

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.4% Vacancy Rate	▼	▼
10.3K YTD Net Absorption, SF	▼	▲
\$25.56 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.7K Fredericksburg Employment*	▲	▲
3.7% Fredericksburg Unemployment Rate*	▲	▼
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS
 *Q4 2025

ECONOMY: CONTINUED DATA CENTER INVESTMENTS

Fredericksburg's regional market is experiencing robust growth and development across multiple sectors. Fredericksburg's unemployment rate increased 70-basis-points (bps) year-over-year (YOY), reaching 3.7%, yet remains well below the national average of 4.3%. Caroline County, the fourth fastest growing county in Virginia, saw its population increase by 11.7% between 2020 and 2025. Major tourism and entertainment investment is underway with the \$900 million (M) Kalahari Resort under construction, which is now accepting bookings and slated to open in late 2026. Meanwhile, the data center industry continues to be a major driver, contributing \$40 billion (B) in statewide economic impact in 2025. In Stafford County, three data center projects totaling over 7 million square feet (msf) are under construction, including a \$2.2B campus by Vantage Data Centers, underscoring the region's growing prominence in technology infrastructure.

SUPPLY AND DEMAND: VACANCY DECREASING

Vacancy ended the first quarter at 7.4%, down 10 bps quarter-over-quarter (QOQ) and down 100 bps YOY. Leasing activity topped 52,985 square feet (sf) throughout the quarter, closing with positive absorption at 10,369 sf. Fredericksburg City saw the most leasing activity during the first quarter, with over 21,240 sf of space being leased, and Stafford County followed behind with 15,792 sf being leased.

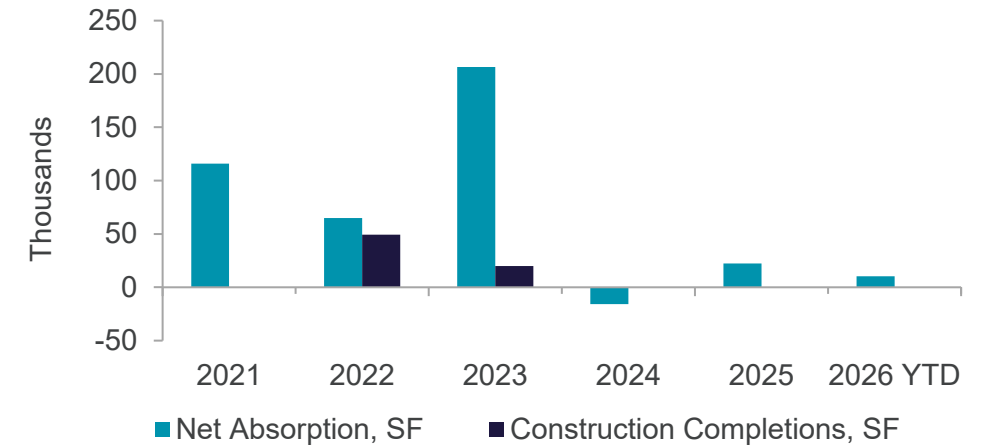
Topping the lease transactions for the quarter was 124 Old Potomac Church Rd. An undisclosed tenant leased 9,718 sf of Class B office space in Stafford County. Following behind was an undisclosed tenant's lease of 6,429 sf of office space at 1420 Central Park Blvd, located in Fredericksburg City.

PRICING: GROWTH RATES INCREASING

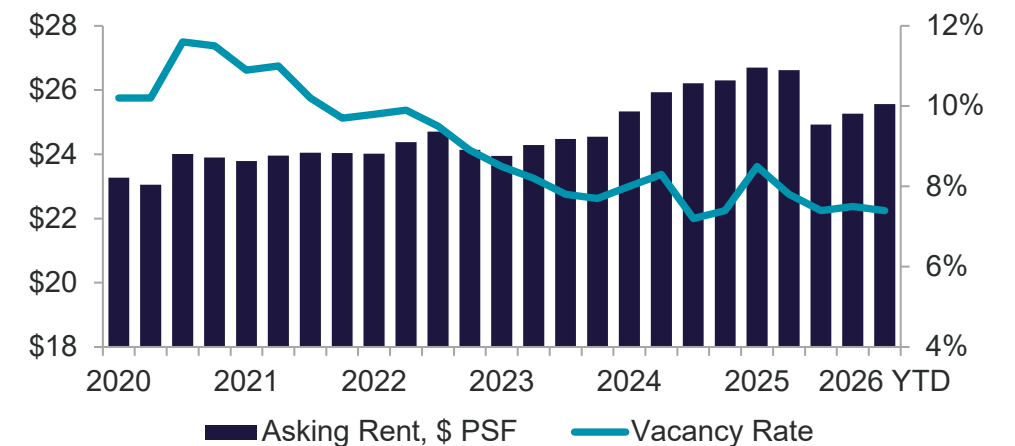
Overall rent growth rates increased less than 1.0% QOQ and decreased 4.3% YOY. Fredericksburg City and Spotsylvania County saw slight increases in rental rates, while King George County and Stafford County saw a decrease, and Caroline County's rates remained flat QOQ.

