

MIDQUARTER SNAPSHOT

Office Q4 2022 Los Angeles Central/ Southeast



MARKET ACTIVITY

KEY TAKE AWAYS

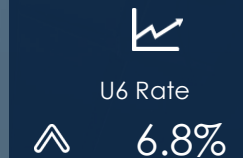
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Has increased by 39 BPS since Q3.
- **Net Absorption:** Has been negative halfway through Q4, totaling -348,714 SF.
- **Sales:** Only one (1) sale thus far into Q4. The property is located in Hollywood and sold for \$96M.
- **Trends to Watch:** Hybrid work models appear to be the way many companies will operate going forward. As a potential recession looms over the economy, companies are beginning to reduce office footprints to lower costs.

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%.



EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.