

MIDQUARTER SNAPSHOT

Office Q4 2022 Los Angeles North



MARKET ACTIVITY

KEY TAKE AWAYS

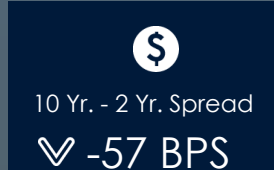
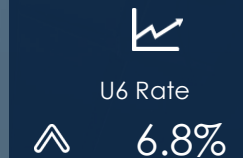
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased by 93 BPS since Q3. Largest amount of vacant sublet spaces since Q1 2003.
- **Net Absorption:** Has declined, totaling -574K SF in Q4.
- **Office Supply:** Construction activity currently stands at 1.7M SF.
- **Sales:** Only two (2) sales so far in Q4, totaling \$55.5M in volume. The median sale price of those sales was \$277.78 PSF.

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

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