MARKETBEAT

FREDERICKSBURG, VA

OFFICE Q2 2026

CUSHMAN & WAKEFIELD

THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.0% Vacancy Rate	▲	▼
-51.2K YTD Net Absorption, SF	▼	▲
$25.55 Asking Rent, PSF	▼	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.5K Fredericksburg Employment*	▼	▲
3.9% Fredericksburg Unemployment Rate*	▲	▼
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

ECONOMY: TECHNOLOGY AND TALENT FUEL MOMENTUM

Fredericksburg's market continues to benefit from significant economic investment, infrastructure expansion, and workforce growth. The Fredericksburg Regional Alliance recently rebranded as Virginia's Innovation Crossroads Alliance at the University of Mary Washington, reinforcing the region's focus on global engagement and innovation. Mary Washington Healthcare was recognized by Newsweek as one of America's Greatest Workplaces for Entry-Level Employees in 2026, highlighting the strength of the area's labor market. The region's technology sector continues to expand, with STACK Infrastructure placing the final beam on the first building of its 500-acre Stafford Technology Campus, a development expected to generate approximately $80 million (M) in annual tax revenue at full buildout. Additionally, Virginia Railway Express (VRE) commuter rail ridership approached 2.0M riders in fiscal year 2025, a 25% increase over the prior year, reflecting growing regional connectivity and population movement.

SUPPLY AND DEMAND: LEASING ACTIVITY ACCELERATES

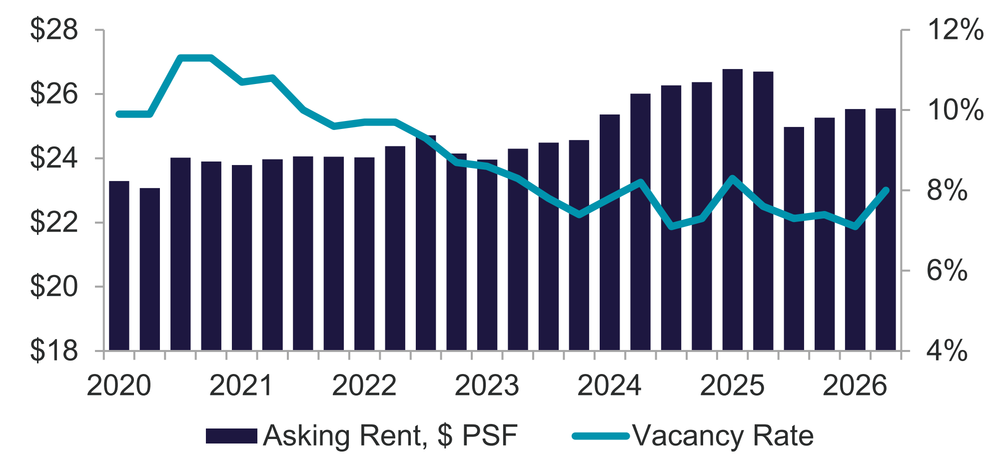
Vacancy ended the first quarter at 8.0%, up 60 bps quarter-over-quarter (QOQ) and down 40 bps year-over-year (YOY). Leasing activity topped 172,162 square feet (sf) throughout the quarter, a 67.0% increase compared to the previous quarter, and a 210.7% increase YOY. Spotsylvania accounted for over 56.6% of quarterly leasing activity. Topping the lease transactions was Goodwill's lease of office space at 4701 Market St. They renewed 79,240-sf of space in Spotsylvania County. Following behind was QRC. The tenant signed a lease for 29,000-sf of space at 1191 Central Park Blvd in Fredericksburg City.

PRICING: MEDICAL OFFICE SALES LEAD ACTIVITY

Overall rent growth rates remained essentially flat QOQ and decreased 4.3% YOY. Sales volume topped $9.2M for the quarter in the Fredericksburg region. The Lester Group purchased a 12,177-sf medical condo at 12 Chatham Heights Rd, Suite 101 in Stafford County for $6.03M, or $494.79 per-square-foot (psf), topping the transactions for the quarter. The unit was fully occupied by Vision Innovation Partners and sold as an absolute triple net investment with an 8.4% cap rate at the time of sale. The Lester Group also purchased Suite 102 from the current tenant, Fusion Rehab and Wellness. The condo was 5,112 sf and purchased for $1.6M, or $312.99 psf with a cap rate of 8.7%.

