

# MARKETBEAT INDUSTRIAL SNAPSHOT



**THALHIMER**  
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## FREDERICKSBURG, VA

A Cushman & Wakefield Research Publication

Q2 2015



### ECONOMIC OVERVIEW

The unemployment rate for May reported a healthy 5.0% which is a 0.2 percentage point (pp) improvement from a year ago. The industrial direct vacancy rate for the Fredericksburg region continues its downward trend; currently at 11.9%, which is a 4.3 pp decrease from second quarter 2014 and a 1.6 pp decrease from first quarter of this year.

### LEASING ACTIVITY

Industrial leasing activity is down by almost half compared to this time last year. However, net absorption rose considerably from last quarter surpassing leasing activity by a large margin. High absorption is always a positive and an uptick in owner-occupied sales could be one of the main reasons for this. Class A spaces continue to enjoy the highest occupancy, particularly newer buildings with high ceiling heights, and this is now flowing over into class B and C spaces as well.

As the population grows we are seeing increased activity in industrial buildings for recreational uses, such as baseball, volleyball and soccer. Stafford Baseball League recently renewed their 12,000+ square foot (sf) lease in Spotsylvania and USA All Stars have leased a 7,500-sf space in Stafford. Other notable activities include a renewal by G&K Services of 12,000 sf, and Republic Environmental Systems leasing a new space and almost tripling their size to 8,582 sf.

Local media reported that the European supermarket chain, Lidl, announced their plans to open a large distribution center in Spotsylvania County with the potential to create over 200 jobs in the 800K+ sf facility.

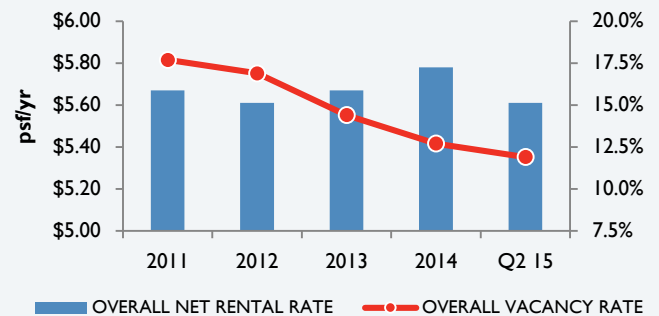
### OUTLOOK

With class A-type properties approaching full occupancy, the expectation is for potential build-to-suits, as well as speculative development in 2016. This continuing demand for higher class units and strong demand for all other classes is a welcome trend in the market.

### STATS ON THE GO

	Q2 2014	Q2 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	16.2%	11.9%	4.3 pp	▼
Direct Asking Rents (psf/yr)	\$5.66	\$5.60	-1.1%	▼
YTD Leasing Activity (sf)	240,734	124,942	-48.1%	▼

### OVERALL RENTAL VS. VACANCY RATES



### LEASING ACTIVITY VS. OVERALL ABSORPTION

