

MIDQUARTER SNAPSHOT

Office Q3 2021 Los Angeles Central/ Southeast



MARKET ACTIVITY

KEY TAKE AWAYS

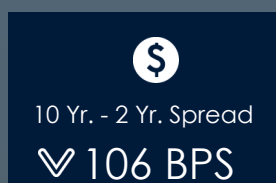
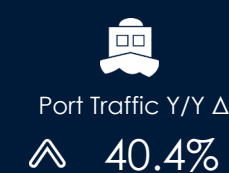
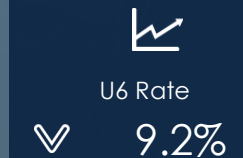
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Has increased by 40 BPS since Q2 to 21.1%.
- **Net Absorption:** Has totaled over -376K SF halfway through Q3.
- **Sales:** Only one sale so far in Q3.
- **Trends to Watch:** Due to COVID-19, most companies have been forced to implement work from home policies for their employees. If companies & employees find this arrangement successful, we could see a reduction in the amount of office space needed in the future.

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.



EXPERIENCE IN A CHANGING MARKET

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