



Industrial Q3 2022

YoY Chg 12-Mo. Forecast

2.8%

Vacancy Rate



245K

Net Absorption, SF



\$7.25

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

329.4K

El Paso Employment



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

4.6%

El Paso Unemployment Rate



Source: UTEP Borderplex Business Barometer

3.7%

U.S. Unemployment Rate



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

ECONOMY OR SUPPLY

At the end of the third quarter, U.S. auto sales increased while auto production ramped up in Mexico. U.S. and Mexico production trends are important to the El Paso economy because of cross-border manufacturing relationships. Job growth has increased and El Paso has finally recovered all the jobs lost due to the pandemic. Unemployment has slowly decreased and now rest at 4.6%. The rate still exceeds both Texas 4.1% and U.S. 3.7% unemployment rates.

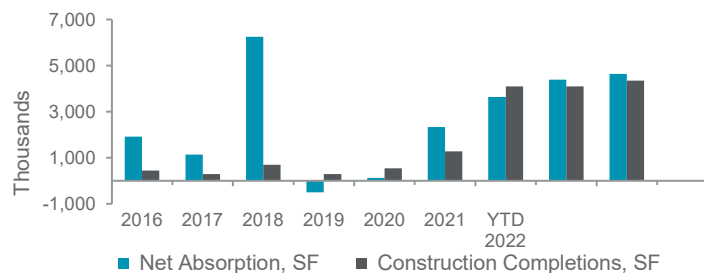
SUPPLY OR DEMAND

In the third quarter, supply remained low and demand strong for speculative warehouse space with 1.1 million square feet (MSF) pre-leased. Vacancy at the end of the third quarter was 2.8% which is lower than this time last year at 5%. Overall net absorption reached 244,505 square feet (SF) compared to 627,345 SF in third quarter last year. Inflationary pressures and supply chain delays remained for critical items such as roofing, glass and steel which have both increased costs and also increased delivery times by 100 days. However, market optimism remains high. Currently 5.4 MSF is under construction which includes 4.7 MSF of speculative warehouses, 490,000 SF build-to-suit warehouses and 161,000 SF build-to-suit manufacturing. All these are projected to be completed by end of year or first quarter of 2023.

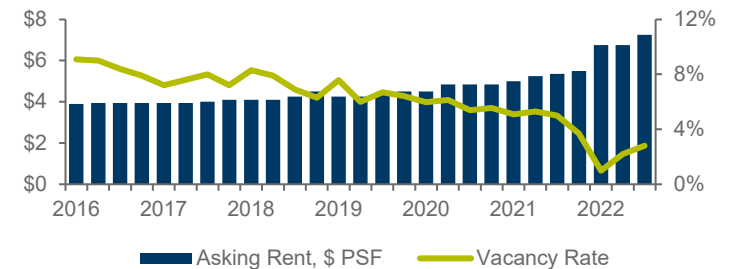
PRICING

Overall lease rates arrived at \$7.25/SF/YR this quarter compared to last quarter at \$6.75/SF/YR and year to date reported at \$5.35/SF/YR. New construction quotes are between \$7.75/SF and \$9.00/SF. Industrial land prices have rose from \$5.00/SF to a recent \$9.00/SF. It's expected that prices will begin to stabilize with the only caveat bearing on inflation and more uncertainty 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	51,257,591	1,770,277	3.5%	244,505	4,630,244	5,278,616	253,011	\$7.25
Manufacturing	5,145,655	0	0%	0	0	161,335	0	\$7.50
Office Service / Flex	7,591,152	3,800	0.1%	0	3,800	16,100	0	\$8.00
EL PASO TOTALS	63,994,398	1,774,077	2.8%	244,505	4,634,044	5,456,051	253,011	\$7.25

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
NWQ Nuevo Hueco Tanks Rd./North Loop Rd.	Southeast	Honeywell	772,601	Direct
NEQ 1-10 / Emerald Pass Ave.	Fareast	Pegasus	209,153	Direct
11751 Alameda Ave.	Southeast	Warehouse/Distribution	103,518	Direct
1705 Texas Ave.	Central	Warehouse/Distribution	90,000	Direct
20 Zane Grey St.	Northeast/Butterfield	Lucchese	60,169	Renewal
12135 Esther Lama Dr.	East	ZF Electronics	50,350	Direct
45 Butterfield Cir.	Northeast/Butterfield	Warehouse/Distribution	30,695	Direct
12124 Rojas Dr.	East	Ryerson	25,000	Renewal
12135 Esther Lama Dr.	East	Supply One	21,693	Direct
8670 Yermoland Dr.	East	Pecan Groove	20,000	Renewal
24 Concord St.	Northeast/Butterfield	Hot Shot Final Mile	19,220	Direct
12135 Esther Lama Dr.	East	Supply One	18,416	Renewal
5 Founders Blvd.	Northeast/Butterfield	Warehouse/Distribution	16,904	Direct
5621 E Paisano Dr.	Central	Warehouse/ Distribution	12,620	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
12590 Rojas Dr.	Fareast	Hunt Southwest / Clarion Partners	Bldg. A: 165,122 Bldg. B: 204,188	Not disclosed
1705 Texas Ave.	Central	Rainer Real Estate Group LLC-SERIES 1705 / Not disclosed	90,000	Not disclosed
19 Founders Blvd.	Northeast/Butterfield	NRA Realty / PRENT	54,855	Not disclosed

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