

MARKETBEAT

FREDERICKSBURG, VIRGINIA INDUSTRIAL REPORT

Thalhimer
commercial real estate

2Q09

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

AT A GLANCE

- Leasing activity was up slightly this quarter, although it is still well off last year's pace. Renewals activity has outpaced new leasing as some tenants take the opportunity to lock in lower rates by renewing early. Landlords are equally as happy to secure a tenant for a few more years at the expense of a slightly lower rate.
- Flex vacancy rates rose from just over 21% last year to 24.5% this year. However, the top ten largest flex properties account for two-thirds of the total vacancy. Smaller flex properties are staying leased. Asking rental rates are holding steady at \$10.00 on average.
- Vacancy rates for warehouse, comprising 63% of the industrial market inventory, have remained relatively flat. There are large blocks of industrial space available. The vacancy rates for buildings smaller than 40,000 sf is 14.6% compared to 21.3% for the overall market.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	1.1%	-3.0%	1.2%
CPI Growth	3.8%	-0.6%	1.7%
Regional			
Unemployment	4.1%	6.8%	6.3%
Employment Growth	0.1%	0.2%	0.3%

Source: Moody's | Economy.com

BEAT ON THE STREET

"The industrial market rental rates have leveled off after dropping 20% in the last year. The current market is steady with the most improvement in the under 15,000 sf range and a small improvement in product over 50,000 sf."



—Virgil Nelson, CCIM
Vice President

MARKET HIGHLIGHTS

SIGNIFICANT 2Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
3010 Mine Road	TruTech	95,000	Warehouse
11047 Pierson Drive	11 Distributing	5,800	Distribution

SIGNIFICANT 2Q09 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
11700 Shannon Drive	Motion Control	84,367	\$2,950,000
4950 Quality Drive	N/A	32,772	\$1,575,000
5127 Park Drive	Park Drive Associates, LLC	10,000	\$820,000
7419 Commerce Way	C&M Properties, LLC	8,100	\$675,000

SIGNIFICANT 2Q09 CONSTRUCTION COMPLETIONS

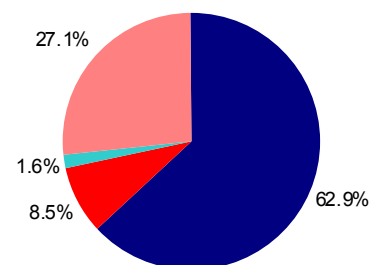
BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Synan Road	N/A	40,000	6/09
Rappahannock Ind. Park	Inspire Dance	16,500	5/09

MARKET STATISTICS

MARKET / SUBMARKET	OVERALL INVENTORY	OVERALL VACANCY RATE	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*
Caroline County	635,392	54.9%	N/A
King George County	220,390	69.4%	\$3.82
Fredericksburg City	881,384	30.8%	\$8.63
Spotsylvania County	4,447,951	19.7%	\$5.94
Stafford County	3,573,945	12.1%	\$7.26
TOTAL	9,759,062	21.3%	\$5.60

*Rental rates reflect \$psf/year

■ Warehouse/Distribution
■ High Tech
■ Manufacturing
■ Office Service



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