

## Industrial Q4 2022

YoY Chg 12-Mo. Forecast

**2.7%**

Vacancy Rate



**105K**

Net Absorption, SF



**\$7.25**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2022

YoY Chg 12-Mo. Forecast

**328K**

El Paso Employment



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

**4.6%**

El Paso Unemployment Rate



Source: UTEP Borderplex Business Barometer, U.S. Bureau of Labor Statistics, Moody's Analytics

**3.7%**

U.S. Unemployment Rate



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

### ECONOMY OR SUPPLY

El Paso's economy remains robust and is projected to remain strong through the ongoing national contraction. While there is a slight slowing in decisions on new space, the demand, which is tied to manufacturing in Juarez, Mexico is strong. According to information from the Federal Reserve Bank-Dallas, the Economic Indicators for El Paso showed only a slight change to the unemployment picture and manufacturing activity contracted nominally in the fourth quarter. Meanwhile, the unemployment rate held steady at 4.6%.

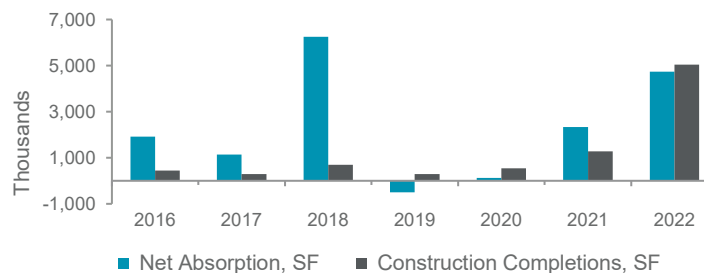
### SUPPLY OR DEMAND

There were 569,970 square feet (sf) of warehouse and distribution space leased in the fourth quarter. Additionally, 102,067 sf was pre-leased during this period. There were also 63,000 sf leased for office service center/flex space. It was evident that industrial sublease availabilities have started to rise as warehouse and 3PL companies reevaluate their needs and adjust their footprints to account for reduced demand from their customers. Despite the recessionary pressures, El Paso's industrial sector continued to register strong levels of absorption. In the fourth quarter of 2022, net absorption increased by 104,804 sf. This indicates consistent robust demand for industrial inventory. As of year-end 2022, El Paso has recorded its 12th straight quarter of positive absorption. Because of this, robust development activity has persisted, with almost 6.2 million square feet (msf) in the construction pipeline.

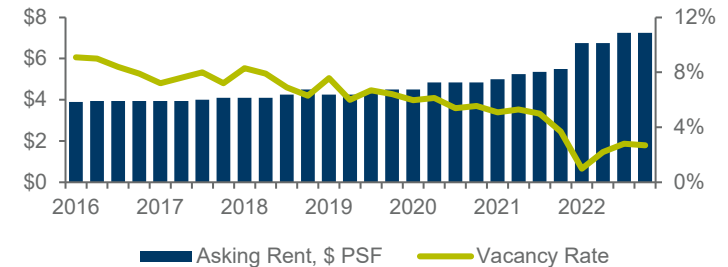
### PRICING

Overall lease rates ended the year at \$7.25 per square foot (psf), up \$0.25 psf since third quarter. Compared to one year ago, the average rate has risen by 35% from \$5.35 psf. Lease quotes for new construction are ranging from \$7.75 - \$9.00 psf. Meanwhile, industrial land prices rose from \$5.00 psf to \$9.00 psf. That represents over a 50% annualized increase. Throughout the remainder of 2023, we project that lease rates and land prices will stabilize. The caveat to this bears on inflationary pressures and resultant price hikes, as well as, continued unreliable material deliveries.

### 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	51,769,657	1,706,248	3.3%	57,904	4,688,148	5,942,557	512,066	\$7.25
Manufacturing	5,306,990	0	0%	0	0	209,300	161,335	\$8.25
Office Service / Flex	7,607,252	19,900	0.3%	46,900	50,700	0	16,100	\$8.50
<b>EL PASO TOTALS</b>	<b>64,683,899</b>	<b>1,726,148</b>	<b>2.7%</b>	<b>104,804</b>	<b>4,738,848</b>	<b>6,151,857</b>	<b>689,501</b>	<b>\$7.25</b>

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

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6750 N Desert Blvd.	West	IDC Logistics	222,219	Renewal
6750 N Desert Blvd.	West	Expeditors	219,419	Direct
12050-12058 Rojas Dr.	East	FWS	158,345	Direct
9577 Plaza Circle Dr.	Southeast	EP Logistics	102,067	Direct
8460 Gran Vista Dr.	East	Spectrum	60,000	Direct
12050-12058 Rojas Dr.	East	PMT	30,855	Direct
12135 Esther Lama Dr.	East	Walla	21,478	Expansion
995 Loma Verde Dr.	East	Not Disclosed	12,424	Direct
11540 Pellicano Dr.	East	ADT Solar	12,000	Renewal

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
215 Poplar St.	Central	ECOF LLC / Mesa Food GTS LLC	21,000	Not disclosed
255 Derby Rd.	Sunland Park	A2Z Professional Remodeling LLC / 255 Derby Road LLC	5,750	Not disclosed

**BRETT C. PRESTON, SIOR, CCIM**

Managing Partner

+1 915 843 8888 / bpreston@piresintl.com

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