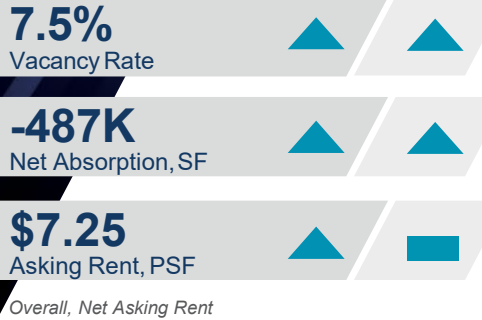
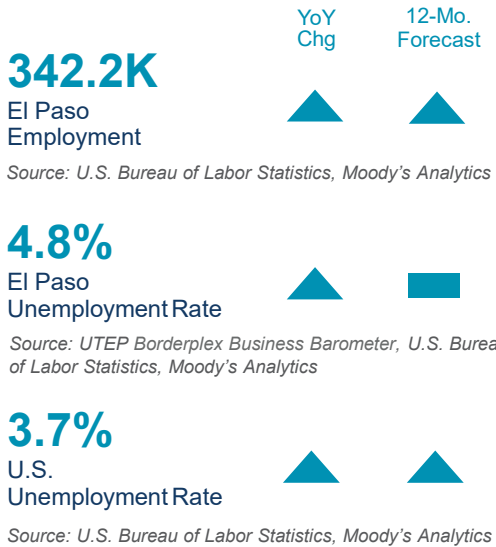


Industrial Q3 2023



ECONOMIC INDICATORS Q3 2023



ECONOMY OR SUPPLY

Employment progressed in the sectors for leisure and hospitality, finance and information services. However, we saw declines in the business services, manufacturing and government sectors. Aggregate local unemployment tallied up to be relatively flat. The change went from 4.8% to 4.6%, compared to 4.5% just one year ago. According to the Federal Reserve Bank-Dallas the auto production index continued to rise in the United States by 0.04%, even while auto sales remained low. Note that our El Paso, Texas / Juarez, Chihuahua, Mexico market is heavily reliant to automobile Original Equipment Manufacturing (OEM) and replacement parts. Approximately half of the manufacturing plants in our region are engaged in auto-related operations.

SUPPLY OR DEMAND

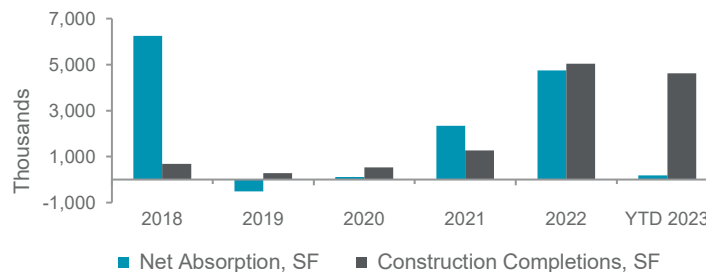
Third quarter shows an increase in leasing activity, while total industrial availability reached approximately 5.1 million square feet (msf). The vacancy rate has climbed to a reported 7.5%, which is up by 4.7% from Q3 2022. New lease transactions amounted to 1,188,218 square feet (sf), with 14 new leases completed for warehouse/distribution spaces totaling 1,262,063 sf. Additionally, 74,186 sf of speculative warehouse/distribution space under construction was pre-leased. Office service center/flex space saw 61,815 sf absorbed.

Industrial sales transactions amounted to only 321,064 sf, which included five investor sales and five user-sales. After 13 consecutive quarters of positive absorption, El Paso's industrial sector experienced another quarter with negative absorption, -486,761 sf. Robust demand appears to still be occurring for high-quality industrial properties. Industrial inventory has increased by approximately 2,564,120 sf through ten speculative buildings. Additionally, the construction pipeline shows that 3.2 msf will be delivered before the end of 2024.

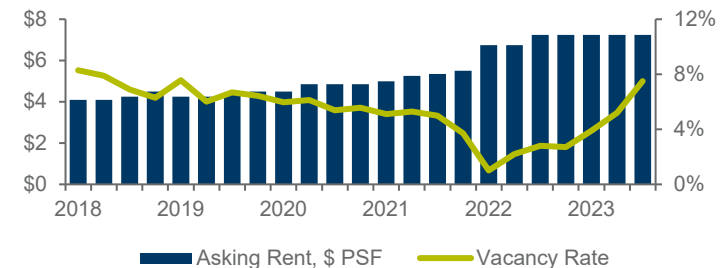
PRICING

Lease rates have held at or near \$8.00 per square foot (psf), NNN. This is due, in part, to the dearth of available second-generation space, which impacts the mean average calculation. First generation spaces have quoted lease rates between \$8.75 psf to \$10.25 psf, NNN.

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	56,148,292	4,969,122	8.8%	-616,776	35,263	3,661,210	2,552,320	\$7.50
Manufacturing	5,516,290	13,560	0.2%	80,000	80,000	0	0	\$8.50
Office Service / Flex	7,637,452	203,205	2.7%	50,015	75,103	0	11,800	\$8.00
EL PASO TOTALS	69,302,034	5,185,887	7.5%	-486,761	190,366	3,661,210	2,564,120	\$7.25

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

KEY LEASE TRANSACTIONS Q3 2023

Property	Submarket	Tenant	Sf	Type
Socorro Logistics Park	Southeast	Pilot	402,077	Direct
Socorro Logistics Park	Southeast	Not Disclosed	335,239	Direct
445 Pan American Dr.	Southeast	Not Disclosed	87,726	Direct
2690 Airport Rd.	Santa Teresa	Monti	80,000	Direct
Westpark	Santa Teresa	Ross	74,186	Direct
30 Spur Dr.	Northeast/Butterfield Trail	Sun Med	60,315	Renewal
16 Zane Grey St.	Northeast/Butterfield Trail	Mitsui-Soko	50,000	Renewal
12160 Rojas Dr.	East	Not Disclosed	45,945	Renewal
16 Zane Grey St.	Northeast/Butterfield Trail	Auto Plus Auto Parts	36,500	Renewal
1458 N Lee Trevino Dr.	East	Not Disclosed	28,000	Direct
5 Founders Blvd.	Northeast/Butterfield Trail	NOE	25,280	Direct
9570 Pan American Dr.	Southeast	ILSS Inc.	20,641	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1430 Vanderbilt Dr	Far East	1430 Vanderbilt Llc / 1430 Vanderbilt Llc	124,732	\$46.38
11800 Gateway Blvd. E	East	Pardo Manuel / Iglesia Betesda Casa De Misericordia Inc.	43,793	\$50.23
11355 Rojas Dr.	East	Rojas Industrial Park Joint / Prime Capital	40,000	Not Disclosed
11405 Rojas Dr.	East	Rojas Industrial Park Joint / Prime Capital	40,000	Not Disclosed
1801 E Mills	Central	Harry L Hussmann Jr Inc. / Ecof Llc	36,752	\$50.66

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