

MARKET FUNDAMENTALS

	YOY Chg	Outlook
1.4% Vacancy Rate	▼	▼
1.16M YTD Net Absorption, SF	▼	▲
\$11.51 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.8K Fredericksburg MSA Employment*	▼	▲
3.7% Fredericksburg MSA Unemployment Rate*	▲	▼
4.2% U.S. Unemployment Rate <i>Source: BLS</i>	▼	▲

ECONOMY: GROWTH DRIVEN BY INVESTMENT

Fredericksburg continues to benefit from Virginia’s strong economic fundamentals and its strategic connection to Northern Virginia’s growth. Commercial real estate investment activity remains robust across the Commonwealth, with Northern Virginia leading the nation in the first half of 2026 with more than \$11.5 billion (B) in sales volume. Buc-ee’s recently acquired more than 35 acres in Stafford County for \$14.8 million (M) and plans to develop a new travel center, bringing another high-profile investment to the market. Virginia has also maintained its position as the nation’s leader in workforce development, earning Business Facilities’ top ranking for Customized Workforce Training for the fourth consecutive year, while the Commonwealth’s expanding data center industry supported 36,700 construction jobs and generated \$2.6B in pay and benefits in 2025. Together, these developments, along with the University of Mary Washington’s recognition by Money as one of America’s Best Colleges, highlight the Fredericksburg region’s growing appeal as a destination for investment, talent, and long-term economic growth.

SUPPLY AND DEMAND: DATA CENTER GROWTH CONTINUES

Overall vacancy ended the quarter at 1.4% and has decreased 390 bps year-over-year (YOY). Absorption ended the quarter at over 1.16M sf, with leasing activity reaching over 978,445 sf for the quarter, and over 1,744,433 sf year-to-date (YTD). Notably, more than 84.0% of the active construction pipeline is comprised of new data center developments, reinforcing Fredericksburg’s role as one of the key emerging data center hubs along the I-95 corridor.

The largest transaction was located at the recently completed Capitol 95 Logistics Park – Building 1. Located at 211 Centreport Pky in Stafford County, JE Richards Inc leased 934,523 sf of Class A warehouse space.

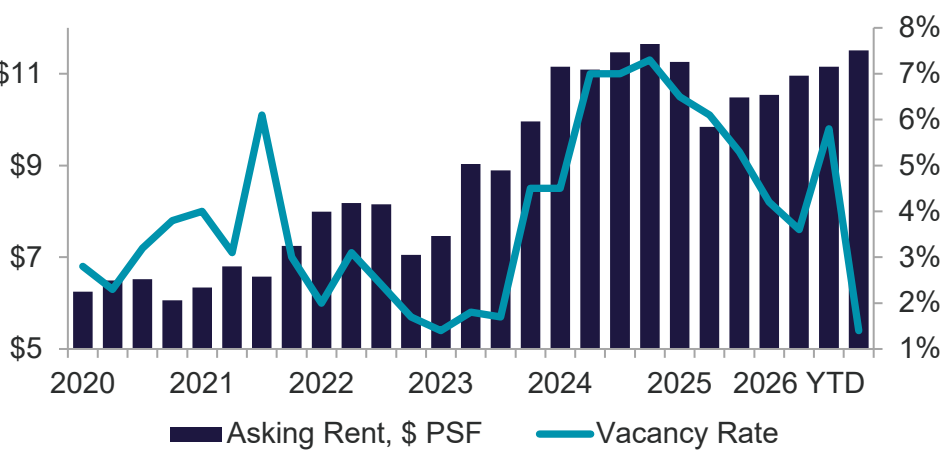
PRICING: STRATEGIC LOCATION DRIVES SALES

Overall quoted rates increased 3.2% quarter-over-quarter (QOQ) and increased over 9.8% YOY. Sales volume for the quarter topped \$56M and reached more than \$185M YTD. The market’s strategic location along the I-95 corridor between Washington, D.C. and Richmond continues to attract developers and investors looking to capitalize on Northern Virginia’s demand and infrastructure advantages while avoiding the land constraints and elevated costs of the larger market. Leading the sale transactions was 11266 Enterprise Pky in Caroline County. M. C. Dean Inc purchased this 359,000-sf distribution center for \$42.4M, or \$118.04 per-square-foot (psf). Also notable was the transfer of 3591 Lee Hill Dr in Spotsylvania County. This 78,487-sf warehouse was purchased by B&D Holdings for \$7.1M, or \$89.81 psf from Ceres Capital Partners.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Caroline County	3,151,934	12,000	0.4%	-12,000	-75,341	2,055,140	0	-	-	\$12.00
Fredericksburg City	1,466,048	15,109	1.0%	0	0	0	0	-	-	\$10.60
King George County	540,797	12,000	2.2%	-12,000	-12,000	0	0	-	-	-
Spotsylvania County	6,904,375	210,243	3.0%	21,518	-126,101	1,465,675	0	-	-	\$11.12
Stafford County	9,457,494	61,689	0.7%	-29,904	1,373,810	1,516,519	934,523	\$13,48	-	\$12.42
FREDERICKSBURG TOTALS	21,520,648	311,041	1.4%	-20,386	1,160,368	5,037,334	934,523	\$13.48	\$16.00	\$11.50

