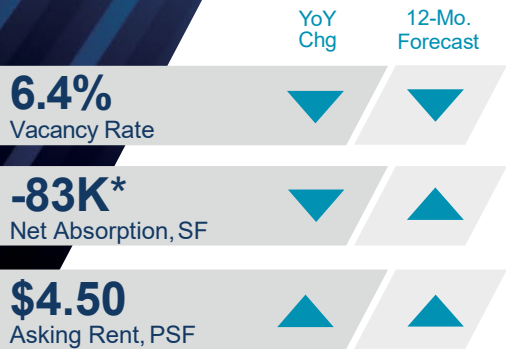
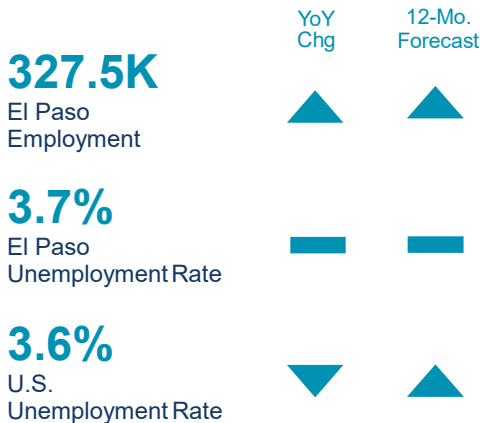


Industrial Q4 2019



Overall, Net Asking Rent
* As reported in CoStar

ECONOMIC INDICATORS Q4 2019



Source: US Bureau of Labor Statistics

ECONOMY OR SUPPLY: Uncertainty Slowing Down Performance

El Paso unemployment dropped to 3.7% for 4th Quarter 2019, representing a drop of 20 basis points year-over-year. Industrial production dropped 1.1% on both sides of the border in part because of uncertainty related to the United States-Mexico Canada Agreement (USMCA) and also the decrease in production and sales within the automotive sector. (According to the December 2019 issue of the Borderplex Business Barometer)

SUPPLY OR DEMAND: Strong leasing activity during Q4

Industrial availability in 2019 neared 3.5 million square feet (msf) at years end with a vacancy rate of 6.4%. The numbers were similar to 2018. Q4 2019 reported 3.7± msf of vacant space available. 60% of this unoccupied space is represented in only nine buildings.

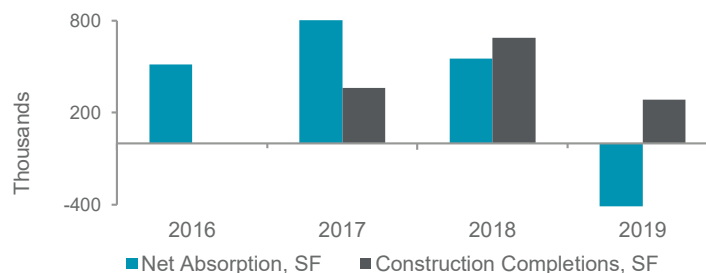
It was a very active quarter with 1.7 msf of transactions. This includes new leasing, renewals and investor/user sales. There were upwards of 23 new leases signed comprising some 505,000 sf and an estimated 10 renewals reflecting approximately 900,000 sf in renewal activity. Three sale transactions represented a total of 263,372 sf. Two were investor sales consisting of 87,726 sf fully leased warehouse/distribution spaces built in 2018, and, a 125,646 sf speculative warehouse/distribution building completed in late 2019. The remaining 49,000 sf was a warehouse/distribution user sale.

Approximately 283,000 sf of new construction was delivered to the market in 2019 in two speculative buildings. There are still 390,000 sf under construction that is projected to be completed in the first half of 2020. Additional institutional and local developers have land under contract with plans to build approximately 325,000 sf of speculative space available in 2020 and land capacity to double the amount.

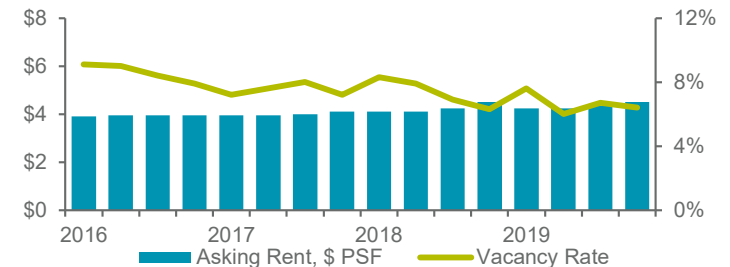
PRICING: Asking Rents Continue Rising

Lack of class A buildings and decrease of overall availability will continue to put upward pressure on asking rents, albeit at a somewhat reduced rate.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	45,243,464	3,241,890	7.2%	-60,130	-579,527	385,000	141,241	\$4.50
Manufacturing	4,984,435	144,194	2.9%	33,846	115,265	103,000	125,646	\$4.75
Office Service / Flex	7,155,676	302,872	4.2%	-57,052	-44,212	87,260	16,100	\$5.50
Total Market	57,383,575	3,688,956	6.4%	-83,336	-508,474	575,260	282,987	\$4.50

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12270 Rojas Dr.	East	Delfingen	187,200	Renewal
12375 Pine Springs Dr.	East	Handgards	187,200	Renewal
12055 Rojas Dr.	East	Plastic Molding Tech (PMT)	132,000	Renewal
1701 Northwestern Dr.	West	Schneider Electric	126,863	Direct
1701 Northwestern Dr.	West	Schneider Electric	112,721	Renewal
11970 Pellicano Dr.	East	Harmon Electronics	96,000	Renewal
6930 Market Ave.	Central	Not Disclosed	68,856	Direct
12280 Rojas Dr.	East	Not Disclosed	58,981	Renewal
12273 Gateway West Blvd.	East	Victory Packaging	56,000	Renewal
6975 Commerce Ave.	Central	Escalante Roofing	49,000	Direct
11970 Pellicano Dr.	East	NTW (Natl. Tire Warehouse)	48,000	Direct

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
9581 Joe Rodriguez Dr. (Part of Portfolio)	Southeast	Hanson Asset Management, LP/EIP	125,646	Not disclosed
445 Pan American Dr. (Part of Portfolio)	Southeast	Hanson Asset Management, LP/EIP	87,726	Not disclosed
6975 Commerce Ave.	Central	Amberlee Financial, Inc/Not Disclosed	49,000	\$32.14

Brett C. Preston, SIOR, CCIM

Managing Partner

+1 915 843 8888 / bpreston@piresintl.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.