

Industrial Q1 2021

YoY Chg 12-Mo. Forecast

5.1%

Vacancy Rate



829K

Net Absorption, SF



\$5.00

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

315K

El Paso Employment



7.7%

El Paso Unemployment Rate



6.0%

U.S. Unemployment Rate



Source: U.S. Bureau of Labor Statistics, Moody's Analytics

ECONOMIC OVERVIEW

According to information from the Economic Indicators for El Paso, published by the Federal Reserve Bank of Dallas, the El Paso economy experienced an improvement through the fourth quarter of 2020 into the new year. Unemployment rates in the first quarter reached 7.7%. This was slightly more than double that of the last cycle. This increase witnessed the addition of about 2,000 jobs, mainly in the professional and business services and government sectors.

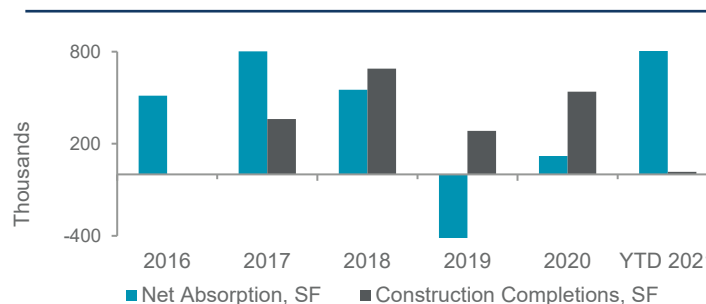
SUPPLY OR DEMAND

The first quarter brought the year-to-date overall absorption totals to just under 1 million square feet (msf), in spite of the COVID-19 challenges, El Paso's leasing activity involved 1.1 msf in over a dozen transactions. 2021 has 3.2 msf of projects under construction or nearing completion. Significant announcements in the first quarter for speculative development will be public later in the year, but we continue to see strong development primarily centered about the Ysleta – Zaragoza Port of Entry on the far East side of the city and into the incorporated boundaries of Horizon, Texas. Horizon, Texas is where Amazon elected to build their multi-story, state-of-the-art, distribution center. Additionally, TJX Companies committed to a 100± acre distribution site by El Paso International Airport which is next to Loop 375 and ties into Interstate 10. To summarize, supply is on pace with anticipated demand, however the velocity of transactions has slowed during the end of this quarter. Optimism remains high and the dominant economic indicators support this optimism.

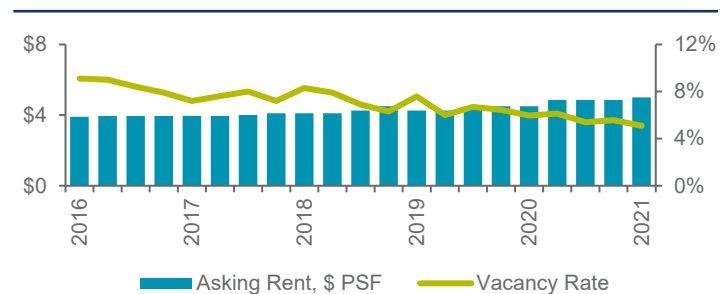
PRICING

Industrial lease rates remain strong in the first quarter of 2021 at a blended overall asking rate of \$5.00 per square foot (psf) compared to first quarter 2020 at \$4.50 psf. New speculative construction with 28'-32' ceiling heights and 40'x50' - 50'x50' column spacing have rates which range from \$5.65 - \$6.25 psf. The rate increases continue due to a healthy demand, the shortage of Class A space, increased construction costs and the overall lack of availability.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Industrial Q1 2021

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	45,071,341	2,523,658	5.60%	806,058	806,058	1,780,485	0	\$4.85
Manufacturing	5,042,665	77,965	1.55%	22,695	22,695	103,000	0	\$5.25
Office Service / Flex	7,578,902	363,908	4.80%	657	657	28,350	16,100	\$6.00
Total Market	57,692,908	2,965,531	5.14%	829,410	829,410	1,911,835	16,100	\$5.00

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

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1100 Kessler Drive	Southeast	Priority Global Express Inc	108,000	Renewal
9601 Joe Rodriguez Drive	Southeast	Not Disclosed	56,250	Direct
1100 Kessler Drive	Southeast	Priority Global Express Inc	50,050	Direct

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
11343 Rojas Drive	East	Waterland Of El Paso LLC / EP Sharp Investments LLC	55,500	\$49.62
6906 Commerce Avenue	East	Lc Real Estate LLC / UniFirst Corporation	51,000	Not Disclosed
927 Tony Lama Street	East	Horak Industrial, LLC / Waterland, LLC	50,000	\$66.88
901 Tony Lama Street	East	Horak Industrial, LLC / Waterland, LLC	47,413	\$43.05

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