

MARKETBEAT INDUSTRIAL SNAPSHOT

FREDERICKSBURG, VA

A Cushman & Wakefield Research Publication

Q2 2013



ECONOMIC OVERVIEW

The economy in Fredericksburg during the second quarter has continued to show signs of strength with decreasing unemployment. The region's unemployment at 5.3% continues to be below the national and state average, and slightly improved from 5.4% one year ago. While sequestration has certainly shown signs of its affect in the government sectors, the overall economy of the region remains strong.

The vacancy rate this quarter was relatively unchanged to a year prior and the activity in the market is also flat. Average direct asking rents remain flat at \$5.17 psf/yr.

LEASING ACTIVITY

The most recent and significant news in this sector is the announcement that Print Mail Communications Inc. is moving to Spotsylvania County and backfilling a long vacant 100,000-square foot building at 4333 Davenport Road. The company will bring 80+ jobs with this move and it is being touted as a great economic development win through the use of incentives by the county. This will give a much needed boost to the absorption numbers.

Tenants continue to renew or trade-up to spaces that were previously unobtainable. While it is still a tenant's market, that may soon be changing with the forecasted decreasing vacancy rate as supply tightens and demand increases.

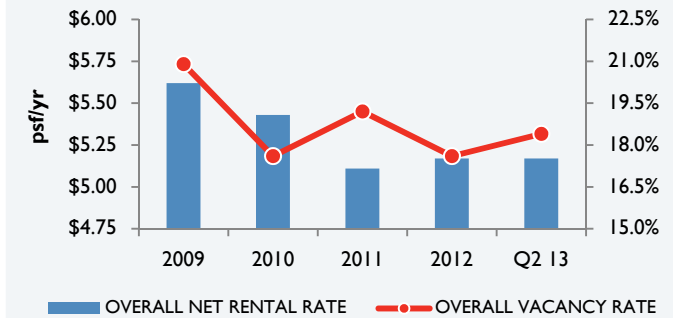
OUTLOOK

With the partial lease-up of one building that made up a large portion of the market's vacancy, and the increased activity from interested end-user purchasers, the horizon looks bright for the remainder of the year. With the continued good news from the residential markets and home builders' activity, the industrial sector may see the job growth it has needed. These are great leading indicators for our industry, which forecast continued improvement for the quarters to come.

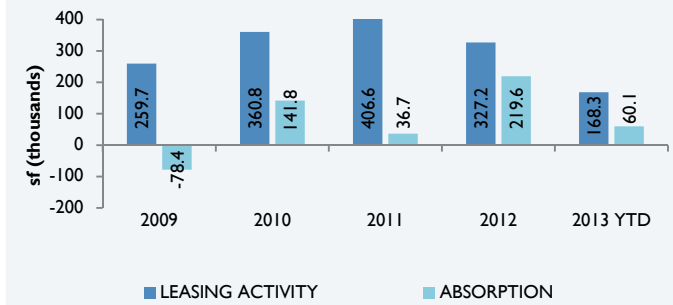
STATS ON THE GO

	Q2 2012	Q2 2013	Y-0-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	18.0%	18.4%	0.4pp	▼
Direct Asking Rents (psf/yr)	\$5.17	\$5.17	0.0%	◀▶
YTD Leasing Activity (sf)	128,142	168,318	31.4%	▲

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. ABSORPTION



FREDERICKSBURG, VA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
								HT	MF	OS	W/D
Caroline County	1,673,469	30.6%	0	0	0	(3,118)	(3,118)	\$0.00	\$0.00	\$0.00	\$2.24
King George County	368,115	19.9%	0	0	0	3,200	3,200	\$0.00	\$0.00	\$0.00	\$3.28
Fredericksburg City	1,152,436	24.1%	48,018	0	0	17,705	17,705	\$0.00	\$0.00	\$7.25	\$4.60
Spotsylvania County	5,593,929	16.7%	42,890	20,000	0	46,597	46,597	\$10.25	\$4.00	\$9.26	\$5.94
Stafford County	3,572,626	13.3%	77,410	0	0	(4,282)	(4,282)	\$6.00	\$6.24	\$10.49	\$6.17
TOTALS	12,360,575	18.4%	168,318	20,000	0	60,102	60,102	\$8.57	\$4.49	\$9.83	\$5.17

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF = MANUFACTURING OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT Q2 2013 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
39 Synan Road	Spotsylvania County	Cargo Services Group	Warehouse/Distribution	35,000
101 Juliad Court*	Stafford County	Response Dynamics	Warehouse/Distribution	14,000
509 Lendall Lane	Stafford County	Hour Development Corp	Warehouse/Distribution	5,000
SIGNIFICANT Q2 2013 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
N/A				
SIGNIFICANT Q2 2013 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
11205 New Albany Drive	Spotsylvania County	Trane	Q3 2013	20,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS