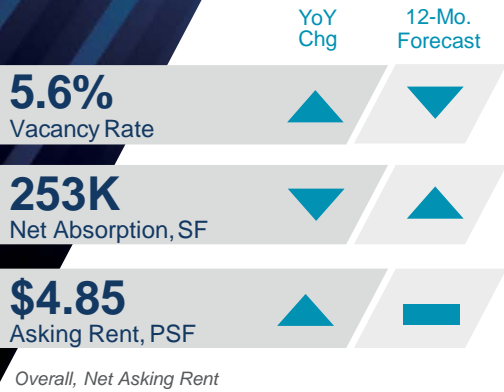
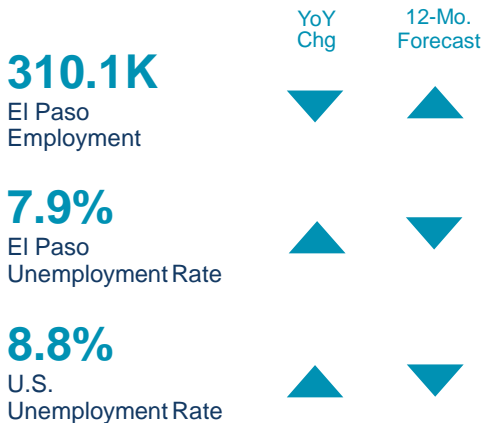


Industrial Q3 2020



ECONOMIC INDICATORS Q3 2020



Source: US Bureau of Labor Statistics

ECONOMIC OVERVIEW

The El Paso economy continued its slow but impressive recovery through the third quarter of the year. Industrial activity on both sides of the border continued to increase but remains below the levels of the same period in 2019.

The nation officially entered a recession in March 2020 due to Covid-19 which recorded (second quarter) the worst decline in post-war history. Predictably, overwhelming data indicates that the recovery commenced in May and has continued through Q3 2020. However, it is expected that unless or until there is a public health resolution, such as a vaccine(s), to the pandemic this recovery may falter. While this is not broadly felt, it is a concern that merits attention. Once a Covid-19 vaccine or proven treatment regimen is achieved then the nation and businesses will have the confidence required for a robust resurgence. To access the most recent research from Cushman & Wakefield CRE and the state of the economy, [click here](#).

SUPPLY OR DEMAND

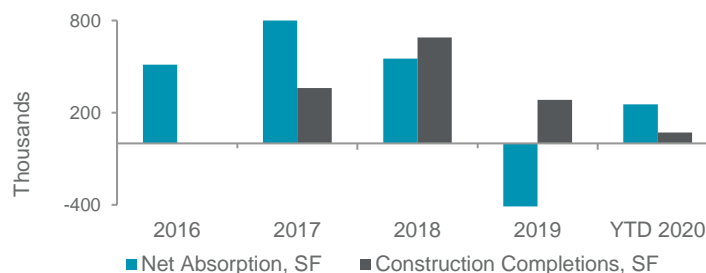
Demand for lease space continued solid during the third quarter of the year. There were over 30 transactions (new leases and renewals) during this period that totaled together about 1.7 million square feet (msf). The level of activity was similar to the same period of 2019. New leasing activity was nearly 1 msf and brought in the best quarter so far this year. Among the notable leases is that of a company that manufactures Personal Protective Equipment (PPE) which leased 300,000 sf in West El Paso, whose identity needed to remain confidential at this point.

Also, there is strong demand for new construction space which is demonstrated by the start of construction of four new speculative buildings that broke ground this quarter. This will add a total of 565,000 sf to the available inventory which are expected to be completed sometime in late 2020 or early 2021. Amazon began construction of an approximate 2.5 msf distribution fulfillment center in far East El Paso. Also, it was announced that the parent company for TJ Maxx has secured 125 acres adjacent to El Paso International Airport for the construction of 2 msf of distribution space.

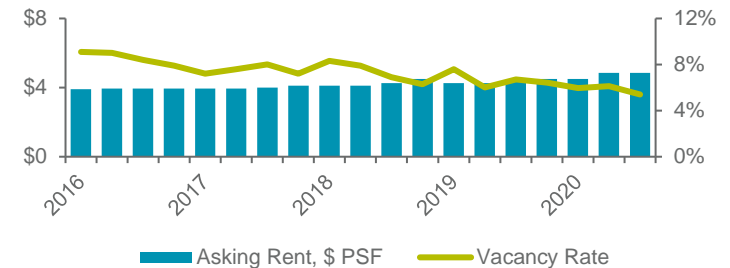
PRICING

Increases in industrial lease rates and property values have not abated and have remained strong through the pandemic of 2020. The lingering scarcity of, ready to occupy, Class-A space and the delayed delivery of new speculative product has produced a backlog that is reflected in quoted lease rates and aggressive deal terms. Because of this there has been a noted decrease in available lower graded properties (Class-B & C) range which have experienced improvement in lease rates because of the strong market and high lease rates for Class-A. It is expected that Class-A vacancy rates will edge up slightly, but overall vacancy rates will continue to decline.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Industrial Q3 2020

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	44,854,111	2,717,329	6.1%	-17,762	268,185	2,356,811	70,560	\$4.85
Manufacturing	5,194,896	218,105	4.2%	-71,980	-56,325	103,000	0	\$5.00
Office Service / Flex	7,288,945	266,101	3.7%	-1,174	41,291	105,150	0	\$5.75
EI PASO TOTALS	57,337,952	3,201,535	5.6%	-90,916	253,151	2,564,961	70,560	\$4.85

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

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6750 N. Desert Blvd.	West	MBS	300,000	Direct
6750 N. Desert Blvd.	West	IDC Logistics, Inc.	140,225	Direct
12430 Mercantile Ave.	East	Signify	108,000	Renewal
7730 Market Center Ave.	West	Business Services	80,000	Direct
1430 Henry Brennan Dr.	East	Computer MFG	78,900	Direct
1455 Vanderbilt Dr.	East	Transportation/Logistics/3PL	75,904	Direct
360 S Americas Ave., Bldg B	Southeast	ASO	65,641	Renewal
425 Pan American Dr.	Southeast	Transportation/Logistics/3PL	60,000	Renewal

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
9566 Railroad Dr.	Northeast	Annlynn Corporation/ Not disclosed	100,000	Not disclosed
15 Zane Grey St. & 7 Leigh Fisher Blvd. (Portfolio Sale)	Northeast/ Butterfield Trail	Hager Pacific Properties/ Sealy & Co Inc	96,098 35,616	\$34.54
1455 Vanderbilt Dr.	East	Cielak, Michael J (TR) & J Dayton Investments LLC & 3/ SL5 EP INDUSTRIAL LP	85,904	Not disclosed
9555 Plaza Circle	Southeast	Newport Associates, Inc./ Blue Road Investments	51,200	Not disclosed

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