

## MARKETBEAT

# Fredericksburg, VA

Industrial Q1 2017



### FREDERICKSBURG INDUSTRIAL

#### Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Washington DC MSA Employment	2621k	2667k	▲
Washington DC MSA Unemployment	4.2%	3.9%	▼
U.S. Unemployment	4.9%	4.8%	■

#### Market Indicators (Overall, All Property Types)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	12.3%	8.5%	▼
YTD Net Absorption (sf)	-76	-125k	▼
Under Construction (sf)	0	900k	▲
Average Asking Rent*	\$5.72	\$5.72	▲

\*Rental rates reflect net asking \$psf/year

#### Overall Asking Rent/Overall Vacancy

##### 4-QTR TRAILING AVERAGE



## Economy

The economy continued its modest improvement in the first quarter of 2017. The Fredericksburg regional unemployment rate remains below 5% with a downward trend to 4.2% in the first quarter, compared to 4.4% for the same quarter in 2016. That number is on par with Virginia's overall unemployment rate of 4.2%. This decrease translates to an additional 3,099 jobs added throughout the Fredericksburg region in 2016.

## Market Overview

The Fredericksburg industrial overall vacancy rate still remained in the single digits at 8.5% but ticked up 11 basis points (BP) from the previous quarter. This increase is due to consolidation and movement of tenants seeking upgraded facilities. The inventory of properties over 50,000 square feet (SF) has almost been depleted with a combination of consolidations into larger facilities and new companies moving into the region.

The former General Motors plant was sold to a new manufacturer, idX Corporation, who will add 120 new jobs and occupy the entire 289,000-SF building on the 77-acre site. The region competed against Maryland and North Carolina to lure the company. In addition, an 88,000-SF facility was just leased to a plastics company adding 100+ new jobs as they consolidate several smaller local facilities.

Notable transactions signed during first quarter 2017 include 11,500 SF at 11765 Capital Lane to Finish Line Construction, 46,530 SF to Walmart at 3010 Mine Road, 7,400 SF at 400 Nelms Circle to Rainbow International Restorations, and Southeast Cabinetry & Countertops renewed their 14,588-SF lease at 11900 Main Street.

## Outlook

Continued absorption of the existing product on the market is expected as the overall economy continues to improve in the second quarter. Rates have stabilized. However, landlords are not expected to start advertising higher asking rates until new product is built.

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