

MARKETBEAT

FREDERICKSBURG INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

Thalhimer
commercial real estate

1Q10

AT A GLANCE

- As of February, the unemployment rate in the Fredericksburg area was 7.3%. This is a slight increase in the unemployment rate from last month (7.1%), and significantly higher than one year ago when the rate was 6.5%. The unemployment rate for Virginia is 7.7%.
- Leasing activity topped 175,000 square feet (sf) this quarter, although the number is artificially inflated by three short term Wal-Mart storage leases totaling 126,650 sf. Regardless, overall activity is up and interest has increased from tenants outside the market. This had a corresponding positive impact on absorption. Much of the leasing activity in the past year has centered on local tenants moving within the market for better terms.
- The overall vacancy rate in the market is 20%. The two largest industrial submarkets are Spotsylvania and Stafford. Stafford is the best performing submarket with a vacancy rate of 9.4%. This compares very favorably to last year when vacancy was at 14.0%. It is also the only submarket showing an increase in asking rental rates over those of last year.

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.4%	2.8%	3.7%
CPI Growth	-0.3%	1.9%	2.1%
Regional			
Unemployment	6.3%	6.5%	5.9%
Employment Growth	0.0%	1.0%	3.5%

Source: Moody's | Economy.com, VA Employment Commission

MARKET STATISTICS

MARKET / SUBMARKET	OVERALL INVENTORY	OVERALL VACANCY	DIRECT WEIGHTED AVERAGE NET RENTAL RATE
Caroline County	635,392	54.9%	N/A
King George County	208,390	69.6%	\$3.13
Fredericksburg City	1,081,558	28.7%	\$5.60
Spotsylvania County	4,834,094	18.5%	\$5.83
Stafford County	3,706,366	9.4%	\$7.75
TOTAL	10,465,800	19.6%	\$7.19

Source: CoStar

MARKET HIGHLIGHTS

SIGNIFICANT 1Q 10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
4951 Quality Drive	KSI	14,400	Warehouse
11812 Main Street	Renegade Armor	11,342	Warehouse
1127 International Parkway	San Ghanem	5,280	Flex

SIGNIFICANT 1Q 10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
3509 Shannon Park Drive	Tactical Micro, Inc.	8,000	\$840,000

SIGNIFICANT 1Q 10 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

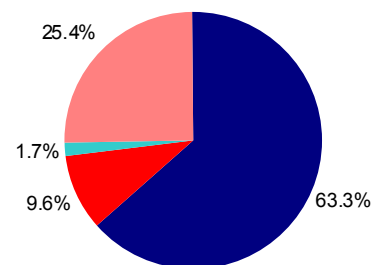
BEAT ON THE STREET



"The Fredericksburg industrial market continues to strengthen and we are finally seeing larger (80,000+ sf) tenants looking for space. As the overall economy recovers, we should see continued stability and slow growth in the flex and industrial sector and a gradual decrease in the overall vacancy rate. Stafford is definitely the current star with increased activity led by the defense contractors servicing Quantico."

—Virgil Nelson, CCIM
Vice President

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



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