

### MARKET ACTIVITY

Direct Vacancy  
▲ 1.9%

Net Absorption  
▼ -90,884 SF

Overall Vacancy  
▲ 2.1%

Gross Absorption  
▲ 1,822,521 SF

Under Construction  
▼ 2,034,974 SF

Rental Rates (NNN)  
▲ \$1.35

Median Sale \$/SF  
\$314.26

Deal Volume  
\$167.9M

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Increased slightly by 9 BPS from Q4.
- **Net Absorption:** Has been negative thus far in Q1, totaling -91K SF.
- **Asking Rents:** Increased by \$0.03 PSF or 2.3% from Q4.
- **Sales:** QTD Q1, the median price PSF is \$314.26. Sales volume has totaled \$167.9M in Q4. Two transactions of \$25M or more have occurred in Q1.
- **Industrial Supply:** 284K SF has been delivered in Q1. Construction activity stands at just over 2M 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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