

MARKET ACTIVITY

Direct Vacancy
▼ 2.2%

Net Absorption
▼ 142,175 SF

Overall Vacancy
▼ 2.5%

Gross Absorption
▼ 461,199 SF

Under Construction
▲ 2,749,964 SF

Rental Rates (NNN)
▲ \$0.88

Median Sale \$/SF
\$172.62

Deal Volume
\$150.9M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Overall vacancy has decreased by 30 BPS from Q2 to 2.5%.
- **Net Absorption:** Has totaled nearly 142K SF QTD Q3.
- **Gross Absorption:** Has totaled over 461K SF in Q3.
- **Industrial Supply:** Over 2.7M SF is now under construction. Led by the 1.5M SF Amazon distribution center in Oxnard.
- **Sales:** Volume thus far in Q3 has already surpassed that of Q2, totaling \$151M. The median price PSF is \$172.62 in Q3.

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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