

COMMERCIAL REAL ESTATE REPORT Q3 2022

Los Angeles-Long Beach-Anaheim, CA Metro Area

Demographics and Economy

Demographics

-1.3%	51.0%	2.1%	51.5%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-4.6%	259,400	4.4%	5.7%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$67,340	4.0%	21.2%	46.9%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-1,152,228	-604,797	1.3%	\$42	14.0%
Q3 2021	-572,680	-6,415,764	0.3%	\$42	13.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	433,687,167	-212,342	1,809,315	\$769,844,096	5.5%
Q3 2021	431,877,852	46,919	2,514,856	\$1,197,219,072	5.6%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	2,830	12,579	4.7%	\$2,189	\$2,176	3.6%
Q3 2021	10,391	31,044	5.4%	\$2,090	\$2,074	3.9%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	998,820	1,907	9,245	3.9%		
Q3 2021	989,575	2,401	11,087	3.9%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	1,203,418	1,465,608	3.2%	\$35	4.9%
Q3 2021	701,046	-937,470	2.1%	\$34	5.2%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	445,824,442	5.2%	\$1,834,027,520	\$354	
Q3 2021	445,631,171	5.2%	\$1,257,859,328	\$315	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-959,425	785,025	14.8%	\$18	2.1%
Q3 2021	4,775,228	11,708,895	11.0%	\$16	2.0%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	945,243,196	998,756	1,486,983	4.2%	\$2,893,748,992
Q3 2021	943,737,437	754,263	2,357,805	4.3%	\$2,432,760,576

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Riverside-San Bernardino-Ontario, CA Metro Area

Demographics and Economy

Demographics

1.0%	34.6%	3.6%	49.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.1%	91,900	5.8%	-2.2%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$52,849	3.9%	13.6%	51.7%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	101,903	694,070	4.2%	\$24	5.8%
Q3 2021	227,138	497,636	4.9%	\$23	6.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	76,741,989	0	162,711	\$130,926,048	7.1%
Q3 2021	76,579,278	77,751	125,469	\$173,306,736	7.2%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	-632	-1,852	5.4%	\$1,960	\$1,949	4.0%
Q3 2021	205	2,634	14.9%	\$1,858	\$1,854	2.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	168,434	935	1,417	4.2%		
Q3 2021	167,017	469	831	4.3%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	497,410	2,471,950	6.0%	\$25	6.1%
Q3 2021	684,432	1,871,110	5.2%	\$23	7.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	199,013,361	5.8%	\$481,467,904	\$270	
Q3 2021	198,497,158	5.9%	\$473,060,608	\$230	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	1,680,902	16,655,979	18.3%	\$13	1.8%
Q3 2021	10,146,012	32,737,444	14.3%	\$11	1.8%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	715,023,493	3,037,787	16,970,591	3.9%	\$1,668,081,664
Q3 2021	698,052,902	3,306,765	19,501,878	4.1%	\$1,592,076,672

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Sacramento-Roseville-Folsom, CA Metro Area

Demographics and Economy

Demographics

0.5%	38.0%	2.1%	48.5%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.7%	35,300	3.5%	8.0%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$60,890	3.3%	23.3%	41.7%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-60,691	708,800	1.9%	\$28	10.3%
Q3 2021	162,708	-679,669	2.4%	\$27	9.9%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	109,141,545	13,260	1,287,448	\$292,011,008	7.2%
Q3 2021	107,854,097	303,057	809,788	\$387,454,176	7.2%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	224	-8	2.4%	\$1,762	\$1,751	5.1%
Q3 2021	616	2,404	12.5%	\$1,721	\$1,715	3.7%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	136,030	655	1,936	4.2%		
Q3 2021	134,094	866	1,737	4.3%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	132,420	683,174	3.1%	\$23	5.6%
Q3 2021	474,338	392,314	3.3%	\$22	6.0%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	110,528,121	6.2%	\$429,385,728	\$219	
Q3 2021	110,228,727	6.3%	\$258,305,680	\$236	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	940,862	3,001,604	7.7%	\$10	4.0%
Q3 2021	1,564,882	8,645,640	8.5%	\$10	4.0%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	186,177,300	1,045,290	3,087,046	6.1%	\$155,633,408
Q3 2021	183,090,254	341,575	5,546,861	6.1%	\$344,315,296

