

Industrial Q1 2023

YoY Chg 12-Mo. Forecast

3.9%

Vacancy Rate



985K

Net Absorption, SF



\$7.25

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

YoY Chg 12-Mo. Forecast

338.7K

El Paso Employment



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

4.4%

El Paso Unemployment Rate



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

3.5%

U.S. Unemployment Rate



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

ECONOMY OR SUPPLY

During the first quarter, employment in El Paso had strong increases in the government and financial activities sectors. Professional and business services, leisure and hospitality, construction and mining experienced a significant reduction. At 4.4%, the local unemployment rate remained steady compared to one year ago at 5.3%. According to information from the Federal Reserve Bank-Dallas, auto production and sales dipped this quarter. Industrial and automotive activity is intertwined to the El Paso-area economy due to cross-border manufacturing relationships.

SUPPLY OR DEMAND

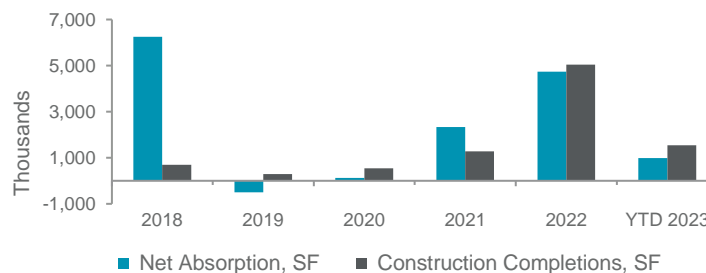
Overall industrial availability in the first quarter of 2023 neared 2.6 million square feet (msf) with a vacancy rate of 3.9%. It was an active quarter with 1.5 msf of lease transactions signed. There were 16 new leases completed for warehouse/distribution space consisting of 1,575,572 sf and 202,236 sf of speculative warehouse/distribution under construction was pre-leased. There were also 14,350 sf leased for office service center/flex space. Industrial sublease availabilities have started to rise as warehouse and 3PL companies reevaluate their needs and adjust their footprints.

There were eight sales transactions totaling 128,985 sf, including one investor sale and seven user-sales. El Paso's industrial sector continued to register strong levels of absorption with 984,850 sf of net gains. This indicates consistent demand for industrial product in the region. As a result, robust development activity has persisted. Approximately 1,545,360 sf of new construction was delivered to the market in five speculative buildings this quarter. There is 5.3 msf of speculative warehouse/distribution in the construction pipeline which is projected to be completed throughout the rest of this year.

PRICING

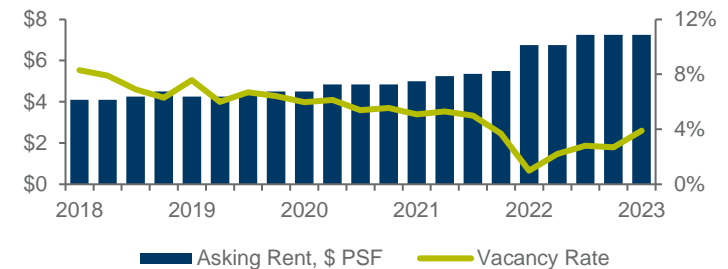
Overall lease rates remained at \$7.25 psf per year this quarter which has held steady from Q4 2022. Compared to one year ago, the average rate has risen by 7.4% from \$6.75 psf per year.

SPACE DEMAND / DELIVERIES



*Some statistics may not reflect the U.S. Industrial marketbeat tables

OVERALL VACANCY & ASKING RENT



*Some statistics may not reflect the U.S. Industrial marketbeat tables



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	53,105,717	2,582,347	4.9%	970,500	970,500	5,362,760	1,336,060	\$7.25
Manufacturing	5,516,290	0	0%	0	0	0	209,300	\$8.50
Office Service / Flex	7,607,252	5,333	0.1%	14,350	14,350	0	0	\$7.75
EL PASO TOTALS	66,229,259	2,587,680	3.9%	984,850	984,500	5,362,760	1,545,360	\$7.25

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

*Some statistics may not reflect the U.S. Industrial marketbeat tables

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
11891 Alameda Ave.	Southeast	Werner Ladder	617,671	Direct
12455 Mercantile Ave.	Far East	Ceva	120,825	Direct
12170 Rojas Dr.	East	Strattec	114,715	Direct
9577 Plaza Cir.	Southeast	Inclusive Logistics	113,377	Direct
12100 Emerald Pass Ave.	Far East	Rio Bravo American Industries	93,760	Direct
455 Pan American Dr.	Southeast	Technimark	88,859	Direct
12150 Rojas Dr.	East	Larsen Manufacturing	79,376	Direct
12285 W Gateway Blvd.	East	RL Jones	55,772	Direct
12120 Rojas Dr.	East	Visteon	54,000	Direct
1465 Henry Brennan Dr.	East	Pedraza Customhouse	50,000	Sublease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
12285 Pellicano Dr.	East	S W T-Bird LTD / Seven 21 Pellicano LLC	40,256	Not Disclosed
2004 Bassett Ave.	Central	ANBEC / Larry and Joyce Anenberg	24,372	Not disclosed
1345 Geronimo Dr.	Central	Pointman Enterprises LLC / 1345 Geronimo LLC	21,681	Not Disclosed
1801 Magoffin	Central	Ruddock Enterprises LP / 2101 Myrtle LLC	12,000	Not Disclosed
10854 Pellicano Dr.	East	Salaro LP / 10854 Pellicano LLC	10,000	Not disclosed

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