

MIDQUARTER SNAPSHOT

Industrial Q3 2021 Los Angeles Central/ Southeast



MARKET ACTIVITY

Direct Vacancy
↓ 1.9%

Net Absorption
↑ 901,374 SF

Overall Vacancy
↓ 2.1%

Gross Absorption
↑ 3,153,803 SF

Under Construction
↓ 357,079 SF

Rental Rates (NNN)
↑ \$1.10

Median Sale \$/SF
\$216.03

Deal Volume
\$250.4M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** The direct rate is down 20 BPS & overall is down by 10 BPS.
- **Net Absorption:** Totalled over 900K SF thus far in Q3.
- **Asking Rents:** Increased by \$0.05 PSF since Q2.
- **Sale Prices:** The median price through mid-Q3 is \$216.03 PSF. Volume has totalled over \$250M in Q3.
- **Industrial Supply:** Current under construction is down to 357K SF.

ECONOMIC OUTLOOK

- **GDP:** The U.S. economy grew at a rate of 6.5% in Q2. Concerns over the "delta" variant have slightly weakened the growth trajectory, with forecasted increase of 6.0% in Q3.
- **Inflation:** Concerns over inflation grow louder as the latest CPI showed an increase of 5.28%. Due to this, the FOMC indicated rate hikes are likely to occur sooner than previously anticipated.
- **Infrastructure:** The Senate has passed a \$1T infrastructure package. The timeline of this legislation passing in the House is uncertain.

ECONOMIC OUTLOOK

U.S. Employment
↓ 5.4%

U6 Rate
↓ 9.2%

Interest Rate
↓ 2.9%
(30 year fixed)

Changing GDP
↑ 6.5%

Port Traffic Y/Y Δ
↑ 40.4%

NYSE Performance
↑ 3.0%

Inflation Change
↑ 5.28%

10 Yr. - 2 Yr. Spread
↓ 106 BPS

EXPERIENCE IN A CHANGING MARKET

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