

MIDQUARTER SNAPSHOT

Office Q1 2022 Phoenix



MARKET ACTIVITY

KEY TAKE AWAYS

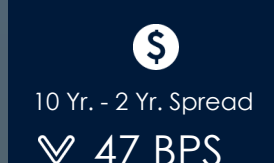
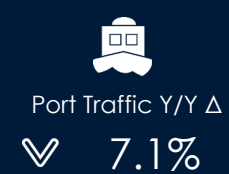
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Overall vacancy increased by 50 BPS since Q4 to 18.9%.
- **Net Absorption:** Negative start to Q1, totaling over -707K SF.
- **Office Supply:** Construction activity has been revised to 819K SF.
- **Sales:** In Q1, the median price PSF is \$203.38. Volume has totaled \$234.8M thus far 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.



EXPERIENCE IN A CHANGING MARKET

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