

# MARKETBEAT INDUSTRIAL SNAPSHOT

## FREDERICKSBURG, VA

A Cushman & Wakefield Research Publication

Q4 2013



### ECONOMIC OVERVIEW

The economy in Fredericksburg during the fourth quarter has continued to reflect a positive net absorption and show definite signs of strength. Despite the negative effects of sequestration and the government shutdown, unemployment rates locally are still well under the national level.

The vacancy rate and average direct asking rents remain relatively flat at 16.6% and \$5.20 per square foot (psf)/yr respectively.

### LEASING ACTIVITY

In the same vein as last quarter, leasing activity has been very active. Tenants are renewing their leases instead of finding new properties but for longer terms. Vacancy has continued to go down since the same quarter last year. The majority of tenants seem to be primarily concerned with attaining good rates while the market is producing them, thus are more willing to make a long-term investment in the market. Large corporations are flocking to our market due to its value; and willing to take more risks with plans that had previously been shelved due to the market's recent uptake in revenue.

The most notable transaction was the lease of 1410 Caroline Street by Creative Color, LLC. The 18,331-square foot (sf) space was previously the Rappahannock Goodwill Industries headquarters, but will now be utilized for the new business which provides high quality printing and mailing services.

### OUTLOOK

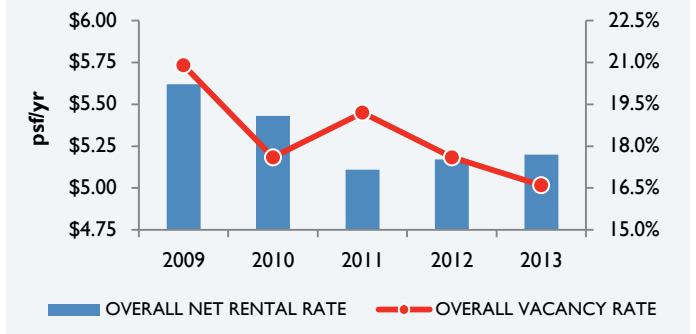
As the year closes out, a positive shift has continued to unfold for the industrial sector of our market. Ecommerce is at an all-time high, meaning that with black Friday sales showing evidence of the amount of online interaction with customers going up steadily, demand follows suit. This will enable further jobs to be created for the industrial industry as a whole. Predictions are pointing to a lack of supply leading to further shrunken availability and an increase in rents. With large e-retailers continuing to sign big-box leases and many brick and mortar retailers looking to get into the e-commerce game, demand can only pick up, leading to continued positive real estate fundamentals in the coming year. National vacancy rates for 2014 are

expected to dip 0.2 percentage points (pp) in the office market, 0.6 pp in industrial, and 0.5 pp for retail real estate.

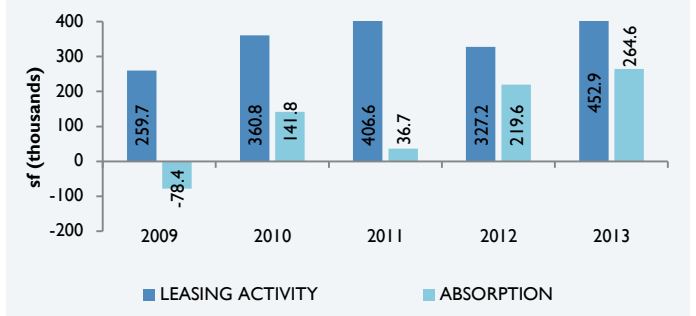
### STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	17.6%	16.6%	-1.0pp	▼
Direct Asking Rents (psf/yr)	\$5.17	\$5.20	0.6%	◄►
YTD Leasing Activity (sf)	327,244	452,966	38.4%	▲

### 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	1,621,958	25.4%	101,004	0	0	290,105	290,105	\$0.00	\$0.00	\$0.00	\$2.30
King George County	300,002	19.4%	6,490	0	0	3,900	3,900	\$0.00	\$0.00	\$0.00	\$6.55
Fredericksburg City	4,274,045	21.1%	243,673	0	0	73,656	73,256	\$0.00	\$0.00	\$8.50	\$4.79
Spotsylvania County	10,489,045	17.1%	250,805	0	20,000	75,322	75,322	\$5.20	\$4.05	\$10.25	\$5.51
Stafford County	6,337,547	13.6%	295,368	0	0	64,825	64,825	\$0.00	\$5.70	\$11.35	\$6.85
<b>TOTALS</b>	<b>23,022,597</b>	<b>17.2%</b>	<b>897,340</b>	<b>0</b>	<b>20,000</b>	<b>507,808</b>	<b>507,408</b>	<b>\$5.20</b>	<b>\$4.80</b>	<b>\$10.77</b>	<b>\$5.19</b>

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

## MARKET HIGHLIGHTS

SIGNIFICANT 2013 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
39 Synan Road	Spotsylvania	Cargo Services Group	Warehouse/Distribution	35,000
1017 Tyler Street	Fredericksburg City	KS Group	Warehouse/Distribution	30,000
1410 Caroline Street	Fredericksburg City	Creative Color	Warehouse	18,331
11900 Main Street	Spotsylvania	Chesapeake Furniture	Manufacturing	17,169
SIGNIFICANT 2013 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
400 Lansdowne Road	Fredericksburg	Fahim Mohammed/Lucky Line Motors	\$3,375,000 /\$40	84,000
5201 Lad Land Drive	Spotsylvania	Knifecenter Inc.	\$1,475,000/\$123	12,000
SIGNIFICANT 2013 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
11205 New Albany Drive	Spotsylvania	Trane	Q3 2013	20,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS