

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.7% Vacancy Rate	▲	▼
-75.7K YTD Net Absorption, SF	▼	▲
\$25.66 Asking Rent, PSF (Overall, All Property Classes)	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
73.8K Fredericksburg Employment*	▼	▲
3.7% Fredericksburg Unemployment Rate*	▲	▼
4.1% U.S. Unemployment Rate Source: BLS	▼	▲

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: LEASING ACTIVITY REMAINS STABLE

Vacancy ended the third quarter at 7.7%, down 60 bps quarter-over-quarter (QOQ) and up 30 bps year-over-year (YOY). Leasing activity topped 80,057 square feet (sf) throughout the quarter, and over 279,442 sf year-to-date (YTD). Stafford County accounted for over 35.7% of quarterly leasing activity. The top lease transaction was located at 475 Aquia Towne Center Dr where Venture X leased 20,554-sf of space in Stafford County. Following behind was Virginia Commonwealth University Health System Authority. They leased 11,576 sf at 10401 Spotsylvania Ave to increase access and expand services for patients.

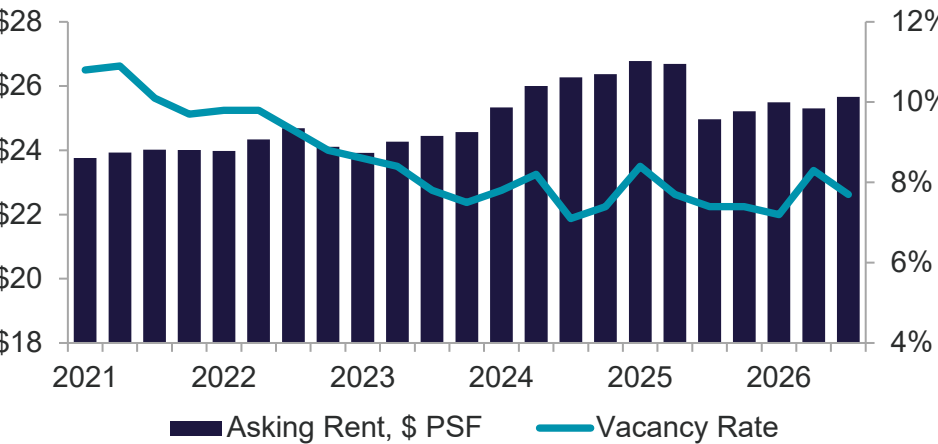
PRICING: INVESTOR DEMAND REMAINS STRONG

Overall quoted rates increased just over 1.4% QOQ and increased 2.8% YOY. Sales volume topped \$4.8M for the quarter in the Fredericksburg region and \$21.6M YTD. Ladysmith Professional Center, LLC sold 8051 Prosperity Way – Building 1 to an undisclosed buyer for \$2.9M, or \$173.21 per-square-foot (psf). This 16,800-sf medical office building yielded an 8.8% cap rate at the time of sale. Also transacting this quarter was 308 Wolfe St in Fredericksburg City. This 6,112-sf building was purchased by ERA Anchor Properties for \$1.9M, or \$302.68 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Caroline County	186,186	3,500	0	1.9%	-3,500	-2,850	5,872	0	\$26.17	-
Fredericksburg City	2,051,339	101,027	3,821	5.1%	2,455	-21,886	115,594	0	\$27.32	\$25.18
King George County	604,074	21,695	0	3.6%	-2,726	-5,107	27,425	0	\$26.19	-
Spotsylvania County	1,897,884	140,807	0	7.4%	11,353	12,287	63,259	0	\$25.27	\$24.12
Stafford County	3,064,207	318,224	8,388	10.7%	-15,359	-58,096	67,292	0	\$25.03	\$26.57
FREDERICKSBURG TOTALS	7,803,690	585,253	12,209	7.7%	-7,777	-75,652	279,442	0	\$25.66	\$25.24

