

MARKET ACTIVITY

Direct Vacancy
▲ 1.7%

Net Absorption
▼ -498,770 SF

Overall Vacancy
▲ 1.9%

Gross Absorption
▲ 2,882,117 SF

Under Construction
▲ 20,007,117 SF

Rental Rates (NNN)
▲ \$1.47

Median Sale \$/SF
\$343.44

Deal Volume
\$1.5B

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increase of 25 BPS since Q3.
- **Net Absorption:** Reported net absorption thru the first half of Q4 was down to -498,770 SF.
- **Gross Absorption:** Has totaled nearly 2.9M SF in Q4.
- **Industrial Supply:** In Q4, 465K SF has been delivered. Construction activity expands to 20M SF.
- **Sales:** Volume thus far into Q4 has totaled \$1.5B. The median price PSF in Q4 is \$343.44.

ECONOMIC OUTLOOK

- **Interest Rates:** At their November meeting, the FOMC decided to increase interest rates by another 75 bps to a range of 3.75%-4.0%. Projections of an additional increase of 50 bps before the end of the year with the fed funds rate ending 2022 at a mid-point of 4.4%.
- **Inflation:** The latest CPI shows slight signs of moderation from peak inflation.
- **Supply Chain:** According to the Freightos Baltic Index, the cost to ship a container from China/East Asia to North America West Coast declined 13% since Q3, at \$2,563 per container. Since the start of 2022, these rate have declined over 81%.

ECONOMIC OUTLOOK

U.S. Employment
▲ 3.7%

U6 Rate
▲ 6.8%

Interest Rate
▲ 6.6%
(30 year fixed)

Changing GDP
▲ 2.6%

Port Traffic Y/Y Δ
▼ 6.0%

NYSE Performance
▲ 11.1%

Inflation Change
▼ 7.76%

10 Yr. - 2 Yr. Spread
▼ -57 BPS

EXPERIENCE IN A CHANGING MARKET

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MARKET ACTIVITY

Direct Vacancy
▲ 1.4%

Net Absorption
▼ -544,166 SF

Overall Vacancy
▲ 1.7%

Gross Absorption
▼ 788,977 SF

Under Construction
▼ 13,570,494 SF

Rental Rates (NNN)
▲ \$1.22

Median Sale \$/SF
\$253.18

Deal Volume
\$2.0B

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increased 54 BPS since Q3 to 1.7%.
- **Net Absorption:** Half way through Q4, Net Absorption has been negative, totaling -544K SF.
- **Sales:** Volume QTD Q4 has totaled \$2.0B. The median sale price PSF was \$253.18.
- **Leasing Activity:** Has totaled just 1.2M halfway through Q4.
- **Industrial Supply:** Over 792K SF has been delivered in Q4. Construction activity revised to 13.6M SF, equating to 5.52% of the total inventory.

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