

# MARKETBEAT

## Ciudad Juárez

Industrial Q3 2019



### CIUDAD JUÁREZ INDUSTRIAL

#### Economic Indicators

	Q3 18	Q3 19	12-Month Forecast
Ciudad Juárez Employment (*)	18.5k	3.9k	▲
Ciudad Juárez Unemployment (**)	3.4%	2.6%	▲
Mexico Unemployment	3.4%	3.8%	▲

\* Preliminary figure for Q3 2019 \*\*Figure as of June 2019

#### Market Indicators (Overall, All Property Types)

	Q3 18	Q3 19	12-Month Forecast
Overall Vacancy	5.6%	4.7%	▼
Lease Activity	1.1m	668k	▲
Under Construction	1.5m	1.2m	▼
Class A Average Asking Rent	\$4.98	\$5.00	▲

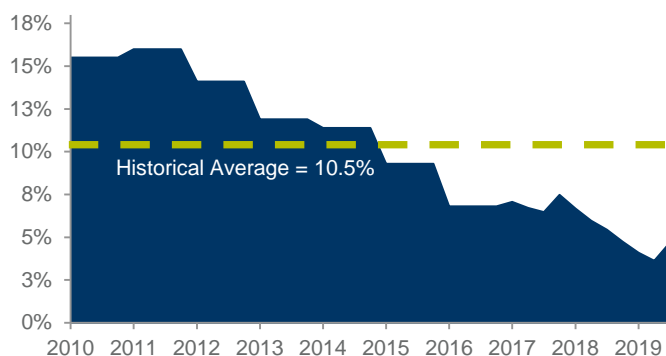
M=Million

#### Overall Lease Activity/Overall Asking Rent

##### QUARTERLY LEVEL



#### Overall Vacancy



#### Economy

Analysts are forecasting a slowdown in Mexico's macroeconomic activity. Prospective GDP growth has been reduced to 0.72%. Deceleration is expected in all sectors of the economy for the remainder of 2019. Uncertainty looms over both sides of the U.S.A.-Mexican border, which is pointing total investment outlook to decrease 0.09%. However, investment is expected to increase in 2020. The August edition of the UTEP Borderplex Business Barometer attributes the trade-war with China and the beginning of a recession in Germany as those events which will largely impact the local economy.

#### Market Overview

Notwithstanding the overall economy's deceleration Q3 has been the busiest quarter of the year for Ciudad Juarez, with 1.2 million square feet (msf) of absorption. This robust activity was largely a consequence of the sale of two buildings in Northeast submarket. These user sales accounted for 47% of the total industrial real estate activity in the city. Industrial absorption has reached 3 msf year-to-date. This exceeds Q3 2018 by 20%. The vacancy rate rose to 4.7%, which is a 106 basis point increase. This unusual increase was mostly due to several new buildings being added to the market.

Currently, Juarez has 2 msf of speculative development amongst the ten projects in the pipeline. Six of these already have firm commitments for their space. Seven new buildings were finished this quarter, of which 113,200 sf were build-to-suit and 900,800 sf speculative. Three speculative buildings began construction, which total 405,000 sf. There are plans to start two additional buildings later this year adding 226,000 sf to the pipeline, with completion expected in the first half of 2020.

The most significant transaction this quarter was the direct lease of the Vesta 220,000 sf speculative building located on Talamas Camandari avenue. This building was completed in May 2019.

#### Outlook

2019 is projected to close on a high note with leasing activity between 800,000 sf to 1 msf in the final quarter. Also, approximately 1.5 msf is being evaluated by both new and existing companies who are actively seeking industrial space in Juarez.

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SUBMARKET	INVENTORY	Q3 2019 LEASING ACTIVITY	Q3 2019 USER SALES ACTIVITY	VACANCY RATE	UNDER CONSTRUCTION	DIRECT WEIGHTED AVERAGE NET RENT
Northeast	16,766,241	302,612	595,023	6.5%	77,000	\$3.90
Northwest	16,432,162	31,696	0	2.4%	0	-
Southeast	31,912,714	333,395	0	5.3%	1,175,322	\$5.19
Southwest	5,118,763	0	0	2.1%	0	-
<b>CIUDAD JUÁREZ TOTALS</b>	<b>70,229,879</b>	<b>667,703</b>	<b>595,023</b>	<b>4.7%</b>	<b>1,252,322</b>	<b>\$4.76</b>

### Key Lease Transactions Q3 2019

PROPERTY	SF	TENANT	SUBMARKET
Electrolux Building	302,612	Electrolux	Northeast
Vesta Q2	220,186	N/A	Southeast
CJS IO 02 B	113,209	Jusda	Southeast

### Key Sales Transactions Q3 2019

PROPERTY	SF	BUYER	SUBMARKET
Bosch Building	326,000	Automotive Lighting	Northeast
Compal Building	269,023	N/A	Northeast

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