

### MARKET ACTIVITY

Direct Vacancy  
▲ 2.3%

Net Absorption  
▼ -855,500 SF

Overall Vacancy  
▲ 2.4%

Gross Absorption  
▼ 1,400,701 SF

Under Construction  
▲ 556,275 SF

Rental Rates (NNN)  
▼ \$1.49

Median Sale \$/SF  
\$316.79

Deal Volume  
\$776.8M

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Increased by 25 BPS from Q3.
- **Net Absorption:** Has totaled -855K SF thus far into Q4.
- **Asking Rents:** Declined by \$0.01 PSF since Q3, to a rate of \$1.49 PSF NNN in Q4.
- **Sales:** The median price through mid-Q4 is \$316.79 PSF. Volume has totaled \$776.8M in Q4. The largest sale in Q4 has been a two building portfolio in La Mirada that sold for \$151.2M or \$447.54 PSF.
- **Industrial Supply:** Current under construction has increased to 556K SF. 44K SF has been delivered.

#### 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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