Sales volume topped \$1.7M for the quarter in the Fredericksburg region. A portfolio sale consisting of 1131 Journal Pky, a 15,000-sf medical office building, and 10244-10258 Kings Hwy, an 8,800-sf medical office building, transacted for \$1.7M, or \$71 per-square-foot (psf) to a private entity. Both properties were fully leased at the time of sale, and the cap rate was 7.15%

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	1,702	0	0.9%	478	478	4,342	0	\$24.51	-
Fredericksburg City	1,873,731	81,833	0	4.4%	8,726	8,726	21,240	0	\$27.08	\$26.69
King George County	624,939	32,606	0	5.2%	-6,357	-6,357	3,976	0	\$26.19	-
Spotsylvania County	1,974,249	171,229	0	8.7%	-4,990	-4,990	7,635	0	\$25.25	\$25.31
Stafford County	3,072,359	281,924	0	9.2%	12,512	12,512	15,792	0	\$24.92	\$26.44
FREDERICKSBURG TOTALS	7,736,464	569,294	3,208	7.4%	10,369	10,369	52,985	0	\$25.56	\$25.98

*Rental rates reflect full service asking

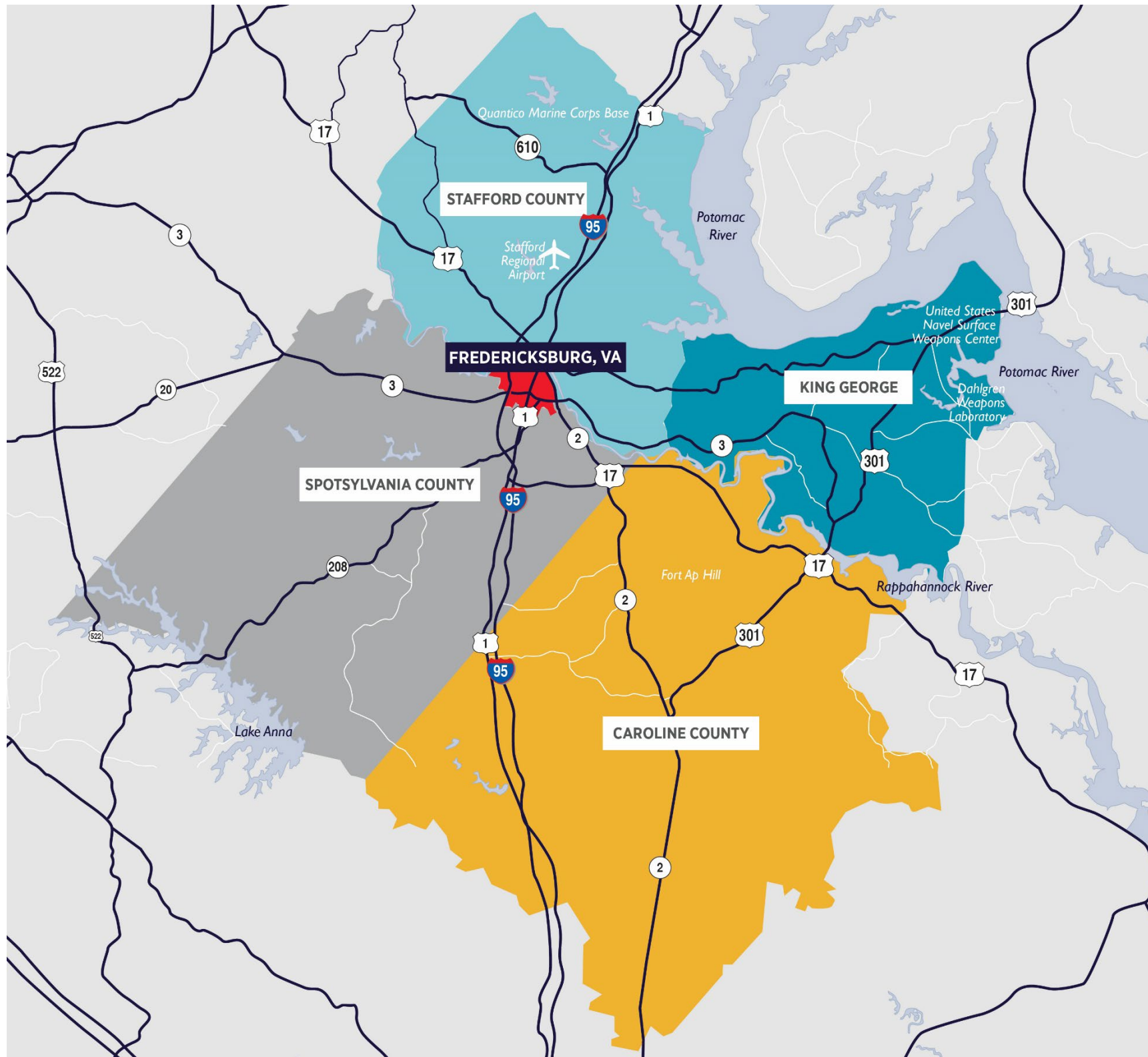
KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
124 Old Potomac Church Rd	Stafford County	Undisclosed	9,718	New
1420 Central Park Blvd	Fredericksburg City	Undisclosed	6,429	New
292-294 Garrisonville Rd	Stafford County	Undisclosed	5,474	New
16541 Commerce Dr	King George County	Undisclosed	3,976	New
701 Kenmore Ave	Fredericksburg City	Banduri, LLC	3,952	New

KEY SALE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
11131 Journal Pky	King George County	Journal Properties, LLC / Undisclosed	15,000	\$1.17M / \$77.84
102-10258 Kings Hwy	King George County	Journal Properties, LLC / Undisclosed	8,800	\$532K / \$60.50

OFFICE SUBMARKETS



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