

MIDQUARTER SNAPSHOT

Industrial Q1 2022 Los Angeles Central/ Southeast



MARKET ACTIVITY

Direct Vacancy
▲ 1.5%

Net Absorption
▼ -690,731 SF

Overall Vacancy
▲ 1.6%

Gross Absorption
▼ 1,313,836 SF

Under Construction
▲ 654,122 SF

Rental Rates (NNN)
▲ \$1.28

Median Sale \$/SF
\$243.03

Deal Volume
\$372M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increased slightly by 8 BPS from Q4.
- **Net Absorption:** Has totaled -691K SF thus far into Q1.
- **Asking Rents:** Increased by \$0.03 PSF since Q4, to a rate of \$1.28 PSF NNN.
- **Sales:** The median price through mid-Q1 is \$243.03 PSF. Volume has totaled over \$371M in Q1. The largest sale in Q1 has been a 125K SF building in La Mirada that sold for \$51.8M or \$414.19 PSF.
- **Industrial Supply:** Current under construction has increased to 654K SF.

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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