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////////////////////Los Angeles////////////////////

////////////////////

////////////////////Orange County////////////////////

////////////////////

////////////////////Ventura////////////////////

////////////////////

////////////////////Inland Empire////////////////////

////////////////////

////////////////////Phoenix////////////////////

////////////////////

Q2 | 2023

Market Report

//////////////////// Los Angeles Industrial

LA West/ South



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MARKET ACTIVITY

KEY TAKE AWAYS

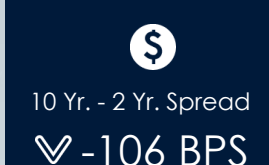
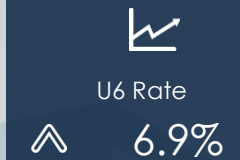
ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increase of 96 bps to 4.4% in Q2.
- **Net Absorption:** Large amount of sublet space pushed overall lower in Q2, totaling -2.1M SF.
- **Asking Rents:** Slight increase of 0.5% or \$0.01 PSF from Q1 to a rate of \$1.84 PSF NNN in Q2.
- **Sales:** The median price PSF in Q2 was \$319.83. Volume in Q2 totaled \$127M. A decline of 89.1% from revised Q1. Halfway through 2023, sales volume has totaled \$1.3B. An increase of 15.7% from H1 2022.

ECONOMIC OUTLOOK

- **Interest Rates:** At the June meeting, the FOMC decided to pause hiking interest rates at the current target range of 5.00% - 5.25%. This pause comes after ten consecutive hikes making the current rate hike cycle the fastest in history. Members of the FOMC remain hawkish & anticipate at least two more hikes to occur in 2023. Rates are likely to remain higher for longer.
- **Inflation:** Continues to decline, but remains well above the Fed's 2% target rate.
- **Supply Chain:** The cost from China/East Asia to North America West Coast increased 18.5% over Q2, ending at \$1,192 per container. (Freightos)



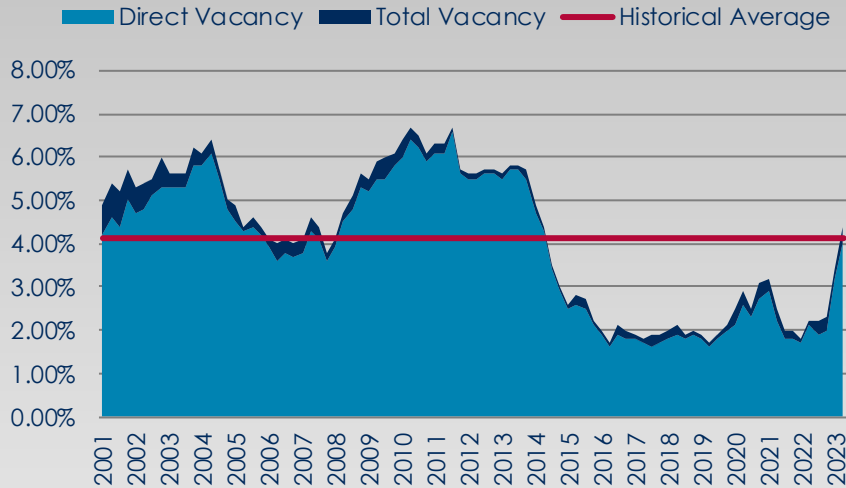
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