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

San Diego-Chula Vista-Carlsbad, CA Metro Area

Demographics and Economy

Demographics

-0.3%	45.3%	6.6%	50.9%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-1.0%	60,400	4.2%	2.9%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$64,456	3.1%	22.1%	47.0%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-460,202	1,420,128	3.2%	\$38	10.8%
Q3 2021	369,616	-1,836	3.1%	\$36	11.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	119,340,163	-8,435	658,687	\$637,259,456	6.2%
Q3 2021	118,681,476	85,853	614,932	\$644,247,040	6.3%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	41	2,291	8.1%	\$2,353	\$2,339	3.2%
Q3 2021	2,632	10,349	12.9%	\$2,176	\$2,164	2.4%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	272,022	1,318	4,518	3.8%		
Q3 2021	267,504	1,128	4,696	3.9%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	375,119	1,264,687	4.1%	\$33	4.1%
Q3 2021	518,790	-298,334	2.0%	\$31	5.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	138,558,626	5.4%	\$402,475,744	\$406	
Q3 2021	138,626,121	5.4%	\$558,994,368	\$327	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-266,537	3,668,632	14.0%	\$21	3.4%
Q3 2021	4,190,357	6,689,417	8.7%	\$18	4.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	204,725,322	1,131,113	2,038,966	5.0%	\$1,214,297,856
Q3 2021	202,686,356	3,155,063	3,795,300	5.0%	\$917,193,344

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

San Francisco-Oakland-Berkeley, CA Metro Area

Demographics and Economy

Demographics

-2.5%	44.1%	1.1%	49.4%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-1.2%	109,000	4.6%	2.8%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$80,389	2.5%	35.1%	49.6%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-753,412	-2,413,010	-0.9%	\$62	15.4%
Q3 2021	533,331	-4,589,457	-5.4%	\$62	13.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	189,452,022	748,801	2,171,681	\$721,211,456	4.7%
Q3 2021	187,280,341	710,202	3,681,061	\$1,801,899,008	4.6%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	686	3,231	2.9%	\$3,032	\$2,996	7.5%
Q3 2021	1,552	7,564	5.9%	\$2,946	\$2,906	8.3%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	177,504	857	2,006	3.5%		
Q3 2021	175,498	1,472	3,027	3.4%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	271,504	321,137	-3.0%	\$42	5.4%
Q3 2021	-27,268	-285,565	-2.1%	\$43	5.3%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	82,835,520	4.5%	\$194,179,152	\$466	
Q3 2021	82,414,271	4.3%	\$265,660,656	\$537	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	72,052	1,016,784	6.3%	\$26	5.9%
Q3 2021	-62,241	-981,646	5.2%	\$25	6.9%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	95,935,149	118,936	51,830	4.6%	\$575,340,352
Q3 2021	95,883,319	-500,148	78,627	4.5%	\$279,508,992

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

San Jose-Sunnyvale-Santa Clara, CA Metro Area

Demographics and Economy

Demographics

-2.2%	44.0%	4.8%	50.9%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

5.6%	56,200	5.1%	4.2%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$93,076	2.2%	34.8%	37.2%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	334,656	3,787,091	-1.1%	\$62	12.2%
Q3 2021	444,433	-949,159	0.7%	\$63	13.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	139,697,127	-339,743	2,997,258	\$187,211,264	5.1%
Q3 2021	136,699,869	1,855,138	3,706,225	\$2,322,749,184	5.0%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	-15	5,131	7.2%	\$2,973	\$2,949	4.9%
Q3 2021	2,532	7,066	6.7%	\$2,773	\$2,723	6.6%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	154,718	883	2,594	3.4%		
Q3 2021	152,124	1,356	2,585	3.5%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	159,455	-174,305	2.2%	\$40	4.4%
Q3 2021	111,492	5,469	3.3%	\$40	4.3%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	79,916,563	5.1%	\$106,067,480	\$283	
Q3 2021	80,081,732	5.0%	\$229,910,992	\$475	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	782,664	3,056,057	7.8%	\$26	6.1%
Q3 2021	27,312	-1,213,759	4.0%	\$24	7.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	200,032,847	-156,135	589,071	4.8%	\$1,519,199,104
Q3 2021	199,443,776	198,721	162,038	4.8%	\$1,334,283,776

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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