

### MARKET ACTIVITY

Direct Vacancy  
▲ 1.1%

Net Absorption  
▲ 1,716,752 SF

Overall Vacancy  
▲ 1.2%

Gross Absorption  
▲ 2,642,134 SF

Under Construction  
▲ 13,796,689 SF

Rental Rates (NNN)  
▲ \$1.13

Median Sale \$/SF  
\$270.01

Deal Volume  
\$120.6M

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Minimal Increase of 3 BPS since Q4.
- **Net Absorption:** Reported net absorption thru the first half of Q1 was 1.7M SF.
- **Gross Absorption:** Has totaled over 2.6M SF in Q1.
- **Industrial Supply:** In Q1, over 1.8M SF has been delivered. Construction activity revised to 18.8M SF.
- **Sales:** Volume thus far into Q1 has only totaled \$120.6M. The largest sale has been a 142K SF building in Ontario that sold for \$43M or \$301.96 PSF. The median price PSF in Q1 is \$270.01.

#### ECONOMIC OUTLOOK

- **GDP:** The U.S. economy in Q4 grew at a rate of 6.9%.
- **Inflation:** The latest January CPI showed an increase of 7.53%. This represents the highest inflation rate since 1982.
- **Interest Rates:** The 10-Year Treasury has increased 53 BPS since the end of 2021. The 10 Yr. - 2 Yr. spread has fallen to the lowest level since Aug. 2020.
- **Supply Chain:** The historic backlog off the Ports of LA & Long Beach continues to ease in Q1. Since the close of Q4, shipping rates have increased 8% according to the Freightos Baltic Index. The cost to ship a container from China/East Asia to North America West Coast is now \$15,218 per container.

### ECONOMIC OUTLOOK

U.S. Employment  
▼ 4.0%

U6 Rate  
▼ 7.1%

Interest Rate  
▲ 3.7%  
(30 year fixed)

Changing GDP  
▲ 6.9%

Port Traffic Y/Y Δ  
▼ 7.1%

NYSE Performance  
▼ 6.5%

Inflation Change  
▲ 7.53%

10 Yr. - 2 Yr. Spread  
▼ 47 BPS

EXPERIENCE IN A CHANGING MARKET

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### MARKET ACTIVITY

Direct Vacancy  
▲ 1.6%

Net Absorption  
▼ 1,347,118 SF

Overall Vacancy  
▲ 1.6%

Gross Absorption  
▼ 2,617,663 SF

Under Construction  
▲ 12,452,797 SF

Rental Rates (NNN)  
▼ \$0.79

Median Sale \$/SF  
\$216.64

Deal Volume  
\$67.4M

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Minimal increase of 6 BPS since Q4.
- **Net Absorption:** Half way through Q1, Net Absorption has totaled over 1.3M SF.
- **Sales:** Volume QTD Q1 has totaled \$67.4M. The median sale price PSF was \$216.64.
- **Industrial Supply:** Nearly 1.7M SF has been delivered already in Q1. Construction activity expanded to over 12.4M SF, equating to 5.2% of the total inventory.

#### ECONOMIC OUTLOOK

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### ECONOMIC OUTLOOK

U.S. Employment  
▼ 4.0%

U6 Rate  
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Interest Rate  
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(30 year fixed)

Changing GDP  
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