

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.2% Vacancy Rate	▲	▲
809.1K YTD Net Absorption, SF	▲	▲
\$10.05 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.8K Fredericksburg MSA Employment	▲	▲
3.2% Fredericksburg MSA Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: STRONG EMPLOYMENT BASE

Fredericksburg's unemployment rate has increased just over 14.0% year-over-year (YOY) but continues to stay well below the national average of 4.2%, reflecting the region's ongoing economic strength. Virginia's reputation as a top location for business was further affirmed by its ranking among the Top 10 Best States by Chief Executive Magazine. Supporting this positive outlook, construction is currently underway on the Capitol 95 Logistics Center in Stafford County, a major addition to the region's growing industrial footprint. This speculative warehouse project led by Flint Development will be 934,423 square feet (sf) upon completion.

SUPPLY AND DEMAND: STRONG WAREHOUSE ACTIVITY

Overall vacancy has increased 60 basis points (bps) quarter-over-quarter (QOQ) and up 20 bps YOY to 7.2%. The construction pipeline remains active, with over 2.0 million square feet (msf) in the works. Capitol 95 Logistics makes up over 46.3% of the construction pipeline. The distribution center at 2035 Austin Ridge Drive delivered in the second quarter, adding 193,817 sf of high bay space to the market. Developed by NorthPoint Development, rates are estimated to start at \$8.00 to \$10.00 per square foot (psf) for this Stafford County facility.

Leasing activity topped 54,600 sf for the quarter. Warehouse space was in high demand, accounting for 96.7% of the leasing activity, while the remaining 3.2% involved manufacturing space. The largest deal was Kaeser Compressors, Inc.'s renewal of 14,4000 sf of warehouse space at 3004 Mine Road, which is located in Spotsylvania County.

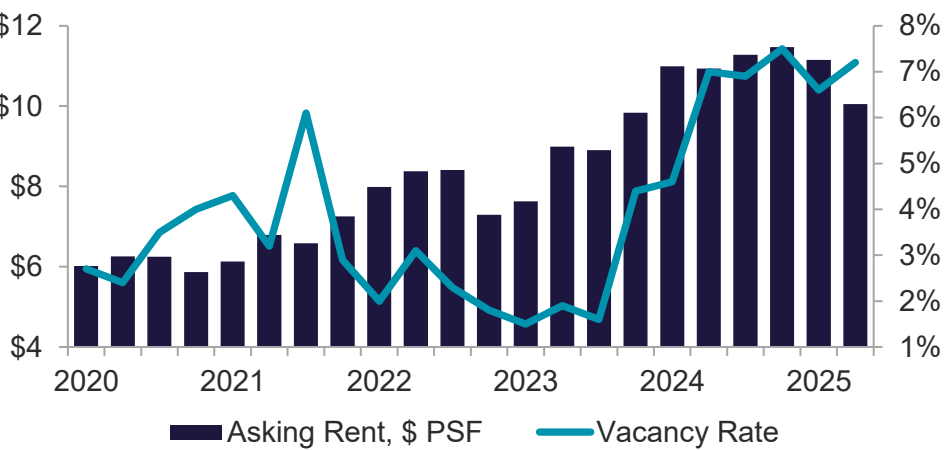
PRICING: RENTAL RATES DECREASE

Overall industrial rates decreased 9.9% QOQ. Rates for warehouse space decreased 10.4%, where as manufacturing space remained flat QOQ. 35 Venture Drive topped the sale transactions for the quarter. This 42,625-sf flex building in Stafford County traded for \$5.93 million or \$139.00 psf, and was 100% occupied by Sika USA at the time of sale.

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)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Caroline County	3,134,658	325,500	10.4%	0	58,500	325,000	0	\$8.20	-	\$6.00
Fredericksburg City	1,441,052	40,680	2.8%	2,050	300	0	0	-	-	\$9.70
King George County	541,409	0	0.0%	0	0	0	0	-	-	-
Spotsylvania County	7,117,718	193,831	2.7%	73,136	91,276	260,000	0	-	\$16.00	\$9.29
Stafford County	8,049,740	907,774	11.3%	172,643	658,986	1,432,860	723,817	\$14.00	-	\$13.55
FREDERICKSBURG TOTALS	20,284,577	1,467,785	7.2%	247,829	809,062	2,017,860	723,817	\$10.10	\$16.00	\$9.98

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

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3004 Mine Rd	Spotsylvania County	Kaeser Compressors, Inc	14,400	Renewal*
110 Juliad Ct	Stafford County	1Luv Foods, LLC	12,500	New
230 Industrial Dr	Spotsylvania County	Flowers Baking Company of Lynchburg, LLC	7,000	Renewal*
33 Perchwood Dr	Stafford County	Undisclosed	4,000	New
4100-4136 Lafayette Blvd	Spotsylvania County	Undisclosed	3,300	New