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	186,186	1,530	0	0.8%	172	650	4,342	0	$24.51	-
Fredericksburg City	2,068,215	120,710	3,821	5.6%	-37,028	-25,783	104,309	0	$26.63	$25.28
King George County	603,774	32,606	0	5.4%	0	-2,381	13,788	0	$26.19	-
Spotsylvania County	1,948,969	159,694	0	7.6%	-914	11,465	40,699	0	$25.71	$25.13
Stafford County	3,071,079	326,632	8,388	10.9%	-42,422	-35,110	31,490	0	$24.83	$26.27
FREDERICKSBURG TOTALS	**7,878,223**	**641,172**	**12,209**	**8.0%**	**-80,192**	**-51,159**	**194,628**	**0**	**$25.55**	**$25.52**

**Rental rates reflect full service asking*

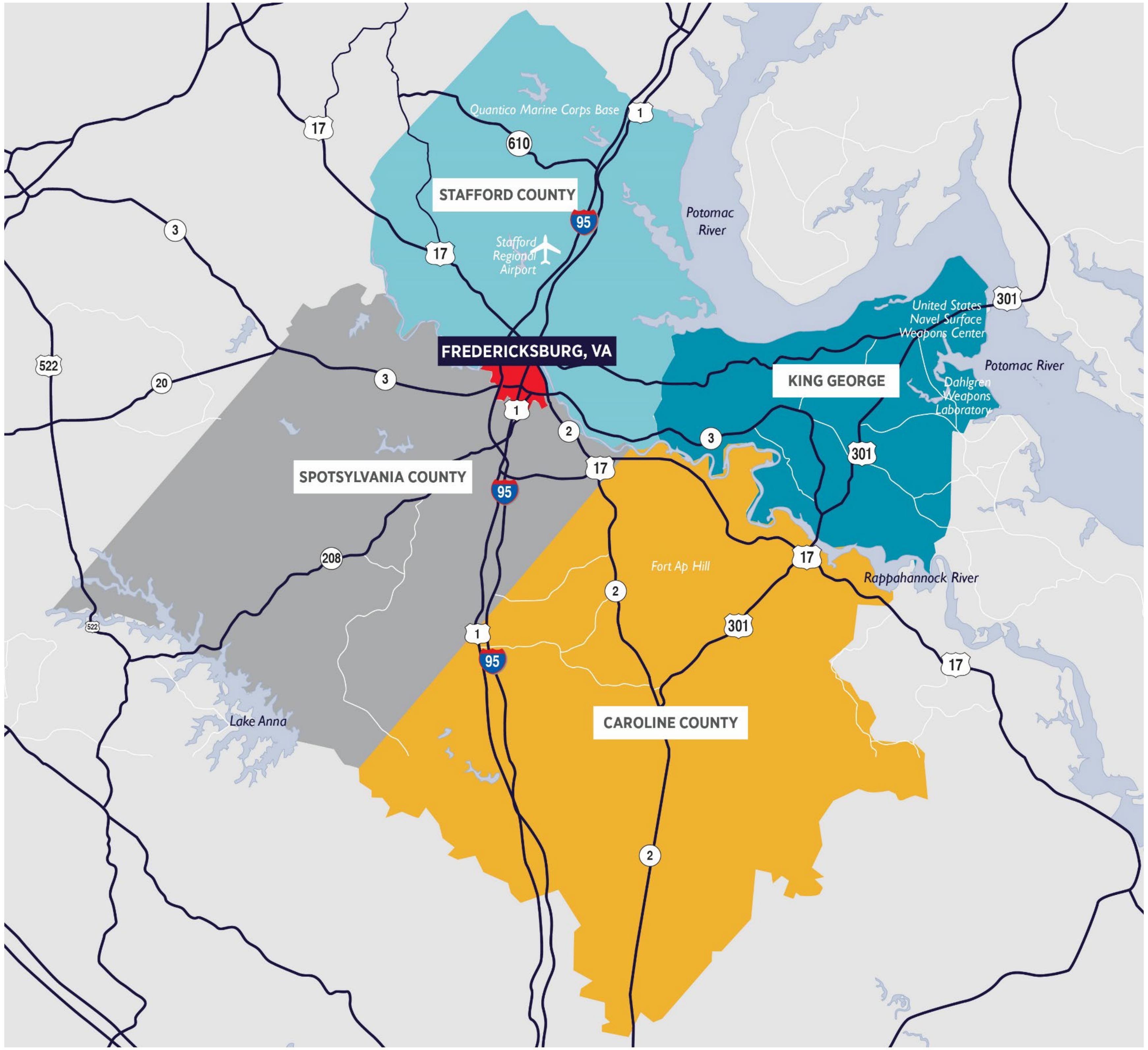
KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4701 Market St	Spotsylvania County	Goodwill	79,240	Renewal
1191 Central Park Blvd	Fredericksburg City	QRC	29,000	New
1320 Central Park Blvd	Fredericksburg City	Regus	12,758	Renewal
10304 Spotsylvania Ave	Spotsylvania County	Undisclosed	11,000	New
1221-1239 Central Park Blvd	Fredericksburg City	FX Clinical Research	5,100	New

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
12 Chatham Heights Rd - 101	Stafford County	MEBA Holdings, LLC / The Lester Group	12,177	$6.03M / $494.79
307 Lafayette Blvd	Fredericksburg City	Vakos Real Estate Services / Athena Construction Group, Inc	7,650	$1.53M / $199.35
12 Chatham Heights Rd - 102	Stafford County	Fusion Rehab and Wellness / The Lester Group	5,112	$1.6M / $312.99

OFFICE SUBMARKETS



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