

YoY Chg 12-Mo. Forecast

5.2%
Vacancy Rate



-308K
Net Absorption, SF



\$7.25
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

339.9K
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

3.6%
U.S. Unemployment Rate



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

ECONOMY OR SUPPLY

El Paso, Texas second-quarter employment landscape witnessed notable growth in sectors such as leisure and hospitality, professional and business services, and information activities. However, employment within the manufacturing and construction and mining sectors declined significantly, but the aggregate local unemployment rate remained stable at 4.4%, compared to 5.3% recorded one year ago. According to data, the Federal Reserve Bank-Dallas, monthly auto production in the United States saw a substantial annualized increase of 77,100 units even though auto sales declined by about 1 million vehicles. An important note is that the El Paso Texas / Juarez, Chihuahua Mexico is heavily reliant to automobile AEM and replacement parts, with approximately half of the manufacturing plants in Juárez engaged in auto-related operations.

SUPPLY OR DEMAND

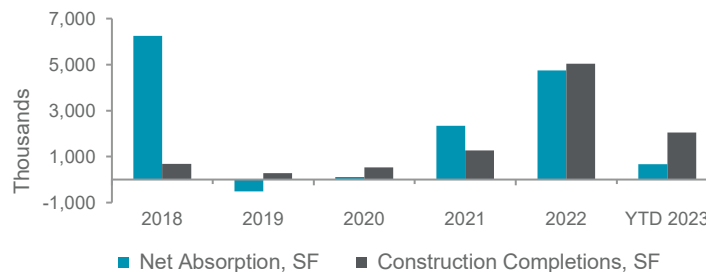
The mid-year mark of 2023 witnessed a slight decrease in leasing activity and total industrial availability reached approximately 3.4 million square feet (msf). The second quarter vacancy rate notched in at 5.2%. New lease transactions amounted to 200,932 square feet (sf), with 7 new leases completed for warehouse/distribution spaces totaling 171,794 sf. Additionally, 150,000 sf of speculative warehouse/distribution space under construction was pre-leased. Office service center/flex space saw 29,138 sf being leased.

Sublease opportunities have begun to show up as warehouse and 3PL (third-party logistics) companies reassess their requirements and adjust their footprints. On the sales side, there were ten transactions amounting to 1,258,608 sf, including four investor sales and six user-sales. After 13 consecutive quarters of positive absorption, El Paso's industrial sector experienced an expected quarter with negative absorption, at -318,461 sf. There is, however, a strong and consistent demand for industrial properties in the region. This robust demand has fueled continued development activity. This quarter, approximately 508,655 sf of new construction was delivered to the market through three build-to-suit buildings. Moreover, there is a construction pipeline for speculative warehouse/distribution spaces, totaling 5 msf.

PRICING

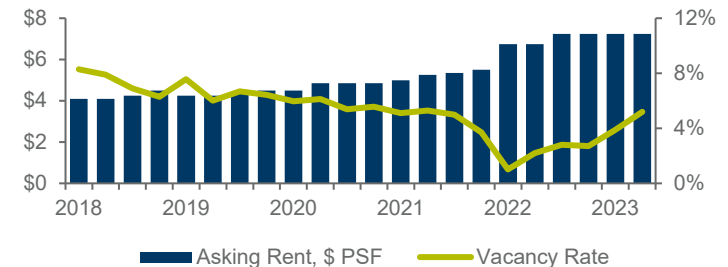
Lease rates have increased from \$7.25 to \$8.00 per square foot (psf), NNN, due in part to the dearth of available second-generation space. First generation spaces will lease anywhere from \$8.75 to \$10.25 psf, NNN.

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	53,595,972	3,369,032	6.3%	-318,461	652,039	5,197,011	490,255	\$7.50
Manufacturing	5,516,290	13,500	0.2%	0	0	0	0	\$8.50
Office Service / Flex	7,625,652	90,065	1.2%	10,738	25,088	0	18,400	\$8.00
EL PASO TOTALS	66,737,914	3,472,597	5.2%	-307,723	677,127	5,197,011	508,655	\$7.25

*Rental rates reflect weighted net asking \$psf/year *Some statistics may not reflect the U.S. Industrial marketbeat tables

KEY LEASE TRANSACTIONS Q2 2023

Property	Submarket	Tenant	Sf	Type
Border Industrial Park	Santa Teresa	Franklin Mountain Packaging	150,000	Direct
6 Butterfield Trail Blvd.	Northeast/Butterfield	AGC	80,750	Direct
29 Butterfield Trail Blvd.	Northeast/Butterfield	Endeavor	33,971	Sublease
6827 Market Ave.	East	Not Disclosed	28,690	Direct
770 Pendale Rd.	East	Not Disclosed	13,627	Direct
1749 Hawkins Blvd.	East	Not Disclosed	8,400	Direct
4731 Ripley Dr.	West	Not Disclosed	6,000	Direct
1477 Lomaland Dr.	East	Not Disclosed	4,896	Direct
9100 Mayflower Ave.	East	Not Disclosed	4,720	Direct
11800 Rojas Dr.	East	Not Disclosed	3,860	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
13669 Gateway West Blvd., Bldg A	Far East	Flint / Link	794,560	Not Disclosed
1340 Bob Hope Dr.	East	5-Star Tech Ii-2 Lp / 1340 Bob Hope Drive Owner LLC	192,537	Not Disclosed
13669 Gateway West Blvd., Bldg B	Far East	Flint / Link	209,300	Not Disclosed
1510 Myrtle Ave.	Central	McGrand Sena S / 151 Myrtle LLC	14,971	Not Disclosed
12872 Grand River Dr.	Far East	Rafael Ramos / Jesus Franco	12,095	Not Disclosed

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