

MARKET ACTIVITY

Direct Vacancy
▲ 2.2%

Net Absorption
▼ 395,282 SF

Overall Vacancy
▼ 2.5%

Gross Absorption
▼ 1,483,632 SF

Under Construction
▼ 940,275 SF

Rental Rates (NNN)
▼ \$1.43

Median Sale \$/SF
\$316.15

Deal Volume
\$338.6M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Direct rate increased by 10 BPS, but overall fell by 10 BPS to 2.5%.
- **Net Absorption:** Has totaled 395K SF in Q3.
- **Gross Absorption:** Is so far weaker in Q3, totaling under 1.5M SF.
- **Asking Rates:** The average asking rental rate has fallen by \$0.07 PSF from Q2 to \$1.43 PSF in Q3.
- **Sales:** The median price PSF in Q3 so far is \$316.15. Volume mid way into Q3 is 132% higher than the same period in Q2. Volume has totaled \$338.6M thus far 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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