



ECONOMY: CONTINUED DATA CENTER INVESTMENTS

Fredericksburg's unemployment rate increased 60 basis points (bps) year-over-year (YOY), reaching 3.5%, yet remains well below the national average of 4.6%. Fredericksburg and the surrounding region continue to demonstrate strong economic growth and investment potential. Vantage Data Centers plans to invest \$2 billion (B) in a new data center campus in Stafford County, a project expected to generate 1,100 construction jobs. The region also benefits from a highly skilled workforce, highlighted by Virginia's Talent Accelerator Program, which Area Development magazine recently ranked as the #1 Workforce Training Program in the nation. Educational excellence further strengthens the area's appeal, with the University of Mary Washington earning a Top 10 spot in the 2026 U.S. News & World Report rankings and placing #8 nationally among Top Public Schools - National Liberal Arts Colleges.

SUPPLY AND DEMAND: VACANCY INCREASING

Vacancy ended the fourth quarter at 7.4%, up 50 bps quarter-over-quarter (QOQ) and up 70 bps YOY. Leasing activity topped 60,050 square feet (sf) throughout the quarter and ended the year with 272,120 sf leased. Spotsylvania County saw the most leasing activity during the fourth quarter, with over 18,720 sf of space being leased.

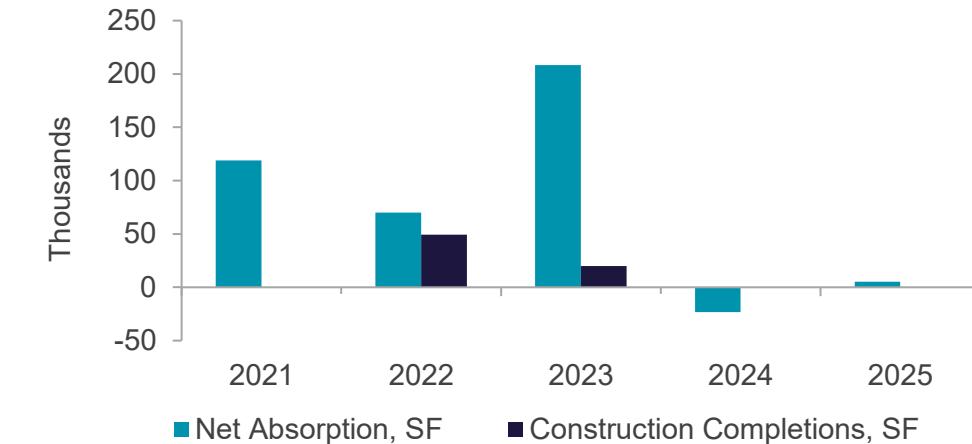
Topping the lease transactions for the quarter was 10304 Spotsylvania Ave. An undisclosed tenant leased 14,683 sf of Class A office space in Spotsylvania County. Following behind was L3 Harris Technologies' renewal of 6,357 sf of office space at 17021 Combs Dr, located in King George County.

PRICING: GROWTH RATES STABILIZING

Overall rent growth rates increased less than 1.0% QOQ and decreased 6.4% YOY. Caroline County, Fredericksburg City, and Stafford County all saw slight increases in rental rates, while Spotsylvania County saw a decrease, and King George County's rates remained flat QOQ.

Sales volume topped \$19.4 million (M) for the year in the Fredericksburg region. Mill Race Commons, located at 701 Kenmore Ave in Fredericksburg City topped the sale transactions for the fourth quarter. This 31,818-sf building was 83.7% leased at the time of sale and transacted for \$3.75M, or \$117.86 per square foot (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	191,986	2,180	0	1.1%	2,400	2,620	4,800	0	\$24.51	-
Fredericksburg City	1,954,214	87,446	3,208	4.6%	19,024	23,670	98,383	0	\$26.67	\$24.57
King George County	632,009	30,225	0	4.8%	0	8,287	18,737	0	\$27.70	-
Spotsylvania County	2,041,927	163,622	0	8.0%	-46,487	-62,255	46,763	0	\$24.14	\$23.94
Stafford County	3,083,458	298,574	0	9.7%	11,312	33,005	103,437	0	\$25.10	\$26.77
FREDERICKSBURG TOTALS	7,903,594	582,047	3,208	7.4%	-13,751	5,327	272,120	0	\$25.18	\$24.96

