

MARKET ACTIVITY

Direct Vacancy
▼ 1.3%

Net Absorption
▼ -85,762 SF

Overall Vacancy
▲ 1.8%

Gross Absorption
▼ 262,409 SF

Under Construction
▲ 2,980,278 SF

Rental Rates (NNN)
▲ \$0.93

Median Sale \$/SF
\$214.11

Deal Volume
\$49.1M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Marginal increase of 3 BPS from Q4.
- **Net Absorption:** Has declined into negative levels, totaling -86K SF so far in Q1.
- **Gross Absorption:** Has totaled over 262K SF in Q1.
- **Industrial Supply:** Nearly 3M SF is now under construction. Led by the 1.5M SF Amazon distribution center in Oxnard.
- **Sales:** Volume thus far in Q1 has totaled \$49.1M with 6 transactions. The largest sale in Q1 has been a 130K SF building in Moorpark that sold for \$20.2M at a 6.2% cap rate. The median price PSF is \$214.11 in Q1.

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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