

MARKETBEAT

FREDERICKSBURG INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

4Q09

AT A GLANCE

- As of November, the unemployment rate in the Fredericksburg area was 5.9%. This is a slight increase in the unemployment rate from last month (5.7%), but still lower than the beginning of the year when the rate was 6.2%. The unemployment rate for Virginia is 6.4%.
- Despite positive absorption in the fourth quarter of 54,891 square feet (sf), overall absorption for the year was still down about 250,000 sf. The negative absorption is evenly split between flex space and larger warehouse and distribution space. Significant construction is still non-existent, so as the economy recovers, there will be opportunities to fill the existing space without any new construction to fill as well.
- Harris Teeter still has plans to build a 500,000-sf distribution center in King George County, but progress has stalled with the slowdown in the economy. Once open, the distribution center will provide hundreds of new jobs in the area.

ECONOMIC INDICATORS

National	2008	2009F	2010F
GDP Growth	0.4%	-2.5%	2.3%
CPI Growth	3.8%	-0.4%	1.7%
Regional			
Unemployment	4.1%	5.9%	5.3%
Employment Growth	0.1%	0.8%	0.5%

Source: Moody's | Economy.com, BLS

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	133,390	52.5%	\$6.50
Fredericksburg City	931,933	33.1%	\$6.43
Spotsylvania County	4,285,445	21.4%	\$5.64
Stafford County	3,177,127	11.4%	\$7.69
TOTAL	9,163,287	22.3%	\$7.26

*Rental rates reflect \$psf/year

MARKET HIGHLIGHTS

SIGNIFICANT 2009 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
3010 Mine Road	TruTech	95,000	Warehouse
400 Landsdowne Road	CVS	85,000	Warehouse
9351 Northeast Drive	MAPEI, Corp	73,000	Distribution

SIGNIFICANT 2009 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
2529 Celebrate Virginia Pky	Blue Onyx Properties/Delmarva Contracting	51,000	\$7,070,781
11700 Shannon Drive	Motion Control	84,367	\$2,950,000
Pad Site - Corner of Turner Court and Cosner Drive	Verizon Wireless	6.43	\$1,401,245

SIGNIFICANT 2009 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

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

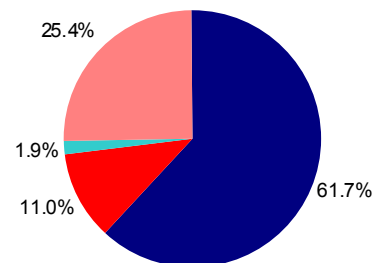
BEAT ON THE STREET

"Although we continue to see negative absorption and vacancy is still high, there is activity in the market. Unfortunately, even as new users enter the market, there are some current tenants that are exiting."



—Virgil Nelson, CCIM
Vice President

Warehouse/Distribution
High Tech
Manufacturing
Office Service



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