*Rental rates reflect full service asking

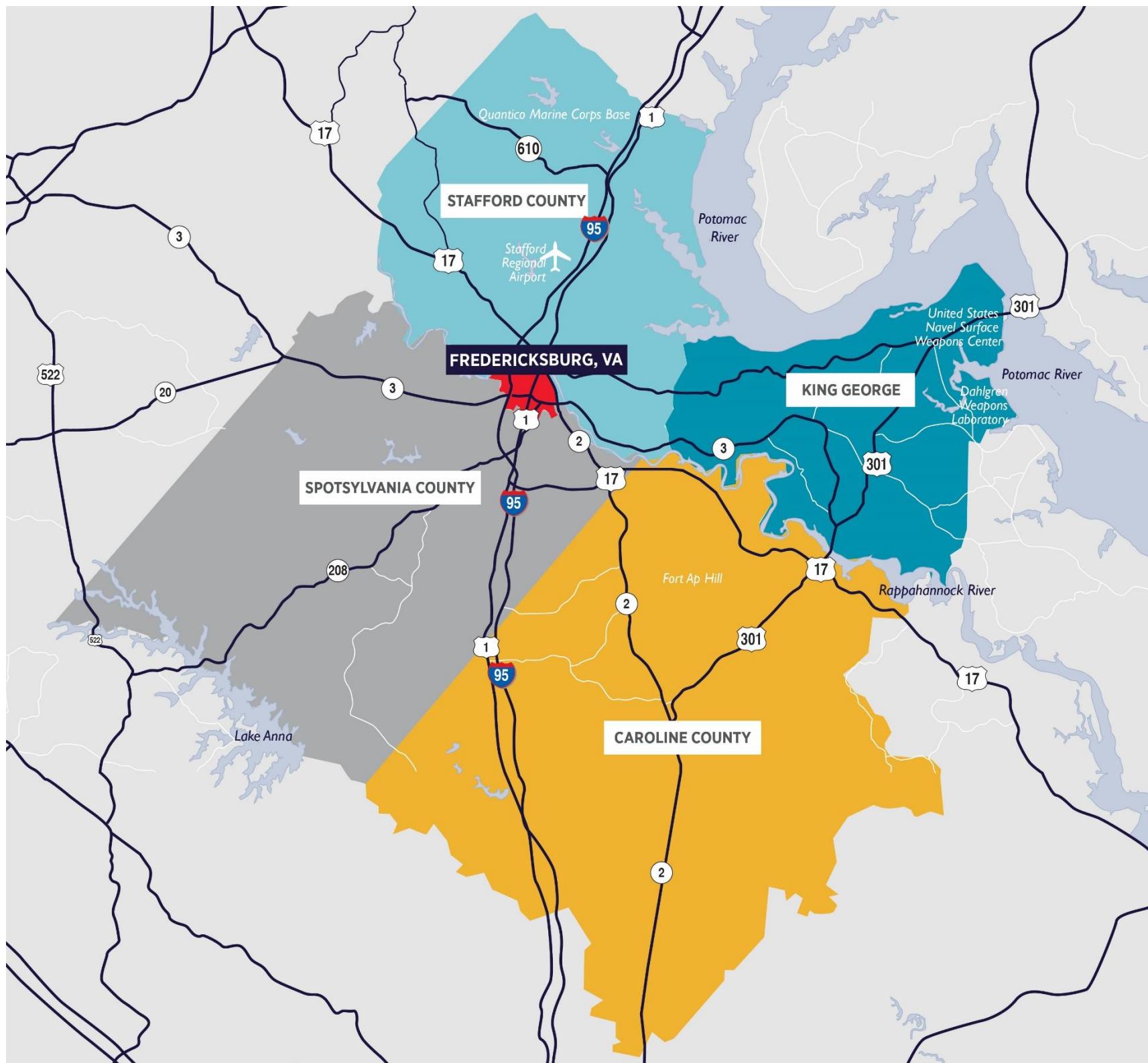
KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
10304 Spotsylvania Ave	Spotsylvania County	Undisclosed	14,683	New
17021 Combs Dr	King George County	L3 Harris Technologies	6,357	Renewal
600-610 Westwood Office Park	Fredericksburg City	Undisclosed	4,800	New
16442 Commerce Dr	King George County	Undisclosed	3,988	New
24 Center St	Stafford County	Undisclosed	3,815	New

KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
701 Kenmore Ave	Fredericksburg City	Lester Properties / Crescent Development Company	31,818	\$3.75M / \$118

OFFICE SUBMARKETS

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