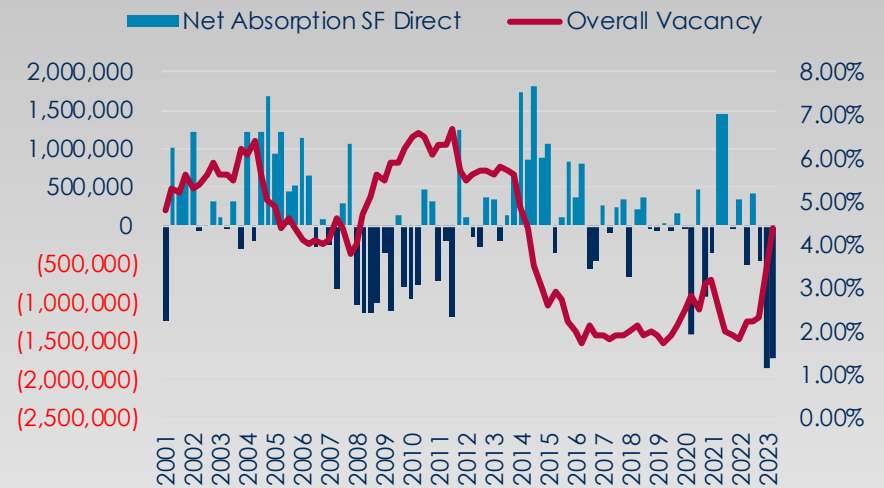


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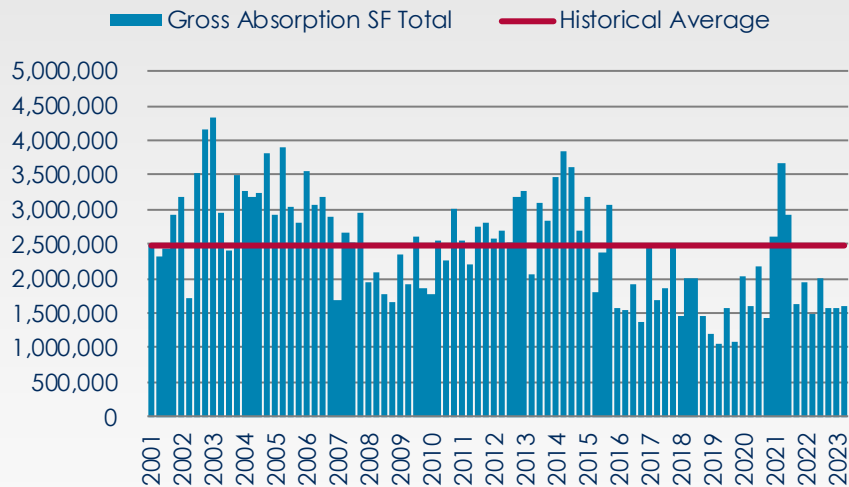
OVERALL VACANCY INCREASED BY 96 BPS IN Q2 TO 4.4%



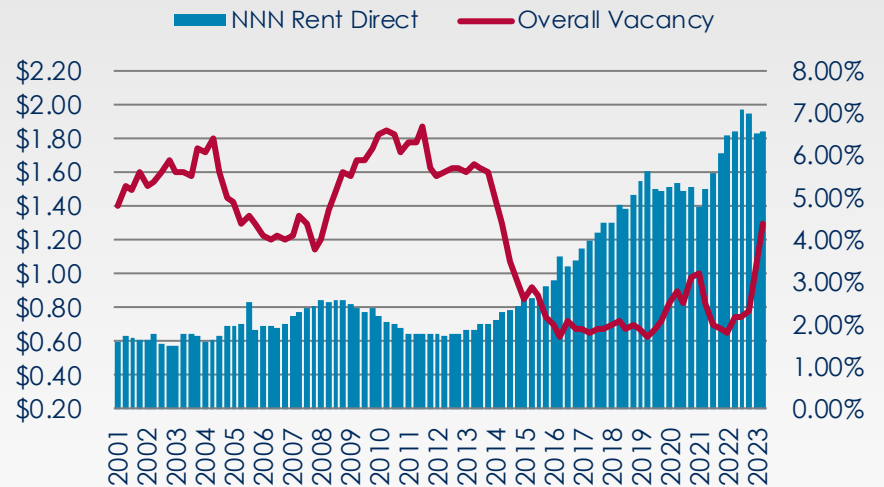
NET ABSORPTION DOWN OVERALL FROM Q1 TOTALING -2.15M SF IN Q2



