

MARKET ACTIVITY

Direct Vacancy
▲ 2.0%

Net Absorption
▼ -524,982 SF

Overall Vacancy
▲ 2.2%

Gross Absorption
▲ 1,240,624 SF

Under Construction
▲ 1,847,130 SF

Rental Rates (NNN)
▼ \$1.69

Median Sale \$/SF
\$308.15

Deal Volume
\$233.3M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increased by 20 BPS from Q4.
- **Net Absorption:** Has totaled -525K SF in Q1. A significant decline from Q4 levels.
- **Gross Absorption:** On pace to out perform Q4, totaling 1.24M SF so far into Q1.
- **Asking Rates:** The average asking rental rate declined by \$0.02 PSF from Q4 to \$1.69 PSF in Q1.
- **Sales:** The median price PSF in Q1 so far is \$308.15. Volume mid way into Q1 has totaled \$233.3M. The largest sale in Q1 has been a 145K SF Flex facility selling for \$64.3M or \$443.62 PSF.

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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