*Renewals not included in leasing activity

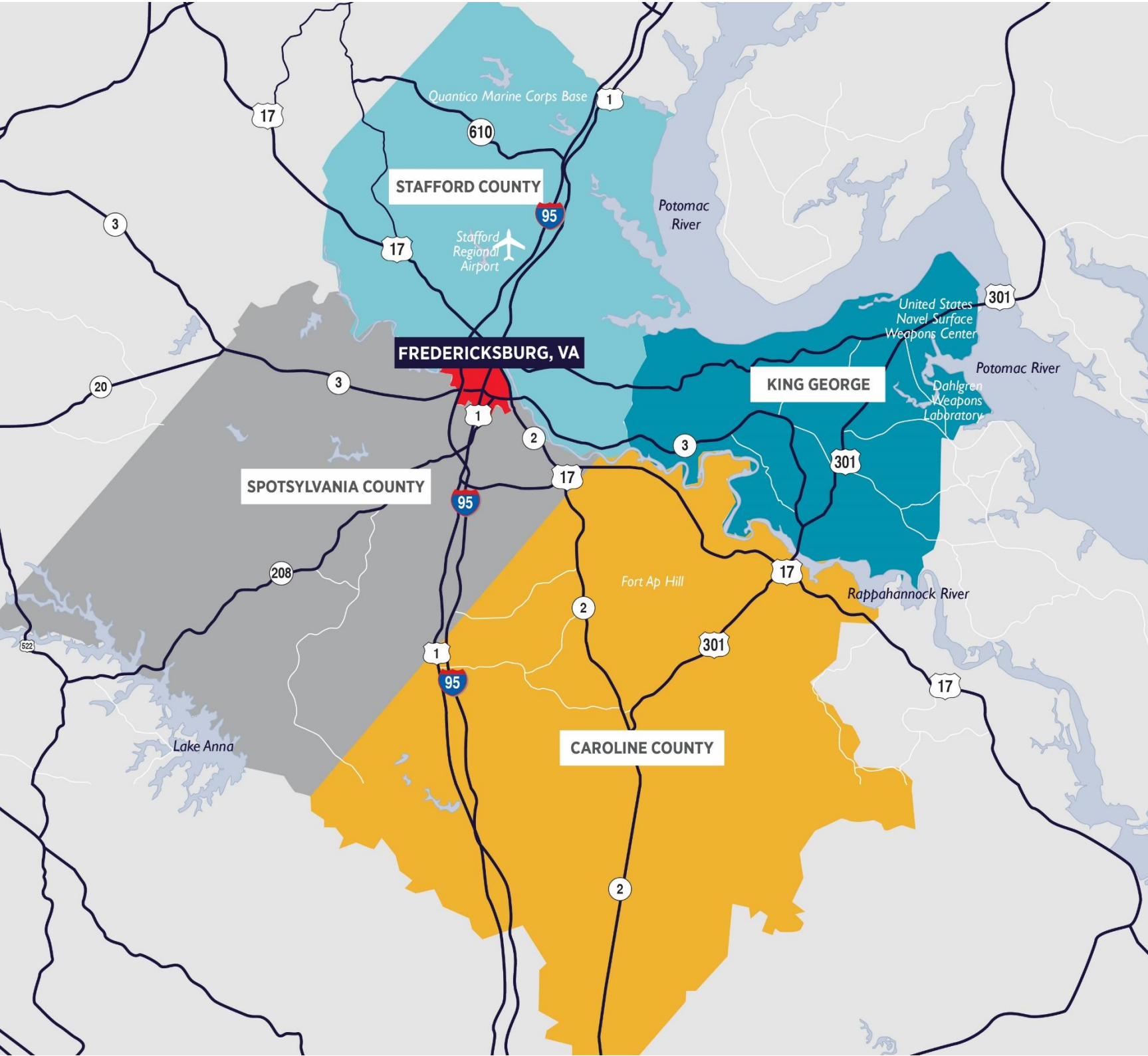
KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
35 Venture Dr	Stafford County	Hgw Properties, LLC / 35 Venture Dr, LLC	42,625	\$5.93M / \$139.00
42 Blackjack Rd	Stafford County	MEBA Holdings, LLC / Stafford County Planning & Community Development	15,000	\$2.95M / \$196.67
23039 Richmond Tpke	Caroline County	Quality Land Group, LLC / Two-Tac, LLC	12,000	\$1.9M / \$158.33

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
2035 Austin Ridge Dr	Stafford County	(Spec)	193,817	NorthPoint Development

INDUSTRIAL SUBMARKETS



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