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

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
211 Centreport Pky	Stafford County	JE Richards Inc	934,523	New
4900 Ondura Dr	Spotsylvania County	Undisclosed	23,624	New
11909 Gin Alley	Spotsylvania County	Undisclosed	12,500	New
100-506 Interstate Business Park	Stafford County	Undisclosed	4,500	New
4006 Leonard Dr	Spotsylvania County	Nexus Coatings	2,100	New

*Renewals are included in leasing activity

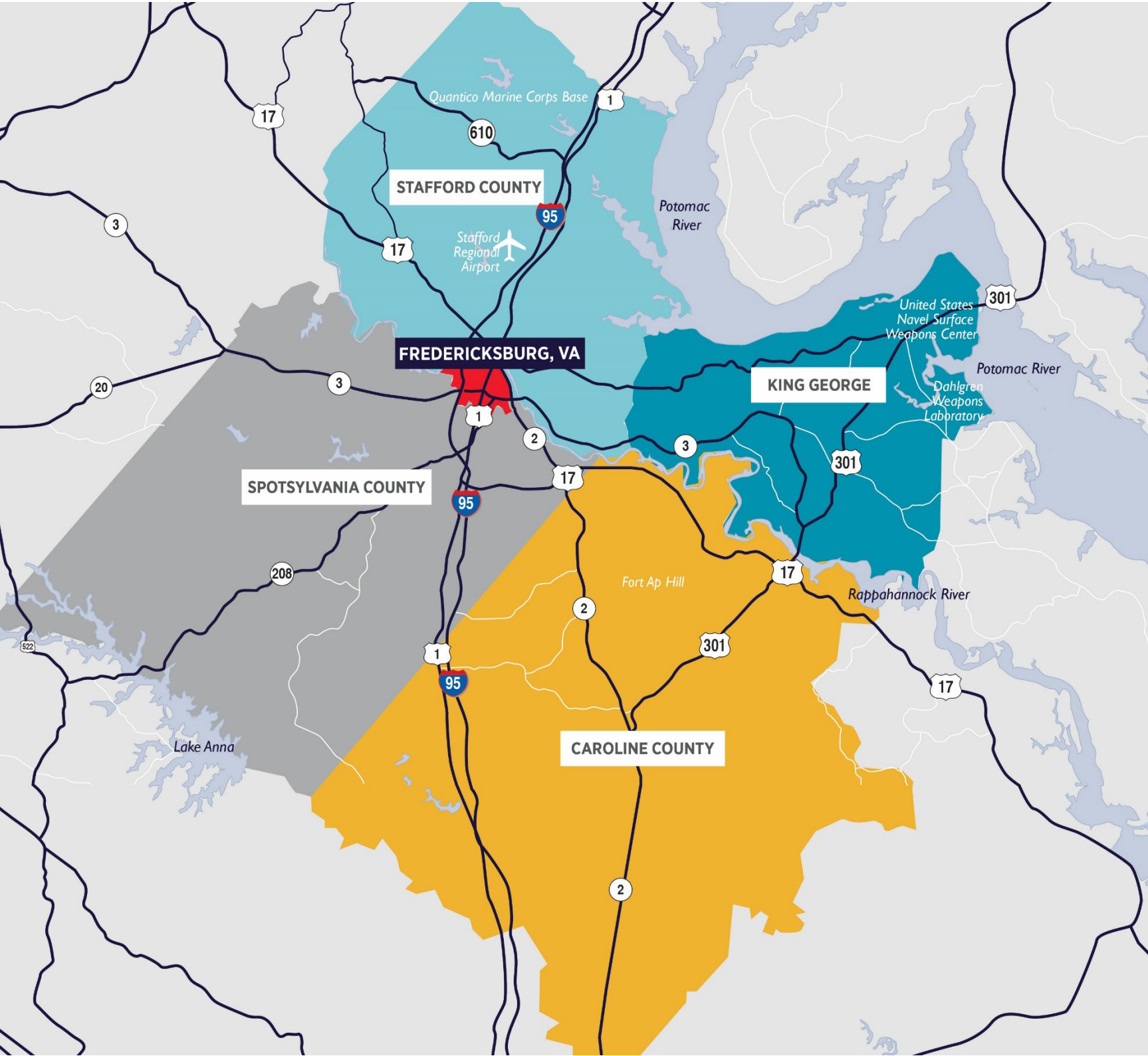
KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
11266 Enterprise Pky	Caroline County	Artemis Real Estate Partners / M C Dean Inc	359,000	\$42.4M / \$118.04
3591 Lee Hill Dr	Spotsylvania County	Ceres Capital Partners / B&D Holdings	78,497	\$7.1M / \$89.81
11905 Bowman Dr – Building C	Spotsylvania County	Peck Properties LLC / FB Ventures LLC	42,216	\$6.0M / \$142.13

KEY UNDER CONSTRUCTION PROJECTS Q3 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
6241 Patriot Hwy – Patriot 5 Logistics	Spotsylvania County	Undisclosed	555,675	Flint Development / Vakos Real Estate Services
125 Old Potomac Church Rd	Stafford County	Amazon	510,000	Amazon / Amazon
18191 Bazaar Ave	Caroline County	CleanArc Data Centers	490,000	CleanArc Data Centers Management, LLC

INDUSTRIAL SUBMARKETS



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