

MIDQUARTER SNAPSHOT

Office Q3 2021 Los Angeles West/South



MARKET ACTIVITY

KEY TAKE AWAYS

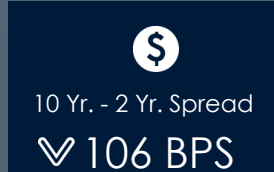
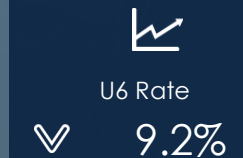
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased by 70 BPS from Q2.
- **Net Absorption:** Already over -769K SF halfway through Q3.
- **Sales:** Only 2 sales have occurred in Q3. Both sales were in El Segundo, totaling \$122M in volume.
- **Trends:** This market will face challenges if technology & entertainment companies begin to reduce their space requirements due to permanent work from home policies.

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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