

MARKETBEAT

Fredericksburg, VA

Industrial Q1 2018



FREDERICKSBURG INDUSTRIAL

Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Washington DC MSA Employment	2.7M	2.7M	▲
Washington DC MSA Unemployment	3.8%	3.7%	▼
U.S. Unemployment	4.7%	4.1%	▼

Numbers above are quarterly averages; Feb. 2018 data used to represent Q1 2018

Market Indicators (Overall, All Property Types)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	6.6%	5.5%	▼
YTD Net Absorption (sf)	-133k	869k	▲
Under Construction (sf)	900k	0	▼
Average Asking Rent*	\$5.71	\$5.79	▲

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Unemployment for the Fredericksburg region remains below 4.0%, currently hovering at 3.8% with a strong addition of 4,574 jobs added from January of 2017 to January 2018. The U.S. economy is showing marked improvement with hiring, rising wages and rising interest rates.

Market Overview

Demand for industrial property remains very strong throughout the Fredericksburg region. The area recorded over 100,000 square feet (sf) in leasing activity for the first quarter. No new industrial projects are currently under construction, which is limiting available product.

Vacancy is down and remains below 6.0% since Q1 2017 with office/flex dipping to 4.0% and warehouse going up to 6.1%. Absorption increased significantly. Asking rents are starting to gradually rise as demand increases and available space declines.

Transactions of note include former Harkness Screens location at 10 Harkness Boulevard; the 59,400-sf building sold to an investor for \$3.08 million. Imaan International, Inc., a computer distributor, leased an additional 19,540 sf at 2000 International Parkway. Walmart Stores leased 44,650 sf at 3000 Mine Road. First Line Constructions renewed its lease at 11,500 SF at 11765 Capital Lane.

Outlook

Absorption was very strong in the first quarter of 2018 and is expected to continue on this path throughout the second quarter. Tax law changed in Stafford County to lower the inventory tax being charged on buildings of 100,000 sf or larger, which should increase demand for industrial space.

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