

# MIDQUARTER SNAPSHOT

## Office Q4 2022 Inland Empire



### MARKET ACTIVITY

### KEY TAKE AWAYS

### ECONOMIC OUTLOOK

#### MARKET

- **Vacancy Rate:** Declined by 58 BPS since Q3.
- **Net Absorption:** Has been positive thus far into Q4, totaling 201K SF.
- **Sales:** Thirteen (13) sales in the first half of Q4. The median price PSF was \$220.47.
- **Asking Rents:** Declined by \$0.01 PSF or 0.4% since Q3 to \$2.23 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%.

  
Direct Vacancy  
✓ 7.8%

  
Net Absorption  
▲ 201,620 SF

  
Overall Vacancy  
✓ 8.1%

  
Gross Absorption  
▲ 458,715 SF

  
Under Construction  
✓ 176,471 SF

  
Rental Rates (FSG)  
✓ \$2.23

  
Median Sale \$/SF  
\$220.47

  
Deal Volume  
\$100.8M

  
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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