

MARKETBEAT

Fredericksburg, VA

Industrial Q3 2017



CUSHMAN & WAKEFIELD

THALHIMER

FREDERICKSBURG INDUSTRIAL

Economic Indicators

	Q3 16	Q3 17	12-Month Forecast
Washington DC MSA Employment	2.6M	2.7M	▲
Washington DC MSA Unemployment	4.0%	3.8%	▼
U.S. Unemployment	4.9%	4.4%	▼

Market Indicators (Overall, All Property Types)

	Q3 16	Q3 17	12-Month Forecast
Vacancy	8.1%	4.7%	▼
YTD Net Absorption (sf)	260k	119k	▼
Under Construction (sf)	0	0	■
Average Asking Rent*	\$5.65	\$5.73	▲

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Fredericksburg's economy reported strong improvement for the year. The area added 5,883 jobs between August 2016 and August 2017. The region's unemployment rate ticked up 1 basis point from last quarter, but at 3.9% was still lower compared to 4.4% recorded third quarter of 2016.

According to the Virginia Employment Commission's most recent Quarterly Census of Employment and Wages, the Fredericksburg region added 77 net businesses in the first quarter 2017. This is the most recent quarterly data available.

Market Overview

The industrial vacancy rate continued its downward trend throughout the Fredericksburg region in Q3. The rate fell to 4.7% in Q3, down from 5.3% in Q2 and 8.1% in Q3 2016.

Transactions of note included Precision Doors & Hardware, which renewed its lease for a 20,992 square foot (sf) space. A clothing distributor renewed their 7,759-sf space at 11900 Main Street and Halmen renewed 9,120 sf at 11812 Main Street. Inflatable Jump Rentals leased 6,000 sf at 1117 Tyler Street in Fredericksburg while an auto repair shop leased 5,400 sf in the same building.

Tyler Holdings, LLC purchased a 64,732-sf building for \$2 million at 1015 Tyler Street. KSI, an auto parts supplier located in the building, and has since expanded their leased space since the departure of Paragon Gym.

Outlook

The fourth quarter is forecasted to remain positive for the industrial market as tenants continue to consume available space, and there remains very little vacancy over all. The biggest demand is likely to continue for smaller flex-type industrial properties between 1,000 sf and 3,000 sf. However, there is softening in the larger-block industrial properties, with bigger sites around 20,000 sf or more remaining vacant. The addition of several newly-available properties in that size range will increase availability.

Cushman & Wakefield | Thalhimer
1125 Jefferson Davis Highway
Suite 350
Fredericksburg, VA 22401
thalhimer.com

For more information, contact:
Basil Hallberg, Financial Analyst
Tel: +1 804 697 3560
basil.hallberg@thalhimer.com

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 43,000 employees in more than 60 countries help investors and occupiers optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

Copyright © 2017 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. Alliance firms are independently owned and operated.