

MARKETBEAT

FREDERICKSBURG, VIRGINIA OFFICE REPORT

Thalhimer
commercial real estate

1Q08

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

AT A GLANCE

- Existing tenants with expiring terms are looking for new spaces and better deals with the large inventory of office space in the market. These same tenants are getting unsolicited concessions from their existing landlords to keep them in the current space.
- Many businesses that are looking in the market are getting nervous about the economy. Slow and steady is the name of the game.
- Vacancies are popping up in buildings that are rarely vacant, and price point pressures are being felt. Early outs are being exercised more often.
- There are still investors in the market looking for credit tenant office projects to buy and many tenants are still choosing to build or buy their own buildings.

ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.9%	2.2%	1.5%
CPI Growth	3.2%	2.8%	3.0%
Regional			
Unemployment	2.6%	2.5%	3.0%
Employment Growth	3.6%	3.8%	2.5%

BEAT ON THE STREET



"The Base Realignment Commission (BRAC) is creating a competition between landlords, and the influx of these direct military jobs and their related contractors has not yet been fully realized."

—Jamie Scully, Commercial Sales/Leasing

SIGNIFICANT 1Q08 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	BUILDING CLASS
North Stafford Center for Business and Technology	MKI Systems	12,581	A
Salem Fields	Pratt Medical	4,800	B
Centre Court	Wachovia	2,985	A

SIGNIFICANT 1Q08 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
North Stafford Center for Business and Technology	DBSI	94,000	\$22,800,000

SIGNIFICANT 1Q08 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
1000 Corporate Drive	N/A	140,000	10/08
39 Tech Parkway	N/A	44,500	4/08

MARKET STATISTICS

Market	Inventory	Overall Vacancy	YTD Leasing Activity	Direct Wtd. Avg Class A Gross Rental Rate psf/yr
Caroline County	203,453	50.2 %	0	\$20.61
King George County	305,052	5.8%	3,300	\$11.75
Fredericksburg City	1,640,688	8.2%	9,915	\$21.49
Spotsylvania County	1,420,963	24.5%	1,500	\$21.42
Stafford County	1,566,162	16.7%	96,421	\$23.24



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