

MARKETBEAT EL PASO, TEXAS INDUSTRIAL Q3 2024



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
10.1% Vacancy Rate	▼	▲
375K YTD Net Absorption, SF	▲	▲
\$7.50 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
350K El Paso Employment	▲	▲
4.4% El Paso Unemployment Rate	▬	▲
4.1% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY OR SUPPLY

The El Paso economy reported a 2.8% rise in job growth where professional and business services, government and hospitality experienced the sharpest increases. Manufacturing and information logged the most losses (-132 jobs). According to the Federal Reserve Bank of Dallas, year-to-date (YTD) total non-farm employment increased by 3.1% (7,143 jobs). Unemployment rose by 100 basis points (bps) in Q3 2024, slightly above the U.S. and Texas rates (4.1%).

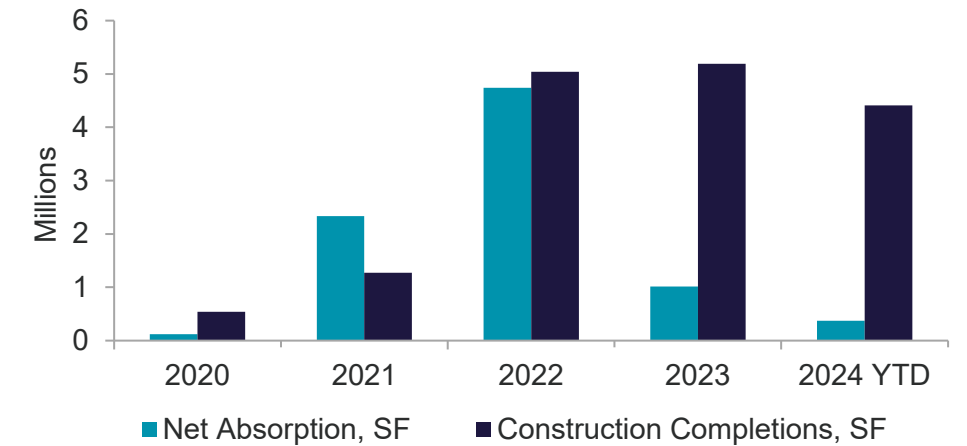
SUPPLY OR DEMAND

Leases, sales and construction completions experienced an uptick with new lease transactions totaling over 1.0 million square feet (msf) for the quarter. There were 14 new leases completed for warehouse/distribution (W/D) spaces which amounted to almost 1.0 msf. YTD, new leasing activity amounted to almost 1.7 msf. W/D space expanded by 919,031 sf and the overall market vacancy rate surged by 100 bps to 10.1% this quarter. Total industrial availability reached 7.5 msf. For the second quarter in a row, the market reported impressive industrial sales transactions which totaled 1.7 msf. This included eleven investor sales which amounted to 1.6 msf and six user sales. Year-over-year, demand remains strong for high-quality industrial properties. Robust demand for lower priced second-generation warehouses follows up on the first-generation construction. El Paso's industrial product increased by 1.8 msf, with five 150,000+ sf speculative W/D buildings delivered. At the end of Q3, 5.2 msf of speculative W/D space was under construction. The construction pipeline points toward 5.7 msf delivered in 2024 through early 2025. Planned construction is anticipated to progress beyond the city limits toward the east to include Horizon, Socorro and Clint, Texas, all submarkets to the El Paso industrial market.

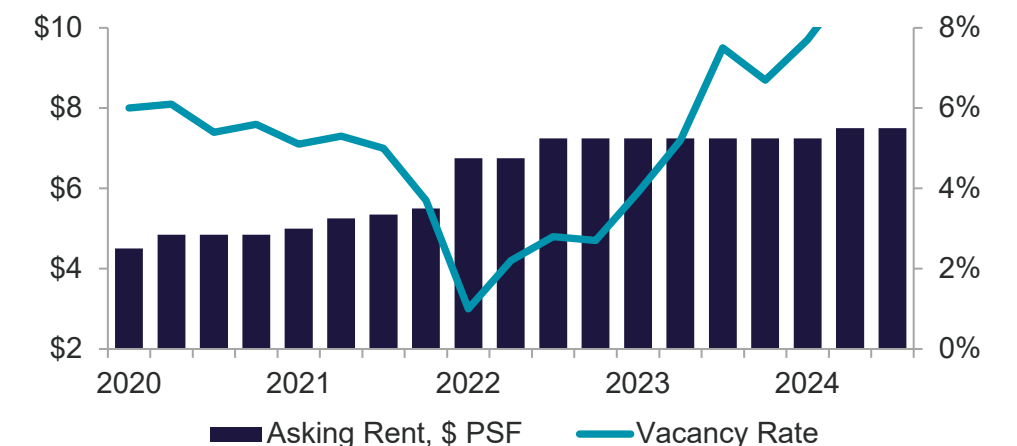
PRICING

Lease rates remained stable at \$7.50 per square foot (psf), triple net (NNN) on second-generation space. First-generation space rates range from \$8.75 to \$9.75 psf, NNN. Office service center/flex lease rates remained at \$10.00 psf, due in part to minimal development of this product type.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	60,925,370	7,262,724	11.9%	1,096,755	168,532	5,685,279	1,778,500	\$7.50
Manufacturing	5,706,290	0	0%	53,560	203,560	0	40,000	\$8.50
Office Service / Flex	7,656,652	237,447	3.1%	-23,658	2,620	58,100	0	\$10.00
EL PASO TOTALS	74,288,312	7,500,171	10.1%	1,126,657	374,712	5,743,379	1,818,500	\$7.50

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

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
740 Colton Rd.	Santa Teresa, NM	Expeditors	425,368	Direct
9600 Pan American Dr.	Southeast	VRP	200,264	Direct
9 Founders Blvd. 7 Founders Blvd.	Northeast/Butterfield Trail	Omni Logistics	150,224 51,750	Renewal*
6930 Market Ave.	Central	Trade Group	114,665	Direct
12455 Mercantile Ave.	Far East	Not Disclosed	113,864	Sublease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
1800 Vindale Rd.	Far East	Provident/EQT Exeter	345,394	Not Disclosed
12221 Ashtabula Ave.	Far East	Provident/EQT Exeter	308,270	Not Disclosed
12228 Ashtabula Ave.	Far East	Provident/EQT Exeter	268,095	Not Disclosed
12184 Rojas Dr.	East	Unit 82 El Paso Owner LLC/ ECS-El Paso Propco LLC	213,883	Not Disclosed
12100 Esther Lama Dr.	East	National Center For Employment of the Disabled/ BH Properties	203,499	Not Disclosed

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Pellicano Industrial Park	Far East	Sumitomo	686,362	Panattoni
740 Colton Rd.	Santa Teresa, NM	Expeditors	425,368	Blue Road Investments
950 Industrial Ave.	Santa Teresa, NM	Not Disclosed	220,895	Blue Road Investments
9784 Plaza Cir.	Southeast	ILF	178,915	Pacheco Ibarra Properties
11750 Gateway Blvd. East	Far East	Vacant Available	156,960	BSG

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