



Industrial Q1 2022

YoY Chg 12-Mo. Forecast

1.0%

Vacancy Rate



3.6M

Net Absorption, SF



\$6.75

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

324K

El Paso Employment



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

5.3%

El Paso Unemployment Rate



Source: UTEP Borderplex Business Barometer

3.6%

U.S. Unemployment Rate



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

ECONOMY OR SUPPLY

2021 ended with a bang and the concerns of the Omicron variant of the CCP-virus have begun to abate. Businesses continued to operate at modified to full occupancy. The restrictions placed on Mexican tourist visas was lifted and trade picked up considerably. This impacts the retail market by an additional 30% to 35%. Unemployment remained almost unchanged and now rests just above 5% which is above the 3.6% national reported rate of unemployment.

SUPPLY OR DEMAND

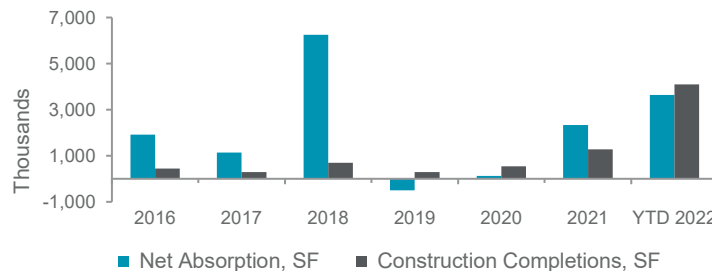
During Q1 2021, the speculative space at or nearing completion was leased. At the end of the quarter, we had an actual vacancy rate of 1% and 3.6 million square feet (MSF) in net absorption. Inflationary pressures and continued supply chain delays for critical items such as roofing, glass and steel have both increased costs and also increased delivery times by 100 days. New construction is expected to take 40 to as much as 52 weeks. Demand remains near record levels and second generation space, when available, leases or sells within a very short time frame.

Approximately 4.1 MSF of new construction was delivered to the market in the first quarter in two build-to-suits, the Amazon fulfillment center with 2,500,000 SF and the MarMaxx distribution center with 1,600,000 SF. 3.4 MSF is now under construction to include approximately 2.8 MSF of spec warehouses, 490,000 SF build-to-suit warehouses and 161,000 SF build-to-suit manufacturing. These are projected to be completed within the year.

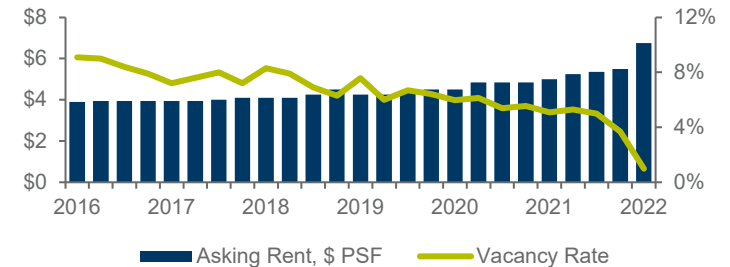
PRICING

Street quotes have jumped by 17% (or \$1.00 per square foot per year) from \$5.75/SF/YR in Q4 2021 to \$6.75/SF/YR in Q1 2022. New construction quotes are between \$7.75/SF and \$8.00/SF. Industrial land prices have jumped from \$5.00/SF to a recent contract at \$7.25/SF. It's expected that prices will begin to stabilize with the only caveat bearing on inflation deceleration and more certainty of material delivery.

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	51,004,580	457,979	0.9%	3,642,021	3,642,021	3,299,032	4,100,000	\$6.50
Manufacturing	5,145,655	151,000	2.9%	0	0	161,335	0	\$7.00
Office Service / Flex	7,591,152	39,730	0.5%	0	0	16,100	0	\$7.00
EL PASO TOTALS	63,741,387	648,709	1.0%	3,642,021	3,642,021	3,476,467	4,100,000	\$6.75

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12590 Rojas Drive	Far East	Transload	204,188	Direct
250 Constellation Drive	Santa Teresa, NM	Warehouse/Distribution	182,718	Direct
Northwestern/ Northern Pass	West	Schneider Electric	161,335	Direct
12230 Paseo Del Este Blvd.	Far East	Avanza	142,865	Direct
12431 Mercantile Avenue	Far East	NOE	128,754	Direct
12425 Mercantile Avenue	Far East	Buckland Global Trade Services	66,065	Direct
15 Zane Grey Street	Northeast/Butterfield Trail	Warehouse/Distribution	44,000	Direct
28 Spur Drive	Northeast/Butterfield Trail	GCX	39,194	Direct
12 Kitty Hawk Drive	Santa Teresa, NM	RL Jones	32,010	Direct
10826 Pellicano Drive	East	NOE	30,000	Direct
7157 Merchant Avenue	East	Warehouse/Distribution	20,000	Direct
11 Founders Blvd.	Northeast/Butterfield Trail	Daryl Flood	12,938	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
23 Building Portfolio	Various	EIP-Raith / LINK	2,030,000	Not Disclosed
Various-Northwest Corporate Center	West	Nuveen / Not Disclosed	360,000	Not Disclosed
8000 Ashley Road	Northeast	Bruce Foods / Malooly	315,125	Not Disclosed
1462 Lionel Drive	East	BH Properties / Althon	94,140	Not Disclosed

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