

# MARKETBEAT

## FREDERICKSBURG INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

**Thalhimer**  
commercial real estate

2Q10

### AT A GLANCE

- As of May, the unemployment rate in the Fredericksburg area was 6.4%. This is higher than last month, but a decrease following a few months of rising unemployment that peaked at 7.4% in February. Continued declines in unemployment will be necessary for an economic recovery in commercial real estate to take hold. The unemployment rate for Virginia was 6.9% in May.
- The General Motors Powertrain plant will be shutting down this fall. Located at 11032 Tidewater Trail, the 289,000-square foot (sf) facility will increase the vacancy in the Spotsylvania market to over 21%. The plant has been in operation since 1979 and is the only GM plant in Virginia.
- The only sale of note was just outside Fredericksburg in Culpeper County. Terremark Corporation purchased 27 acres for \$5 million to expand its data center campus. Closer to Fredericksburg, there are a number of industrial properties under contract. Given the lack of sales activity in the past 12 months, it is a positive sign that buyers and sellers are beginning to enter into purchase contracts.

### ECONOMIC INDICATORS

	2009	2010F	2011F
<b>National</b>			
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%
<b>Regional</b>			
Unemployment	6.3%	6.5%	5.9%
Employment Growth	0.0%	1.0%	3.2%

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

### MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL INVENTORY	OVERALL VACANCY	DIRECT WEIGHTED AVERAGE NET RENTAL RATE
Caroline County	669,776	52.1%	N/A
King George County	133,390	52.5%	\$6.50
Fredericksburg City	984,257	31.0%	\$5.63
Spotsylvania County	4,802,438	16.5%	\$6.17
Stafford County	3,455,061	10.9%	\$7.42
<b>TOTAL</b>	<b>10,044,922</b>	<b>18.9%</b>	<b>\$7.15</b>

Source: CoStar

### MARKET HIGHLIGHTS

#### SIGNIFICANT 2Q 10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
230 Industrial Drive	Goodfellers Tree Service	24,638	Land
18 Powell Lane	Cargo Express	22,054	Warehouse
507 Lendall Lane	John Dega	5,000	Warehouse

#### SIGNIFICANT 2Q 10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
Technology Drive, Culpeper	Terremark Corp.	27 acres	\$5,000,000
11720 Main Street	Aquia Partnership	6,000	\$285,000

#### SIGNIFICANT 2Q 10 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

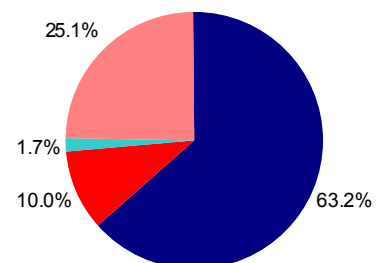
### BEAT ON THE STREET



"The industrial sales market has strengthened during the second quarter. Several properties, ranging from 50,000 to 150,000 sf, are currently under contract to both end users and investors. We expect modest to flat growth in the industrial leasing market for the remainder of 2010 as employment figures slowly improve. Sales activity should continue in the second half of 2010 as sellers push to beat possible increases in the capital gains rate in 2011."

—Virgil Nelson, CCIM  
Vice President

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



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