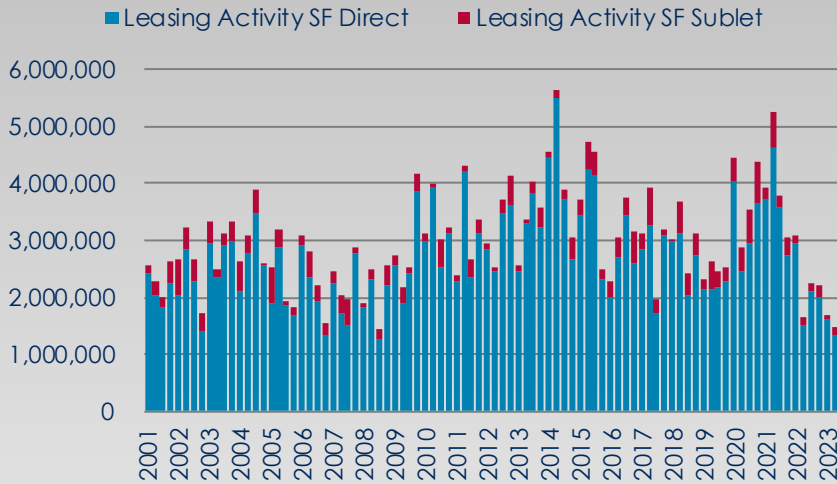
GROSS ABSORPTION INCREASED BY 1.9% IN Q2 TO 1.59M SF



