

### MARKET ACTIVITY

Direct Vacancy  
↓ 2.0%

Net Absorption  
↑ 618,322 SF

Overall Vacancy  
↓ 2.3%

Gross Absorption  
↑ 1,626,521 SF

Under Construction  
↓ 1,065,561 SF

Rental Rates (NNN)  
↑ \$1.24

Median Sale \$/SF  
\$264.91

Deal Volume  
\$290.6M

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Down 30 BPS from Q2.
- **Net Absorption:** Has totaled 618K thus far in Q3. Slightly below pace to match levels in Q2.
- **Industrial Supply:** After 1M SF was delivered in Q2, UC remains above 1M SF in Q3..
- **Asking Rents:** Increased by \$0.04 PSF since Q2.
- **Sales:** The median price PSF half-way through Q3 is \$264.91. Volume has totaled \$290.6M thus far into Q3 and on pace to outperform Q2.

#### 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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