

# MIDQUARTER SNAPSHOT

## Office Q1 2022 Los Angeles County



### MARKET ACTIVITY

### KEY TAKE AWAYS

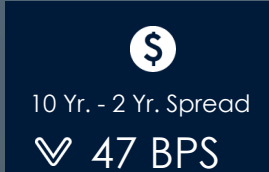
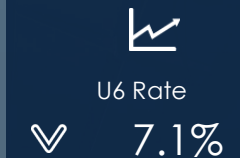
### ECONOMIC OUTLOOK

#### MARKET

- **Vacancy Rate:** Increased by 40 BPS to 19.5%.
- **Net Absorption:** Has declined in Q1 totaling -973K SF.
- **Office Supply:** Construction activity is currently at just under 5.3M SF.
- **Sales:** Volume halfway through Q1 has totaled \$263.5M. The median price PSF was \$348.72.
- **Trends:** The impact of COVID-19 has already begun to transpire. This market will face challenges when companies begin to reduce their space requirements due to permanent work from home & hybrid policies.

#### 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.



EXPERIENCE IN A CHANGING MARKET

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