

## FREDERICKSBURG INDUSTRIAL

### Economic Indicators

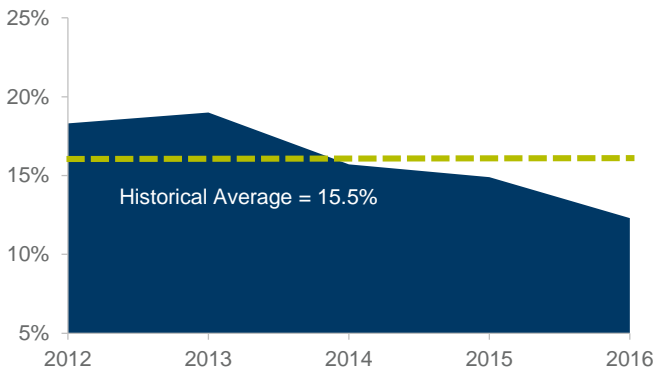
	Q2 15	Q2 16	12-Month Forecast
Washington DC MSA Employment	2,578k	2,638k	▲
Washington DC MSA Unemployment	4.6%	4.0%	▼
U.S. Unemployment	5.4%	4.9%	▼

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

	Q2 15	Q2 16	12-Month Forecast
Vacancy	13.1%	10.2%	▼
Net Absorption (sf)	184k	30k	▼
Under Construction (sf)	0	0	■
Average Asking Rent*	\$5.55	\$5.83	▲

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

### Overall Vacancy



## Economy and Market Overview

The Washington DC and Fredericksburg Markets continue to report positive trends with employment numbers rising and unemployment declining considerably lower than 2Q 2015.

Improvement in the industrial market is continuing with existing facilities being leased and still no sign of new construction. Light manufacturing and storage are the strongest current uses.

Activity in the larger free standing industrial product has increased dramatically with both new companies entering the market and existing firms looking to upgrade and expand their facilities as the overall economy continues to improve.

Paragon Training Center relocated to a 35,320-square-foot (SF) warehouse on Tyler Street in Battlefield Industrial Park. Goodwill leased 12,687 SF on Main Street in Spotsylvania. A 40,480-SF manufacturing business was purchased and a new lease signed in Battlefield Industrial Park in Fredericksburg. USA All Stars renewed their 7,500-SF lease on Blackjack Road. Coastal Insulation & Fireplace moved into a 6,850-SF warehouse on Tyler Street.

### Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	PROPERTY TYPE
218 Central Rd	40,480	Lester Group	Warehouse
1015 Tyler St	35,320	Paragon Training Center	Warehouse
11900 Main St	12,687	Goodwill	Warehouse
1117 Tyler St	6,850	Coastal Insulation & Fireplace	Warehouse

### Outlook

This quarter continues the positive trend of the first quarter of 2016 with a noticeable rise in activity. The forecast for the remainder of 2016 is for industrial to continue gradual improvement and add pressure for new construction in 2017 as companies looking to expand and grow in the market are forced to build new facilities.