*Rental rates reflect full service asking

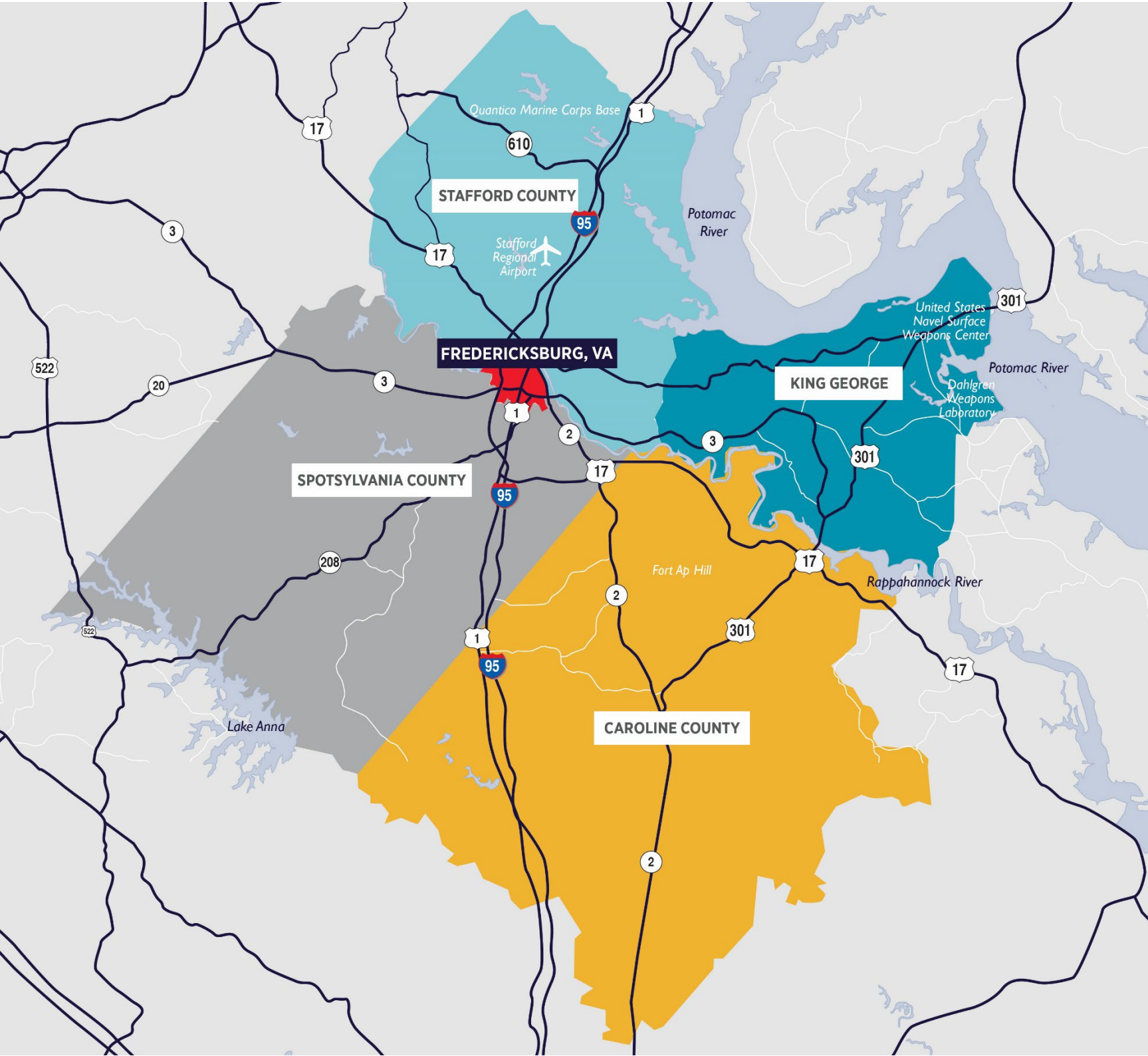
KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
475 Aquia Towne Center Dr	Stafford County	Venture X	20,554	New
10401 Spotsylvania Ave	Spotsylvania County	Virginia Commonwealth University Health System Authority	11,576	New
16539 Commerce Dr	King George County	Undisclosed	6,785	New
317 Wallace St	Fredericksburg City	Mitek Auto Specialist	6,000	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
8051 Prosperity Way – Building 1	Caroline County	Ladysmith Professional Center, LLC / Undisclosed	16,800	\$2.9M / \$173.21
308 Wolfe St	Fredericksburg City	Undisclosed / ERA Anchor Properties	6,112	\$1.9M / \$302.68

OFFICE SUBMARKETS



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