

# MARKETBEAT INDUSTRIAL SNAPSHOT

## FREDERICKSBURG, VIRGINIA

A Cushman & Wakefield Research Publication

Q2 2014



### ECONOMIC OVERVIEW

The second quarter showed positive employment data for the national economy, which keeps the slow but steady economic recovery moving forward. The U.S. Bureau of Labor Statistics reports that over 217,000 new jobs were added in May, which sent the overall employment numbers the highest seen since the last recession. This is the fourth month in a row that the economy has added over 200,000 new jobs, a key sign of continued economic recovery.

The national job growth allowed unemployment rates to continue to hover around 6.3 percent—the lowest in the past five years. Compared to the national numbers, our area continues to outperform. Unemployment in the Fredericksburg area is a full percentage point lower than the national average at 5.3 percent.

### LEASING ACTIVITY

Despite relatively high vacancy rates in the Fredericksburg market, activity has been good and asking rates are trending up while vacancy is continuing to go down. Activity is slowly increasing with users of all size requirements. New product is being discussed and expected to be delivered early in the coming year.

One notable transaction was the expansion of Valleycrest Landscaping and Maintenance into 5121 Park Drive. They leased the 10,000-square foot facility and moved out of their previous location at 416 Hudgins Drive.

### OUTLOOK

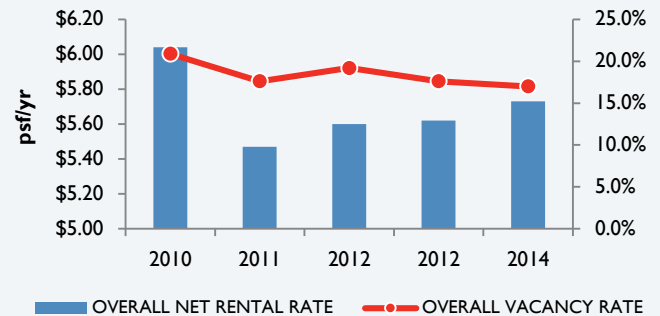
During the second quarter, the area saw several positive announcements. Geico has announced it will add 350 jobs to the Stafford area which will no doubt provide economic growth. During the month of April in particular, the housing market reported that prices were at a 7.8 percent increase from this time last year. According to *the Free Lance Star*, Fredericksburg's annual taxable sales rose 4.1 percent from \$852 million in 2012 to \$888 million in 2013. As sales go up, demand for warehouse space to support this growth should follow.

Continued economic growth is necessary for the recovery in this commercial real estate cycle. Additional jobs, new construction, and improving economic conditions will help move Fredericksburg from the recovery stage to expansion.

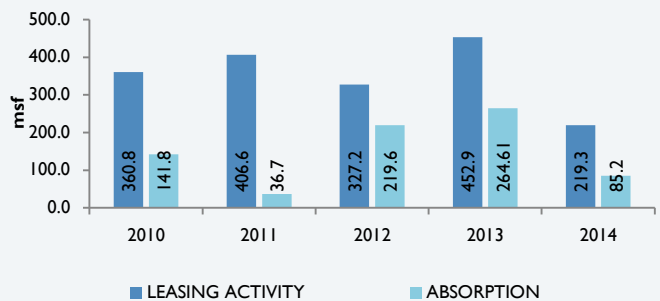
### STATS ON THE GO

	Q2 2014	Q2 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	15.5%	18.4%	2.9pp	▼
Direct Asking Rents (psf/yr)	\$5.36	\$5.17	-3.5%	▼
YTD Leasing Activity (sf)	232,234	168,318	-27.5%	▼

### OVERALL RENTAL VS. VACANCY RATES



### OVERALL OCCUPIER ACTIVITY



## 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	995,642	6.8%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$2.98
King George County	445,340	28.5%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$6.77
Fredericksburg City	892,646	23.7%	0	0	0	21,336	21,336	\$0.00	\$0.00	\$0.00	\$6.57
Spotsylvania County	4,449,407	15.3%	182,960	0	0	(68,202)	(68,202)	\$0.00	\$4.07	\$0.00	\$6.78
Stafford County	2,627,540	13.6%	49,274	0	0	47,598	47,598	\$0.00	\$5.72	\$0.00	\$7.01
<b>TOTALS</b>	<b>9,410,575</b>	<b>16.1%</b>	<b>232,234</b>	<b>0</b>	<b>0</b>	<b>732</b>	<b>732</b>	<b>\$0.00</b>	<b>\$4.66</b>	<b>\$0.00</b>	<b>\$6.02</b>

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

## MARKET HIGHLIGHTS

SIGNIFICANT Q2 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
11905 – 11911 Gin Alley	Spotsylvania	OFIC North America, Inc.	Warehouse/Distribution	30,000
5121 Park Drive	Fredericksburg City	Valleycrest Landscaping Maintenance	Warehouse/Distribution	10,000
SIGNIFICANT Q2 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
N/A				
SIGNIFICANT Q2 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				
SIGNIFICANT Q2 2014 PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS