

# MARKETBEAT

## FREDERICKSBURG INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION

**Thalhimer**  
commercial real estate

3Q10

### AT A GLANCE

- As of August, the unemployment rate in the Fredericksburg area was 6.3%. Fredericksburg unemployment compares very favorably with the state (7.0%) and the national (9.5%) rates. Stafford County was tied for tenth lowest unemployment of 134 Virginia localities at 5.5%.
- Twenty-two months after initially announcing plans to build a 500,000-square foot (sf) distribution center, Harris Teeter has dropped plans to build on land in King George County. The center was forecast to employ up to 335 people.
- A 92,000-sf printing facility at 1381 Belman Road held its grand opening this quarter. Print Innovators, a division of The Free Lance-Star Publishing Company, has been printing the Free Lance-Star at the location for a few months, but the plant is now ready to run at full capacity.
- Absorption is on track to be positive for the year for the first time in a few years. With four straight quarters of positive absorption, the vacancy rate has dropped from 24.5% one year ago to 17.8%. Two of the larger industrial buildings in the market account for 4.2% of that vacancy.

### ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.6%	2.7%	3.1%
CPI Growth	-0.3%	1.6%	1.6%
Regional			
Unemployment	6.0%	6.2%	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	781,933	57.9%	\$2.53
King George County	133,390	52.5%	\$6.50
Fredericksburg City	967,427	15.2%	\$5.35
Spotsylvania County	5,319,962	14.8%	\$6.07
Stafford County	3,461,910	12.7%	\$7.43
<b>TOTAL</b>	<b>10,664,622</b>	<b>17.8%</b>	<b>\$7.22</b>

Source: CoStar

### MARKET HIGHLIGHTS

#### SIGNIFICANT 3Q 10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
4951 Quality Drive	KSI	14,400	Warehouse
1319 Lafayette Blvd	Jones & Frank	6,000	Warehouse
230 Industrial Drive	New Life Anointed Ministries	6,000	Warehouse

#### SIGNIFICANT 3Q 10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
1127 International Pkwy	1127 International LLC	59,272	\$2,600,000
1351 Belman Road	M&M Auto Parts	143,605	\$2,500,000

#### SIGNIFICANT 3Q 10 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
11720 Main Street	N/A	15,000	11/10

### BEAT ON THE STREET

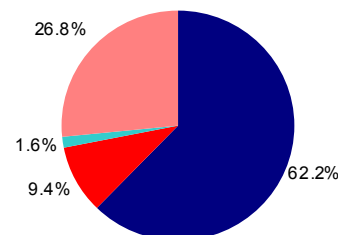
"We are beginning to see a return of out of town companies expanding into the Fredericksburg market, although in a very cautious and conservative manner by taking smaller spaces and shorter term leases compared to previous years. Sales have improved and should continue to strengthen as owners make significant concessions and seem ready to make deals. We expect the fourth quarter to show continued slow absorption as the unemployment picture gradually improves."



—Virgil Nelson, CCIM  
Vice President

### 3Q10 INVENTORY BY PROPERTY TYPE

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



\*The Market terms and definitions in this report are based on NAIOP standards.

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