

MARKET ACTIVITY

Direct Vacancy
▲ 2.0%

Net Absorption
▼ -1,255,592 SF

Overall Vacancy
▲ 2.2%

Gross Absorption
▼ 4,340,401 SF

Under Construction
▲ 5,232,471 SF

Rental Rates (NNN)
▼ \$1.56

Median Sale \$/SF
\$322.26

Deal Volume
\$1.69B

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increase of 13 BPS from Q3.
- **Net Absorption:** Is negative thus far into Q4, totaling over -1.25M SF.
- **Asking Rents:** Declined \$0.07 PSF to \$1.56.
- **Sale Activity:** Volume has totaled \$1.69B so far in Q4. With a median price PSF that has increased to \$322.26.
- **Leasing Activity:** Totaled 3.2M SF in the first half of Q4.
- **Industrial Supply:** Over 5.2M SF is currently under construction in Los Angeles County. In Q4, 84K 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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