

FREDERICKSBURG INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

4Q10

AT A GLANCE

- Vacancy has been slowly trending downward from a peak of 24.5% in the third quarter of 2009 to the current 17.6%. Steady, although not robust, leasing activity and hardly any new construction contributes to this decline.
- Sales activity in 2010 included a couple of significant industrial land transfers. Teremark Corporation purchased 27 acres in nearby Culpeper to expand its data center campus, and an investor purchased 60 acres in Battlefield Industrial Park at auction.
- Quad/Graphics, a global print company, announced that its plant at 4333 Davenport Road would be closing by the end of January, 2011. The 153,800-sf building on 10 acres will increase the vacancy rate in Spotsylvania County by almost three percentage points.

MARKET HIGHLIGHTS

SIGNIFICANT 2010 NEW LEASE TRANSACTIONS			
BUILDING	TENANT	SF	PROPERTY TYPE
4900 Ondura Avenue	OFIC North America	46,332	Warehouse
230 Industrial Drive	Goodfellers Tree Service	24,638	Land
18 Powell Lane	Cargo Express	22,054	Warehouse
11001 Houser Drive	Select Auto Sales	18,892	Distribution
4951 Quality Drive	KSI	14,400	Warehouse
11905 Gin Alley	Scenic Services	12,000	Warehouse
11812 Main Street	Renegade Armor	11,342	Warehouse

SIGNIFICANT 2010 SALE TRANSACTIONS			
BUILDING	BUYER	SF	PURCHASE PRICE
Technology Drive, Culpeper	Teremark Corp.	27 acres	\$5,000,000
1127 International Parkway	1127 International, LLC	59,272	\$2,800,000
1351 Belman Road	M&M Auto Parts	143,605	\$2,500,000
Battlefield Industrial Park	Dr. J. Gupta	60 acres	\$2,112,000

SIGNIFICANT 2010 CONSTRUCTION COMPLETIONS			
BUILDING	MAJOR TENANT	SF	COMPLETION DATE
11720 Main Street	N/A	15,000	11/2010

ECONOMIC INDICATORS			
National	2009	2010	2011F
GDP Growth	-2.6%	2.8%	2.8%
CPI Growth	-0.3%	1.6%	1.5%
Regional			
Unemployment	6.0%	6.5%	6.4%
Employment Growth	-1.8%	0.8%	1.4%

Source: Moody's | Economy.com

SUBMARKET	OVERALL INVENTORY	OVERALL VACANCY RATE	DIRECT WEIGHTED AVERAGE NET RENTAL RATE
Caroline County	783,238	57.8%	\$2.53
Fredericksburg City	1,101,581	14.0%	\$4.51
King George County	217,990	66.5%	\$2.99
Spotsylvania County	5,374,867	13.6%	\$6.44
Stafford County	3,788,535	13.2%	\$6.82
TOTAL	11,266,211	17.6%	\$5.36

BEAT ON THE STREET



“The fourth quarter showed signs of stabilizing and continued slow improvement heading into 2011. The strongest improvement seems to be in the lease of 1,000 to 5,000-sf flex space as many of those vacancies were filled this quarter.

-Virgil Nelson, CCIM – Vice President

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