

# MARKETBEAT

## FREDERICKSBURG, VIRGINIA INDUSTRIAL REPORT

**Thalhim**  
commercial real estate

2Q08

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

### AT A GLANCE

- The market has yet to absorb a flurry of new construction, including on Route 17 in Stafford County, where investors bought 50 acres and built 140,000 square feet (sf) of concrete tilt-up distribution/manufacturing space, with 300,000 sf more to come.
- Vacancy for industrial space is at 20%. Rental rates remain stable at \$6.50 per square foot (psf) and up.
- The General Services Administration, which handles real estate for the federal government, has a project in Stafford County that will come online in mid-2009. Also of note, TerreMark, an international technology security firm, completed the first of five 50,000-sf buildings in Culpeper. The company plans to eventually invest \$270 million in the area, including a 70,000-sf office.
- Looking ahead, expect slow absorption without much downward pressure on rental rates.

### MARKET HIGHLIGHTS

#### SIGNIFICANT 2008 YTD NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
101 Juliad Court	N/A	4,000	Warehouse
11001 Houser Drive	C A Reed	3,300	Warehouse

#### SIGNIFICANT 2008 YTD SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
N/A			

#### SIGNIFICANT 2008 YTD CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Virginia Gateway	N/A	140,000	4/08

#### SIGNIFICANT 2008 PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
2525 Celebrate Virginia Parkway	N/A	51,000	8/08

### ECONOMIC INDICATORS

National	2006	2007	2008F
GDP Growth	2.9%	2.2%	1.6%
CPI Growth	3.2%	2.9%	3.6%
Regional			
Unemployment	2.6%	2.5%	3.2%
Employment Growth	3.6%	3.8%	4.6%

Source: Fredericksburg Regional Alliance, Moody's | Economy.com

### MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL INVENTORY	OVERALL VACANCY RATE	DIRECT WEIGHTED AVERAGE NET RENTAL RATE
Caroline County	471,414	66.4%	\$2.75
King George County	95,900	0.0%	\$6.00
Fredericksburg City	633,044	9.2%	\$6.81
Spotsylvania County	3,859,356	17.9%	\$7.16
Stafford County	3,122,144	18.4%	\$7.83
<b>TOTAL</b>	<b>8,181,858</b>	<b>20.0%</b>	<b>\$6.55</b>

\*Rental rates reflect \$psf/year

### BEAT ON THE STREET

"Overall industrial vacancy is up due to the largest speculative project ever to hit Stafford County, Virginia Gateway Distribution Center. Flex condo speculation has cooled and the existing inventory is slowly being absorbed."

—Jamie Scully, Commercial Sales/Leasing



For further information, please contact one of our Brokerage Services Professionals:

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