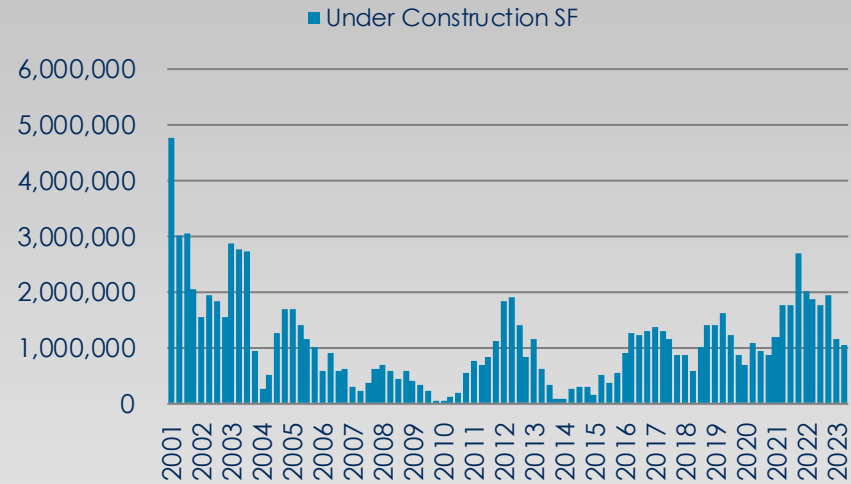
ASKING RENTS INCREASED BY 0.5% OR \$0.01 PSF FROM Q1 TO \$1.84 PSF IN Q2



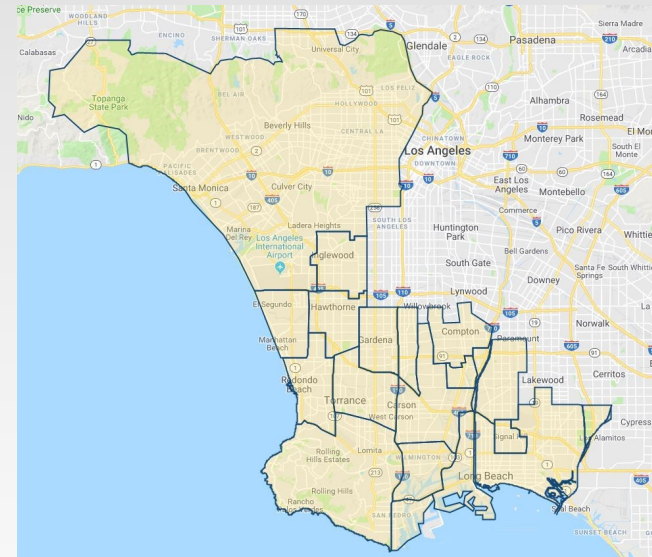
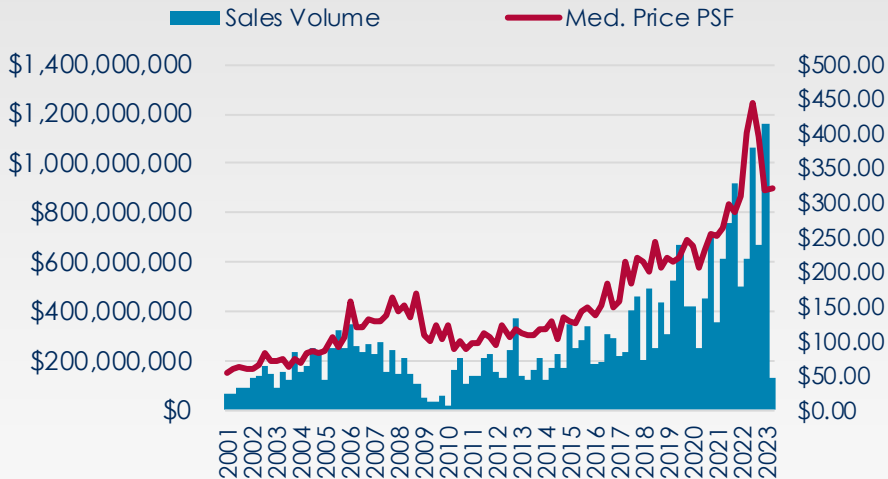
LEASING ACTIVITY FELL BY 11% FROM Q1 TO 1.49M SF IN Q2



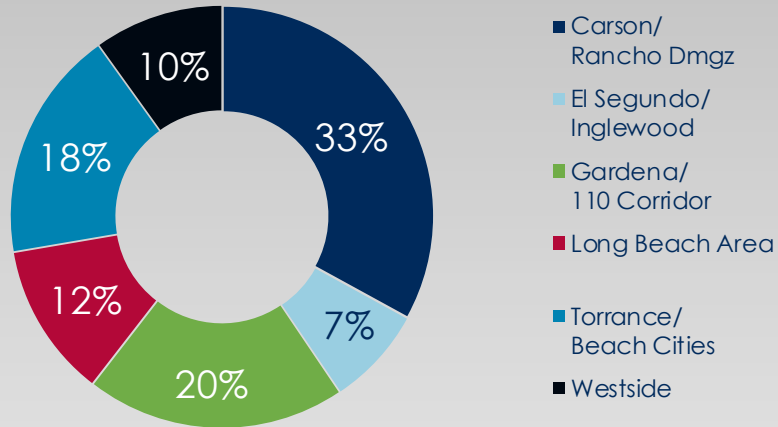
CONSTRUCTION ACTIVITY 108K SF WAS DELIVERED IN Q2. UC REVISED TO 1.03M SF



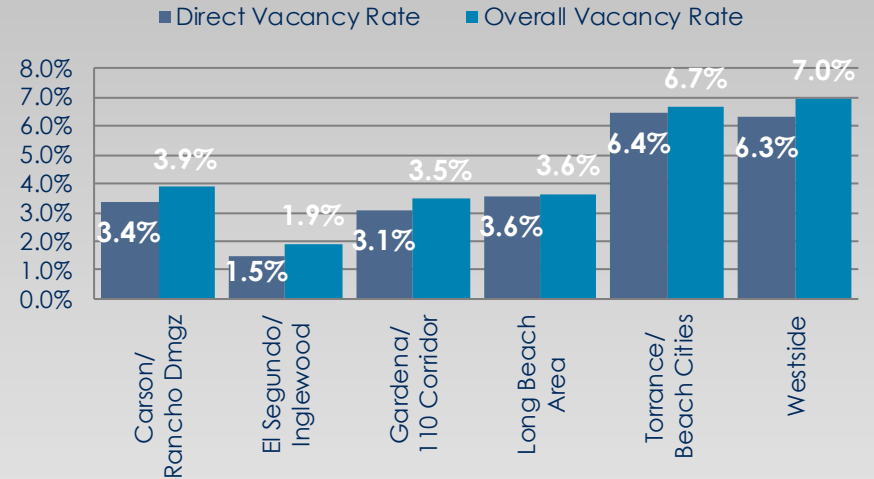
SALES THE MEDIAN PRICE PSF IN Q2 WAS \$319.83 PSF. VOLUME DOWN 89.1%



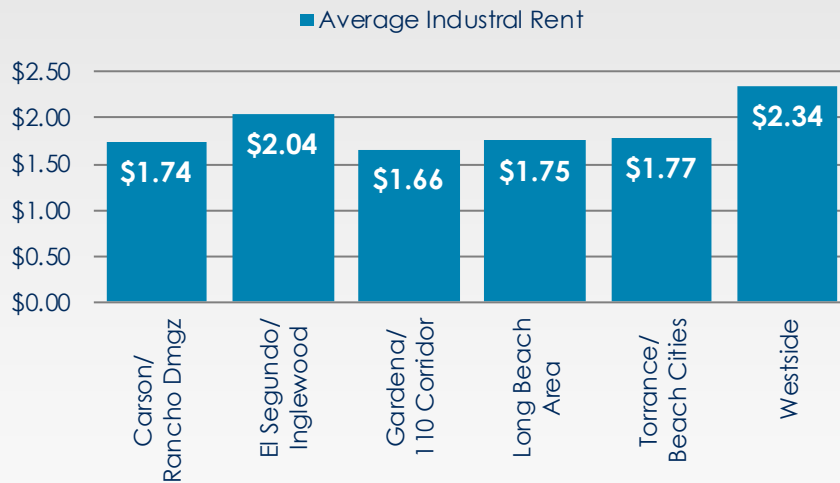
SQUARE FOOT BREAKDOWN- 232,715,258 SF MARKET SIZE



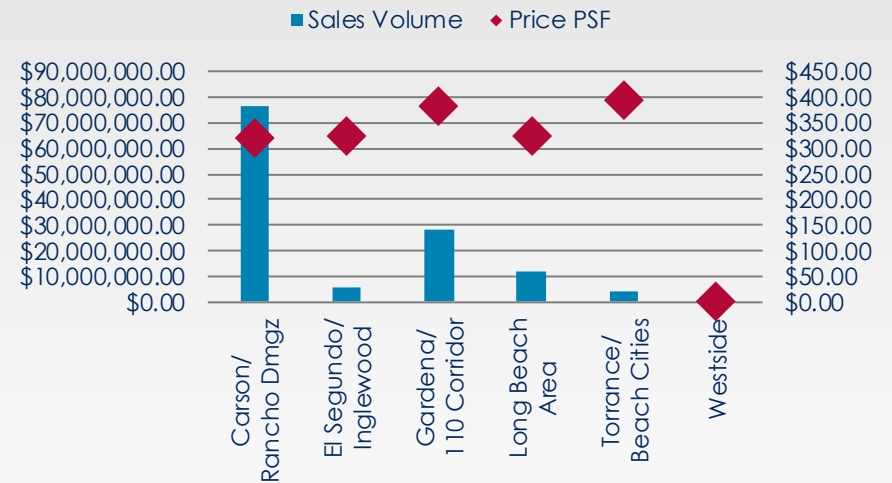
VACANCY BREAKDOWN



AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Industrial and flex (R & D) buildings that are 5,000 square feet and greater.

Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

Gross Absorption

The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

Net Absorption

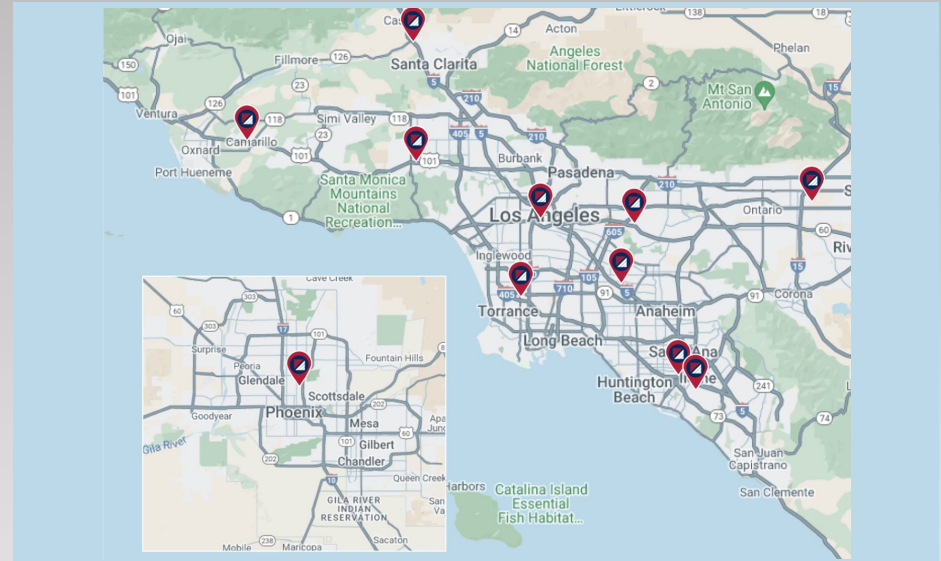
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2023

New buildings with original construction completed in the year 2023 and granted a Certificate of Occupancy. Renovated buildings are not included.



MARKET	OFFICE ADDRESS	PHONE NUMBER
LOS ANGELES	801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017	213-626-9101
LOS ANGELES NORTH	21820 BURBANK BLVD. SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
MID-COUNTIES	13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703	562-207-3300
ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
VENTURA COUNTY	751 DAILY DR. SUITE 105 CAMARILLO, CA 93010	805-987-8866
INLAND EMPIRE	3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764	909-980-1234
PHOENIX	1702 E HIGHLAND AVE. SUITE 120 PHOENIX, AZ 85016	602-957-7300
INVESTMENT DIVISION	650 TOWN CENTER DR. SUITE 120 COSTA MESA, CA 92626	949-341-4500

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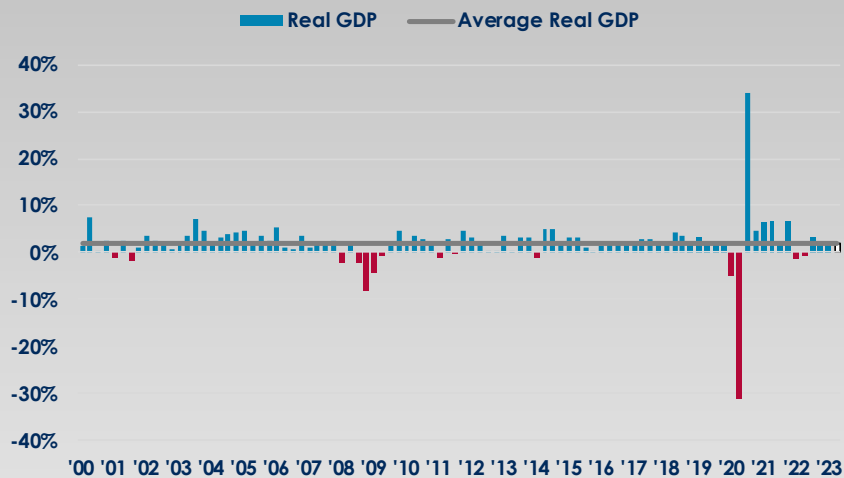
Economic Overview



