

Industrial 1H 2024

	YoY Chg	12-Mo. Forecast
7.2% Vacancy Rate	▲	▲
-461k Net Absorption, SF	▼	▲
\$7.79 Closing Rent, PSF	▲	▬

Overall, Net Closing Rent Class A buildings

ECONOMY:

According to figures published by the Mexican Social Security Institute (IMSS for its acronym in Spanish), Juarez lost almost 5,000 formal jobs during the first half of 2024. We see this slowdown as a result of the recent elections in Mexico, coupled with the upcoming elections in the United States, which generates uncertainty in both markets.

DEMAND:

At the end of the second quarter of 2024, Juarez closed with a negative net absorption of approximately -461,000 square feet. The downward trend in space demand that we began to see in the last quarter of 2023 continued in 2024. During the first half of the year, gross absorption was 1.8 million square feet, which is 22% less to the same period last year. We attribute the drop in demand to a number of macro and micro economic factors, including elections in both Mexico and the United States, the local infrastructure issue for energy and water, which has developers looking for solutions. This, coupled with low demand, produced a significant increase in vacancy. It should be noted that approximately 47% of the unemployment that occurred in this first half of the year were from logistics companies. During the Covid-19 pandemic, maquiladora companies feared running out of raw materials, which triggered an increase in logistics companies looking for space to store the expected materials. That fear has quickly passed, hence there are logistics companies who have vacated those leased spaces. The total availability of industrial space at the end of June reached almost 10 million square feet, including in that figure is approximately 3.5 million square feet remaining under construction and scheduled for delivery in the second half of the year.

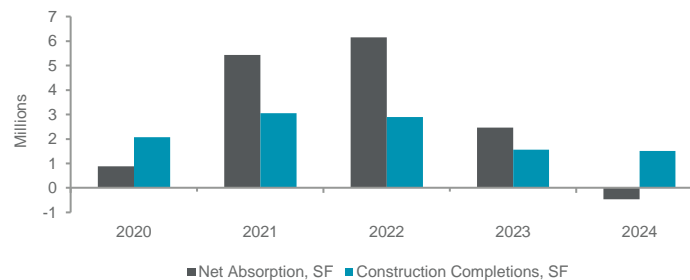
ECONOMIC INDICATORS 1H 2024

	YoY Chg	12-Mo. Forecast
698k Ciudad Juarez Formal Employment*	▲	▬
2.2% Ciudad Juarez Unemployment Rate**	▼	▬
2.6% Mexico Unemployment Rate***	▼	▼

PRICING:

In our report for the second half of 2023, we projected a stabilization of lease prices, and we did not foresee a drastic decrease in rates, however, at the end of the second half of 2024 the average lease rate of class A buildings closed with an average of \$7.79 (USD/sf/yr), that is a 14% less than the average rental price as of december 2023.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



* IMSS : Población Derechohabiente Adscrita - May 2024
 ** Source: Data Mexico, Gobierno de Mexico, for the state of Chihuahua
 *** INEGI: Indicadores de Ocupación y Empleo - May 2024



Industrial 1H 2024

BUILDING TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	LEASING ACTIVITY	OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Class A	47,877,410	4,556,467	9.5%	1,179,787	-99,308	-99,308	3,533,958	1,506,116	\$7.79
Class B	23,421,320	1,128,436	4.8%	561,231	-361,881	-361,881	0	0	\$7.30
Class C	10,646,054	196,029	1.8%	116,000	0	0	0	0	\$4.50
CIUDAD JUAREZ TOTALS	81,944,784	5,880,932	7.2%	1,857,018	-461,189	-461,189	3,533,958	1,506,116	\$7.31

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Northeast	17,976,978	273,737	1.5%	181,000	181,000	181,000	654,197	273,737	\$6.30
Northwest	16,656,464	1,297,979	7.8%	688,989	-218,771	-218,771	553,760	0	\$7.03
Southeast	41,930,579	4,309,216	10.3%	987,029	-423,418	-423,418	2,326,001	1,232,379	\$7.61
Southwest	5,380,763	0	0.0%	0	0	0	0	0	N/A
CIUDAD JUAREZ TOTALS	81,944,784	5,880,932	7.2%	1,857,018	-461,189	-461,189	3,533,958	1,506,116	\$7.31

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

KEY LEASE TRANSACTIONS 1H 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
FN Bldg B	Southeast	BPI	313,000	New Lease
Edificio Adiant	Northwest	ECI	232,000	New Lease
CDJ-SPEC02-LB	Southeast	REIS Logística	210,000	New Lease
A001-mex	Northwest	Honeywell	200,237	New Lease
Ber TF	Northeast	Tecma	181,000	New Lease
CJS 06	Southeast	REIS Logística	160,526	New Lease
JRZ-RMSG-01	Northwest	Tecma	140,752	New Lease
Q1 Bldg	Northwest	Sun Packaging	116,000	New Lease
VPJS-Q04	Southeast	Harman	78,415	New Lease
Bravos X	Southeast	Prince Mfg	76,857	New Lease
JUA013	Southeast	Nefab	64,731	New Lease
CIJ-12	Southeast	Evco Plastics	51,800	New Lease
Salvarcar 1	Southeast	Soldadura de México	31,700	New Lease

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS 1H 2024

PROPERTY	SUBMARKET	DEVELOPER	SF	TYPE
VPJO 01	Northeast	Vesta	273,737	Speculative
JUA 045	Southeast	MPA	266,826	Speculative
CJS IS 10	Southeast	Intermex	217,977	Speculative
CJ03B	Southeast	Roca Desarrollos	209,815	Speculative
CJS B12 L4	Southeast	Intermex	197,220	Speculative
CJS B12 01	Southeast	Intermex	192,660	Speculative
CJ03A	Southeast	Roca Desarrollos	146,871	Speculative

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