

MIDQUARTER SNAPSHOT

Office Q1 2022 Orange County



MARKET ACTIVITY

KEY TAKE AWAYS

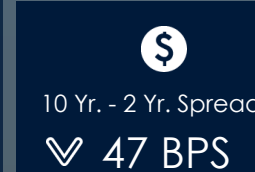
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased by 40 BPS since Q4.
- **Net Absorption:** Negative start to Q1, totaling over -368K SF.
- **Office Supply:** 69K SF has been delivered in Q1. Under construction now stands at 1.2M SF.
- **Sales:** 11 properties have sold thus far into Q1 total volume of \$166.5M. The largest sale was the 5 building Pacific Vista office park in Lake Forest that sold for \$96M or \$298.71 PSF. The median price PSF in Q1 is \$273.77.
- **Asking Rents:** Remained the same as Q4 at \$2.76 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.



EXPERIENCE IN A CHANGING MARKET

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