

# MARKETBEAT

## FREDERICKSBURG INDUSTRIAL REPORT

**Thalhimer**  
commercial real estate

3Q09

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

### AT A GLANCE

- As of August, the unemployment rate in the Fredericksburg area was 5.7%. This is a decline in the unemployment rate for two consecutive months and represents the lowest rate since December of last year. The unemployment rate for Virginia is 6.5%.
- Sales will continue to be fewer and farther between than a year or two ago until credit becomes more available. In the past, investors and tenants could borrow up to 80% of the cost of a purchase, and those loans were non-recourse, meaning the owner was not on the hook if he couldn't make payments. Those sorts of loans are non-existent, and institutional lenders are lending only 60% of the cost of a building. Banks will continue to be the best source of owner/occupant financing.
- Although total absorption is currently negative 247,000 sf, this is almost half of what the negative net absorption has historically been through the first three quarters of the past two years. Vacancy is still rising, but the pace seems to be slowing, which is good news.

### ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	0.4%	-2.6%	1.8%
CPI Growth	3.8%	-0.5%	1.7%
Regional			
Unemployment	4.1%	6.0%	5.5%
Employment Growth	0.1%	0.2%	0.3%

Source: Moody's | Economy.com

### BEAT ON THE STREET

"The third quarter industrial market showed limited improvement in all size ranges. With no new product under construction, the sector should continue to stabilize and we should see the vacancy rates continue to gradually decline



—Virgil Nelson, CCIM  
Vice President



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\*Market terms & definitions based on BOMA and NAIOP standards.

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### MARKET HIGHLIGHTS

#### SIGNIFICANT 3Q09 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
400 Landsdowne Road	CVS	85,000	Warehouse
3475 Lee Hill Drive	Cargo Express	15,100	Warehouse
1127 International Parkway	Silk Road Trading	5,280	Warehouse

#### SIGNIFICANT 3Q09 SALE TRANSACTIONS

BUILDING	BUYER	ACRES	PURCHASE PRICE
Pad Site - Corner of Turner Court and Cosner Drive	Verizon Wireless	6.43	\$1,401,245

#### SIGNIFICANT 3Q09 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT 3Q09 UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

### 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	233,390	66.8%	\$3.82
Fredericksburg City	915,484	29.6%	\$6.66
Spotsylvania County	4,395,604	22.2%	\$6.04
Stafford County	3,449,110	13.0%	\$7.50
<b>TOTAL</b>	<b>9,628,980</b>	<b>24.5%</b>	<b>\$5.68</b>

\*Rental rates reflect \$psf/year

Warehouse/Distribution  
High Tech  
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