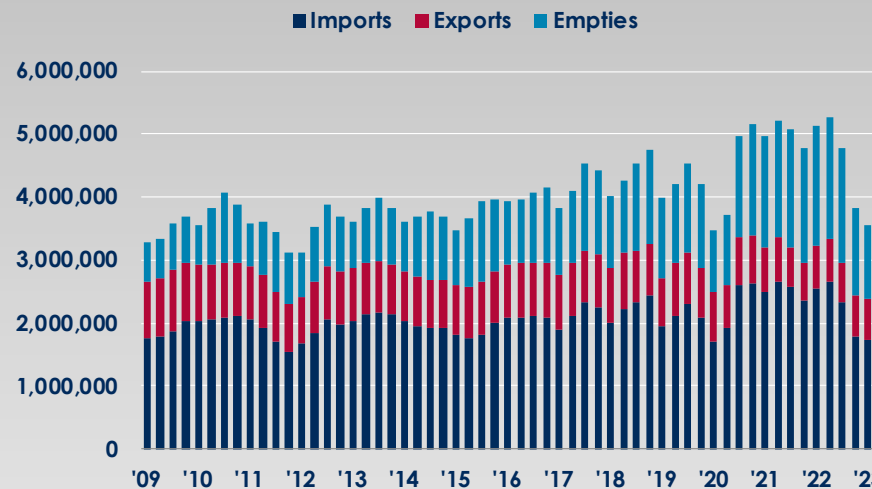
Q2 2023

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GDP IN Q1 FINISHED AT 2.0%. Q2 EST. TO INCREASE AT 2.1%

