

MIDQUARTER SNAPSHOT

Office Q4 2022 San Gabriel Valley



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined by 16 BPS from Q3 to a rate of 11.9%.
- **Net Absorption:** Has been positive halfway through Q3, totaling 19K SF.
- **Gross Absorption:** Has totaled 134,579 SF in Q4.
- **Sales:** No sales thus far in Q4.
- **Asking Rents:** The average asking rent PSF fell by \$0.01 since Q3 to \$2.52.

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%.

Direct Vacancy
11.4%

Net Absorption
19,041 SF

Overall Vacancy
11.9%

Gross Absorption
134,579 SF

Under Construction
46,000 SF

Rental Rates (FSG)
\$2.52

Median Sale \$/SF
N/A

Deal Volume
N/A

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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