

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.5% Vacancy Rate	▲	▼
3.0K YTD Net Absorption, SF	▲	▼
\$26.67 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.8K Fredericksburg Employment	▲	▲
3.2% Fredericksburg Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: DEVELOPMENT ACTIVITY INCREASES

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: VACANCY DECREASES

Vacancy ended the second quarter down 70 bps quarter-over-quarter (QOQ), while leasing activity topped 47,000 sf. Spotsylvania County saw the biggest drop in vacancy, with a decrease of almost a 27.0%, whereas Caroline County saw the biggest increase, a jump of almost 100% to a 1.9% vacancy rate. The lease of 8,000 sf at 450 Garrisonville Road, located in Stafford County, topped the list of second quarter transactions. Closing in on completion, 9124 Courthouse Road, otherwise known as Independence Square Courthouse Village remains under construction. Located in Spotsylvania County, starting rents remain estimated at \$25.00 per-square-foot (psf) for this 6,477 sf building.

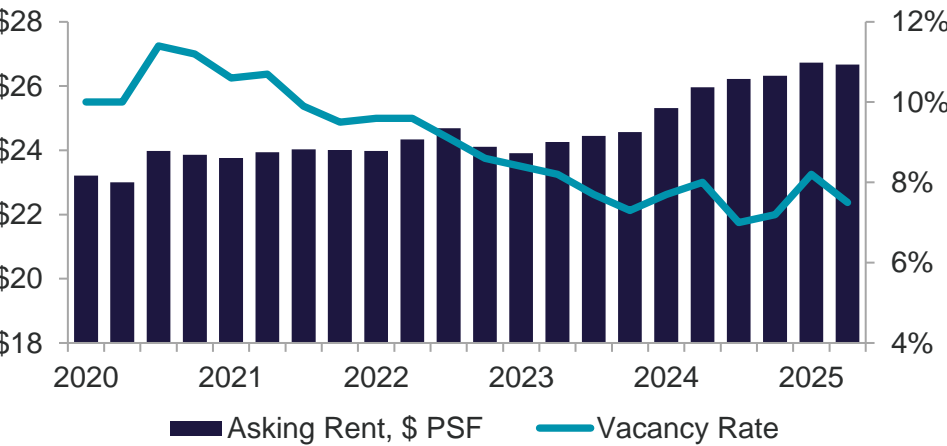
PRICING: RENT RATES STABILIZE

Overall rent growth rates have stabilized, remaining effectively flat QOQ and up 2.7% YOY. Spotsylvania County and Stafford County both saw rates minimally increase just under 1.0% QOQ. Rates in Caroline County and King George County remained flat QOQ. Topping the sale transactions for the quarter was 3447-3451 Fall Hill Avenue, a 13,600-sf multi-tenant medical office building located in Fredericksburg City that traded for \$2.3 million (M) 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	4,580	0	1.6%	220	220	2,400	0	\$24.44	-
Fredericksburg City	1,829,006	106,677	8,208	6.1%	-1,804	5,483	37,231	0	\$26.41	\$24.29
King George County	670,158	44,260	0	6.6%	-2,192	1,335	3,527	0	-	-
Spotsylvania County	2,029,897	140,515	0	6.9%	50,728	-24,565	17,283	6,477	\$24.23	\$23.74
Stafford County	3,150,544	316,447	0	9.4%	-234	20,533	43,067	0	\$27.98	\$30.65
FREDERICKSBURG TOTALS	7,965,781	611,479	8,208	7.5%	46,718	3,006	103,508	6,477	\$26.67	\$27.76

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
450 Garrisonville Rd	Stafford County	Undisclosed	8,000	New
475 Aquia Towne Center	Stafford County	Undisclosed	6,514	New
1701 Fall Hill Ave	Fredericksburg City	Link It All	5,164	New
2761 Jefferson Davis Hwy	Stafford County	Undisclosed	4,980	New
10304 Spotsylvania Ave	Spotsylvania County	Undisclosed	4,000	New

