

Industrial Q3 2021

YoY Chg 12-Mo. Forecast

5%

Vacancy Rate



627K

Net Absorption, SF



\$5.35

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

319K

El Paso Employment



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

5.5%

El Paso Unemployment Rate



Source: UTEP Borderplex Business Barometer

5.2%

U.S. Unemployment Rate



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

ECONOMY OR SUPPLY

El Paso continues the impressive growth which began in 2020 and the data provided by the Federal Reserve Bank of Dallas has been impressive. The job market improved by another four and one half (4.5%) percent and the unemployment rate dropped by five and one half (5.5%) percent in the first quarter from 7.3% to 6.9%. This is similar to results in the State of Texas.

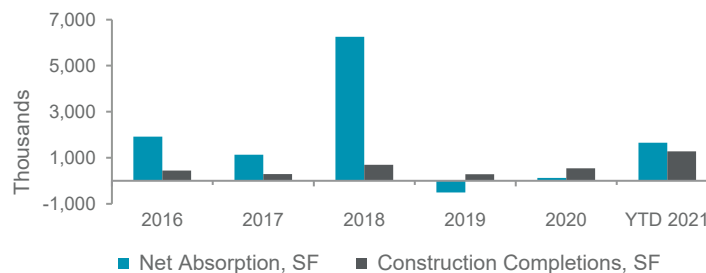
SUPPLY OR DEMAND

As we and Texas have begun to shake off the CPP virus pressures, we experienced a near record 627,000 square feet (sf) of positive absorption this quarter. This fell in line with our mid-year predictions when only 100,000 sf had been absorbed. Demand is on pace to finish the year with impressive results. The speculative construction that began months ago is complete and tenant-ready, aside from specific improvements. The economic rationale behind this surge is largely due to reshoring of manufacturing operations coupled with increased orders from existing manufacturing operations in Juarez, Mexico, which our community supplies and supports.

PRICING

Rental rates, in overall categories, increased by another \$0.10 per square foot (psf), from \$5.25 psf to \$5.35 psf this quarter alone. They are expected to climb further because of limited supplies and the higher prices of new construction. Advertised rates on new construction (28'-32' ceilings, 50'x50' column spacing, 2-docks per bay) are climbing above \$6.00 psf to \$6.40 psf. The higher rates are representative of above-mentioned ever-increasing construction costs. Most of the increases are attributed to higher material prices for items such as steel, concrete/cement and building-fixtures and features.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	46,904,580	2,821,923	6 %	512,095	1,312,995	4,100,000	1,143,485	\$5.25
Manufacturing	5,145,655	151,000	2.9 %	103,000	238,035	0	103,000	\$5.25
Office Service / Flex	7,591,152	34,901	0.5 %	12,500	8,869	16,100	28,350	\$6.25
EL PASO TOTALS	59,641,387	3,007,824	5 %	627,345	1,559,899	4,116,100	1,274,835	\$5.35

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

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
655 Industrial Avenue, Westpark, Building 1	Santa Teresa, NM	Tecma	170,000	Direct
655 Industrial Avenue, Westpark, Building 1	Santa Teresa, NM	Ergo Motion	145,000	Direct
1401 Pullman Drive	East	Expeditors	125,000	Direct
9500 Plaza Circle	Southeast	TSC	102,021	Direct
1305 Henry Brennan Drive	East	Warehouse / Distribution	65,290	Direct
21 Zane Grey Street	Northeast / Butterfield Trail	NASCO	44,000	Direct
9600 Joe Rodriguez Drive	Southeast	Warehouse / Distribution	30,000	Direct
12130 Esther Lama Drive	East	Warehouse / Distribution	24,000	Direct
11801 Miriam Drive	East	Warehouse / Distribution	22,400	Direct
12124 Rojas Drive	Santa Teresa, NM	Household Furniture	21,128	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6750 N. Desert Blvd	Northwest	Hackman Capital Partners / Buzz Oates	438,838	Undisclosed
Sale of 3 buildings	Northwest	Plexxar / LINK	692,000	Undisclosed

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