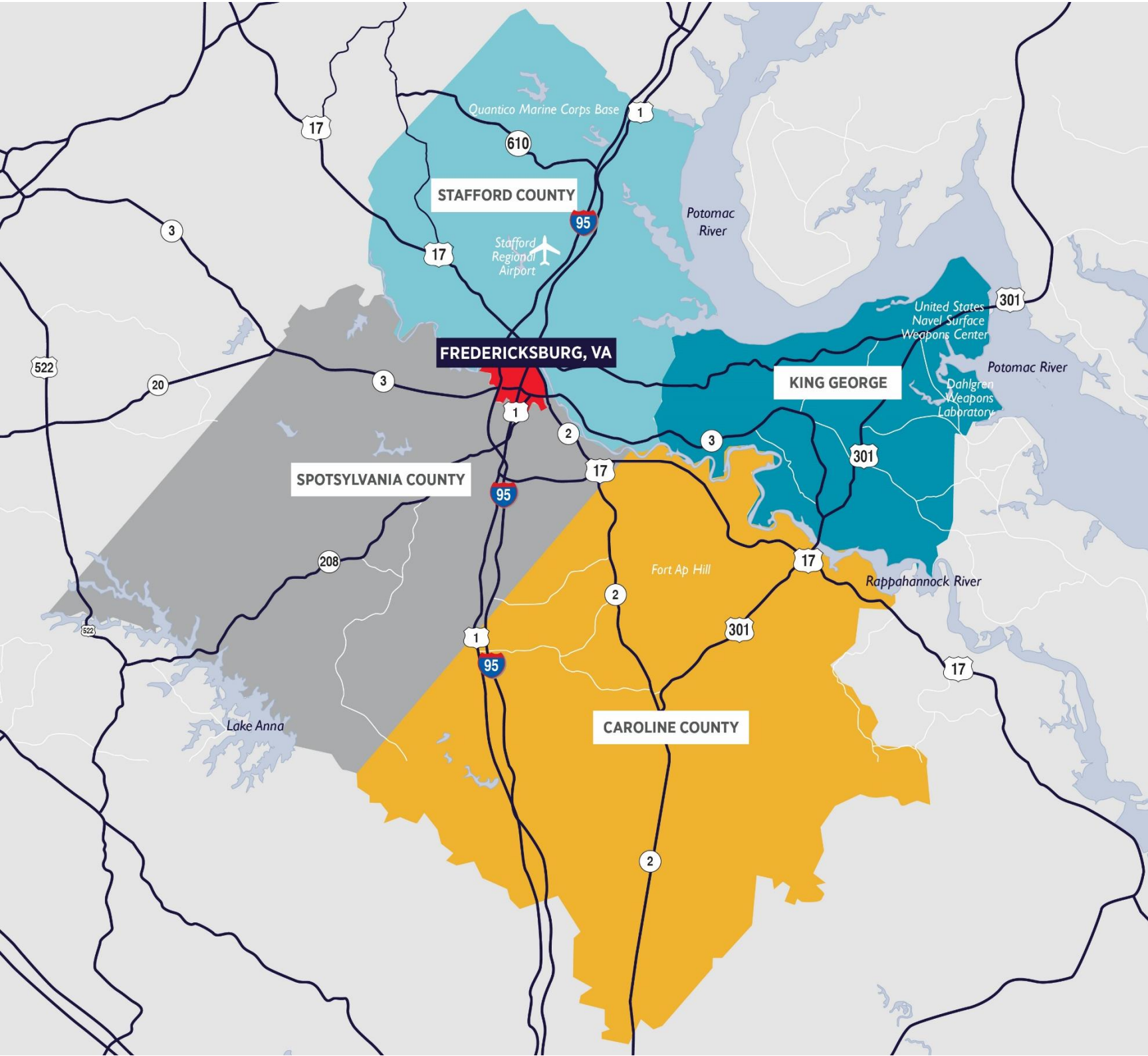
KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
1340 Central Park Blvd	Fredericksburg City	Rappaport / Mary Washington Healthcare	42,367	\$8.6M / \$203.58
1031 Care Way	Fredericksburg City	Gastroenterology Associates of Fredericksburg/ Mary Washington Healthcare	20,568	\$6.7M / \$325.75

KEY UNDER CONSTRUCTION Q1 2025

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

OFFICE SUBMARKETS



JAMIE SCULLY, CCIM
Senior Vice President
Tel: +1 540 322 4140
jamie.scully@thalhimer.com

WILSON GREENLAW, JR., CCIM, SIOR
Vice President
Tel: +1 540 322 4156
wilson.greenlaw@thalhimer.com

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of services, leasing, capital markets, and valuation and other services. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.