*Renewals not included in leasing statistics

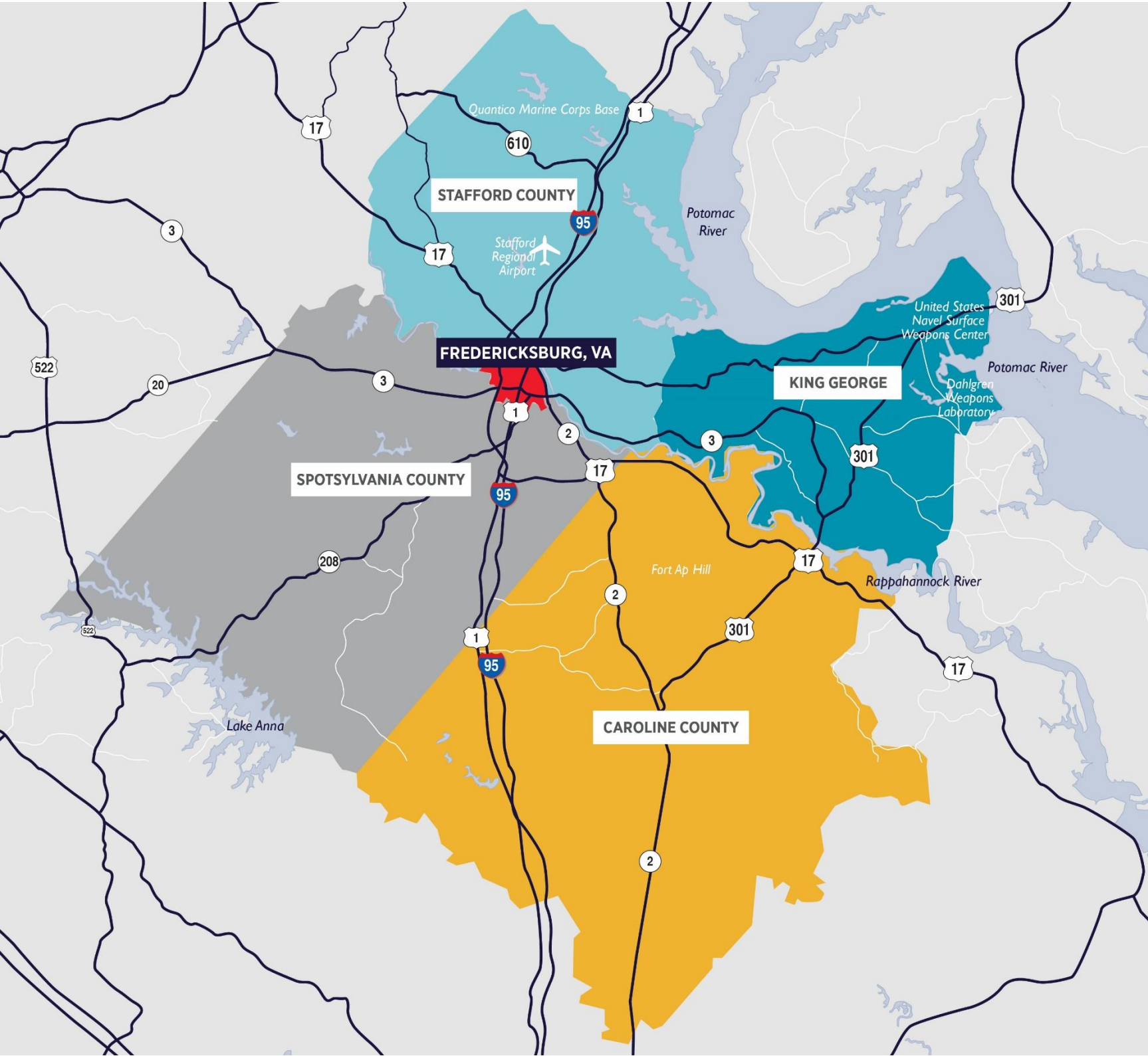
KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3447-3451 Fall Hill Ave	Fredericksburg City	Revive Real Estate, LLC / JR3, LLC	13,600	\$2.3M / \$169.12

KEY UNDER CONSTRUCTION Q2 2025

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

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