

# Office Snapshot Q3 2015

Fredericksburg, VA



## FREDERICKSBURG OFFICE

### Economic Indicators

	Q3 14	Q3 15	12-Month Forecast
Washington DC MSA Employment	3,114k	3,180k	▲
Washington DC MSA Unemployment	4.9%	4.5%	▼
U.S. Unemployment	6.1%	5.1%	▼

### Market Indicators

	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	14.7%	13.9%	▼
Net Absorption	-21k	34k	▲
Under Construction	0k	0	■
Overall Average Asking Rent	\$22.02	\$22.71	▲

### Overall Vacancy



## Economy & Market Overview

It is a good sign that employment numbers rose again in the Fredericksburg market in Q3 as the unemployment rate in the region hit 4.5% in September, 40 basis points less than the same month in 2014. The trend is moving in the right direction and is consistent across all submarkets.

### About Cushman & Wakefield

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Along with improved employment, the overall vacancy rate decreased 80 basis points from a year ago. Despite a relatively unhealthy high vacancy rate, the employment numbers are leading indicators of upcoming improvement in the office sector.

Leasing activity this quarter continued the trend of tenants filling smaller but higher quality spaces with better efficiencies. There is certainly a flight to quality balanced with price point sensitivity. Better spaces are now less costly and therefore obtainable by those healthy companies actively seeking space. Savvy tenants can upgrade their space as some landlords use incentives to attract these moves.

The continued rise in net absorption since the beginning of 2015 shows a gradual improvement, which we expect to continue at a moderate pace. Surprisingly, indicators show a slight increase in asking rental rates, which may be premature in the market.

### Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE
The Towne Center at Aquia	17,588	Cask	Class A
The Towne Center at Aquia	6,179	Cask	Class A
Quantico Corporate Center	4,770	Patricio	Class A
Quantico Corporate Center	3,698	Simis	Class A

### Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PRICE
900 Princess Anne St.	6,400	PNC/NBB	\$1,600,000

## Outlook

The Fredericksburg office market is heavily reliant on the government contractor industry and thankfully we have seen a recent increase in awards from the government to this industry locally, which has resulted in a few large blocks of space coming off the market. Hopefully this is a sign of things to come. Overall, employment and absorption continue to rise indicating an improving market, with rents slowly following.

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