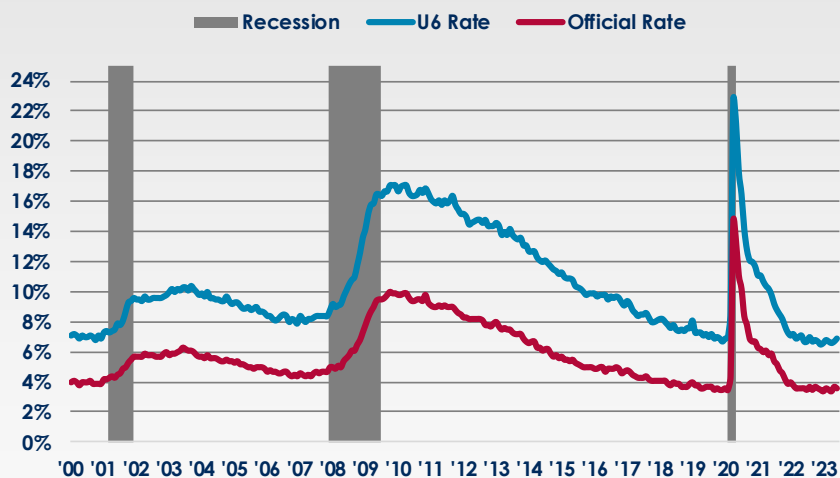


PORT ACTIVITY CONTINUES TO SLOW. DOWN 30.8% Y/Y IN Q1

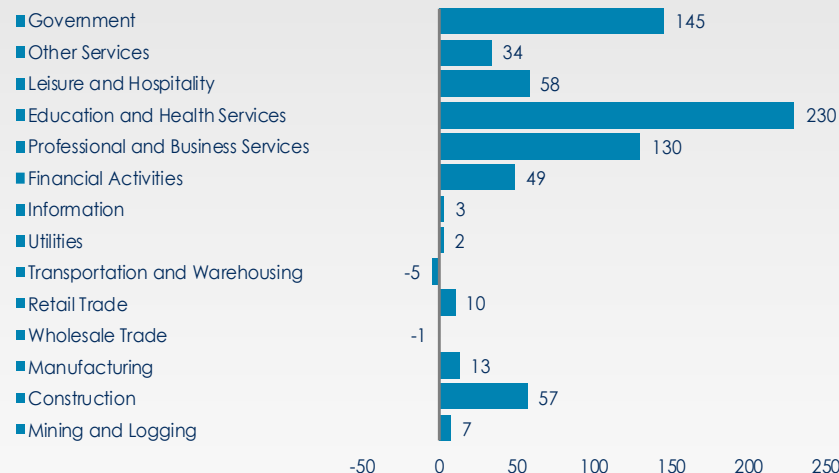


*2.1% Estimate for Q2-23 from the Federal Reserve Bank of Atlanta GDPNow

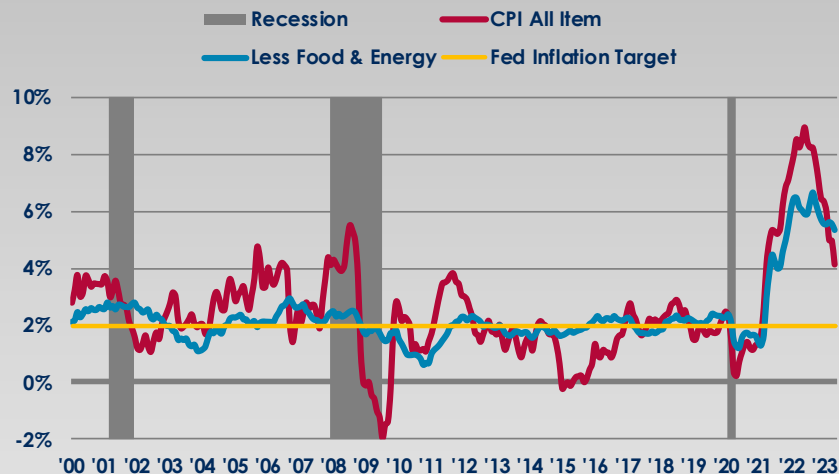
UNEMPLOYMENT CONTINUES TO BE STICKY IN Q2



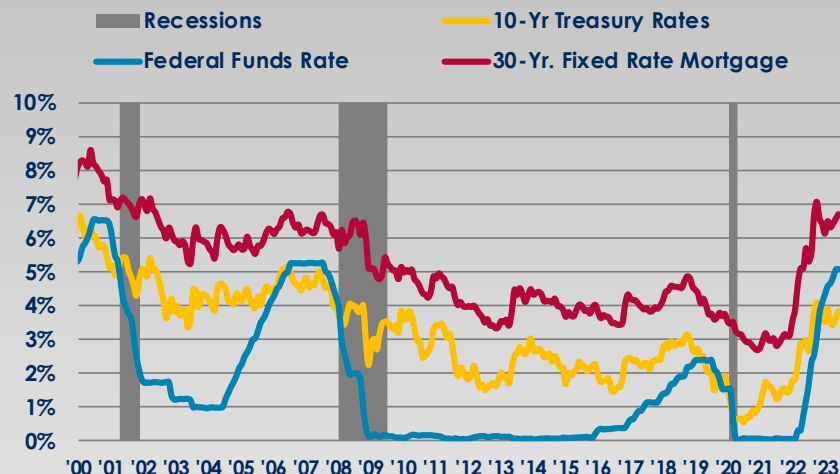
EDUCATION & HEALTH SERVICES LED JOB GAINS IN Q2



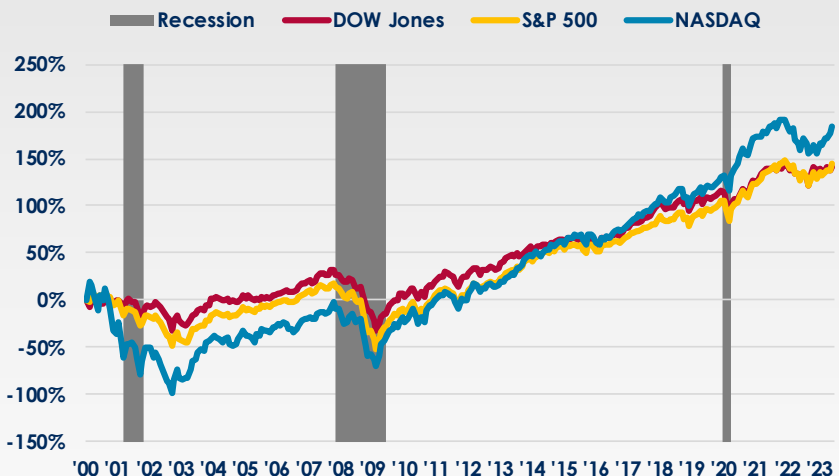
CPI CONTINUES TO DECLINE BUT REMAINS WELL ABOVE THE TARGET



THE FED PAUSED RATE HIKES IN JUNE AFTER 10 CONSECUTIVE HIKES



THE NASDAQ OUTPERFORMED THE OTHER MAJOR INDEXES IN Q2



10-2 YEAR SPREAD INVERTED DEEPER IN Q2 ENDING AT -106 BPS

