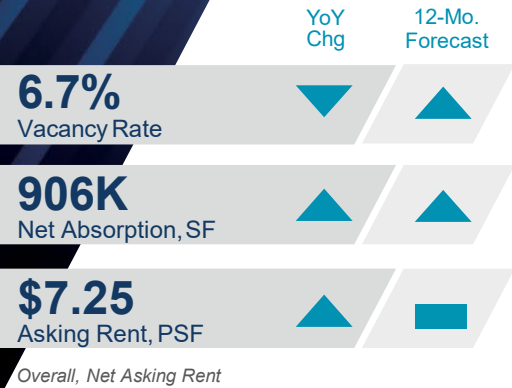


EL PASO, TEXAS



Industrial Q4 2023



ECONOMY OR SUPPLY

The El Paso economy, not surprisingly, cooled in the fourth quarter. However, the market experienced employment increases in the sectors of government, education and health services, construction and mining and information. Professional and business services along with financial activities all logged job losses. According to the Federal Reserve Bank of Dallas, year-to-date total nonfarm employment increased by 1.8% (5,443 jobs). Locally, the unemployment was 4.6 %, which is down by two basis points from the third quarter. This remains above both the rate in Texas at 4.1% and the U.S.A., which is reported at 3.7%.

SUPPLY OR DEMAND

The year ended on a positive note with Q4 2023 reporting a 15.5% increase in leasing activity; including eight renewals inked for a total of 1.1 million square feet (msf). Of these, two were manufacturing buildings and six were warehouse/distribution buildings. New lease transactions amounted to 1.4 msf. There were 14 new leases completed for warehouse/distribution spaces totaling 1.3 msf. At the close of 2023, there were 727,943 square feet (sf) of speculative warehouse/distribution space under construction become pre-leased. Office service center/flex space absorbed 47,454 sf and the overall vacancy rate decreased to 6.7% from 7.5% last quarter. Total industrial availability reached approximately 4.6 msf.

ECONOMIC INDICATORS Q4 2023

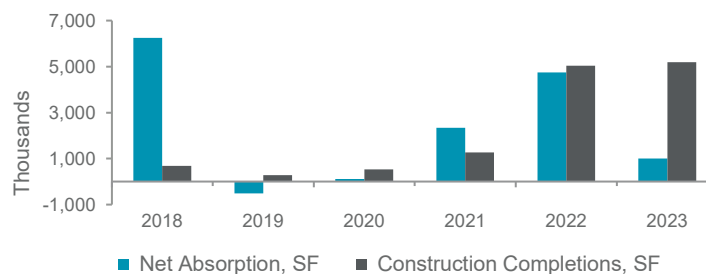


Industrial sales transactions amounted to 903,172 sf, which included eight investor sales and eleven user-sales. A notable 527,000 sf user-sale transaction was the purchase of property which was the headquarters for Helen of Troy by Eaton Corporation. In 2018, Eaton Corporation purchased their first 271,352 sf industrial building in El Paso. Robust demand continues for high-quality industrial properties followed by second generation warehouses. El Paso's industrial sector experienced an overall 906,034 sf of positive absorption in the fourth quarter and 1,096,400 sf year-to-date. Industrial inventory increased this quarter by approximately 574,160 sf as three 100,000+ sf and two flex-space buildings delivered. The present construction pipeline indicates that the market will see 5.8 msf delivered by the end of 2024.

PRICING

Lease rates increased above \$8.00 per square foot (psf), NNN. This was due, in part, to the dearth of available second-generation space. First generation space lease rates are between \$8.40 psf to \$9.75 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	56,703,252	4,416,536	7.8%	877,780	913,043	5,796,258	554,960	\$7.50
Manufacturing	5,516,290	13,560	0.2%	0	80,000	40,000	0	\$8.50
Office Service / Flex	7,656,652	240,067	3.1%	28,254	103,357	0	19,200	\$8.00
EL PASO TOTALS	69,876,194	4,670,163	6.7%	906,034	1,096,400	5,836,258	574,160	\$7.25

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

KEY LEASE TRANSACTIONS Q4 2023

Property	Submarket	Tenant	Sf	Type
Interstate 10 / Nonap Rd.	Far East	Yazaki North American	450,000	Direct
NEQ Bill Burnett / Paseo Del Este Blvd.	Far East	Kuehne+Nagel	363,000	Direct
12455 Mercantile Ave.	Far East	DB Schenker	127,895	Direct
455 Pan American Dr.	Southeast	Not Disclosed	88,859	Direct
110 W. Borderland Rd	West	Not Disclosed	83,000	Direct
16 Zane Grey St.	Northeast / Butterfield Trail	UMC	53,975	Direct
927 Tony Lama St.	East	Not Disclosed	37,500	Direct
110 W. Borderland Rd.	West	Not Disclosed	34,300	Direct
6871 S. Desert Blvd.	West	Not Disclosed	24,000	Direct
1820 E. Mills Ave.	Central	Go Play Systems	18,562	Direct
12140 Freight Ln.	East	Not Disclosed	14,500	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1 Helen of Troy Plaza	West	Helen of Troy / Eaton Corporation	527,000	Not Disclosed
400 Inglewood Dr.	Southeast	M.G. Alcocer / Blueprint Cross-Border Logistics	102,555	Not Disclosed
1701 Hawkins Blvd.	East	Sealy Hawkins Blvd. LLC / Not Disclosed	61,467	Not Disclosed
9570 Pan American Dr.	Southeast	L. Levine / MFI International	41,283	Not Disclosed
10830 Pellicano Dr.	East	10854 Pellicano LLC / Mimco	22,864	Not Disclosed

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