

Industrial Q2 2021

YoY Chg 12-Mo. Forecast

5.3%
Vacancy Rate



103K
Net Absorption, SF



\$5.25
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

315K
El Paso Employment



7.2%
El Paso Unemployment Rate



5.9%
U.S. Unemployment Rate



Source: U.S. Bureau of Labor Statistics, Moody's Analytics

ECONOMIC OVERVIEW

According to information from the Economic Indicators for El Paso, published by the Federal Reserve Bank of Dallas, the El Paso continues the impressive growth since early in 2020. The job force increased by 4.5% percent and the unemployment rate dropped by five and one half (<5.5%) percent in the first quarter from 7.3% to 6.9% which tracks closely with the State of Texas results.

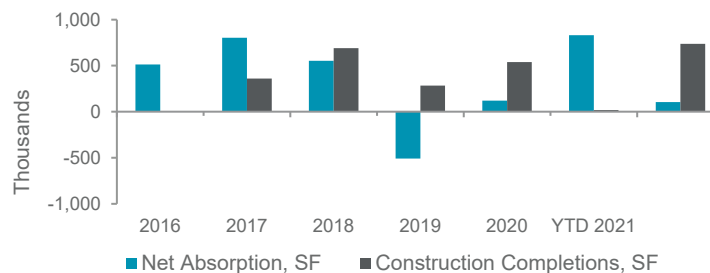
SUPPLY OR DEMAND

In the second quarter, absorption increased by about 103,000 square feet (sf) and this number belies the incredible demand for new space. New construction continues at an unfamiliar clip for this market with about 736,000 sf of new space on the market and numerous tenants in negotiation for this space. The first quarter report predicted announcements on much of this new space and although deals are still unannounced, our sources indicate that these transactions are delayed and not deferred. As previously stated, activity and optimism remain at record highs with the economic indicators regionally and in Northern Chihuahua, Mexico supporting this trajectory.

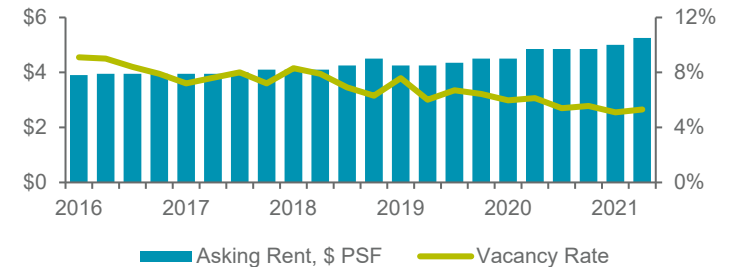
PRICING

Industrial lease rates continue to climb along the trend reported last quarter of 2021, with blended overall asking rates now up \$0.25 per square foot (psf), from \$5.00 psf to \$5.25 psf. Street-Quote Rates for new construction (28'-32' ceilings, 50'x50' column spacing, 2-docks per bay) are now above \$6.00 psf and closing in on \$6.25 psf. These rate increases result from limited competition, healthy demand, and a relative shortage of Class A space. Also driving up rates are the inflationary (not mentioned in the past decade or so) pressures on building materials such as steel, concrete / cement and manufactured products such as HVAC and Dock equipment.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Industrial Q2 2021

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	46,496,887	2,926,325	6.3%	-5,158	800,900	2,907,693	735,792	\$5.00
Manufacturing	5,042,655	151,000	3.0%	112,340	135,035	103,000	0	\$5.25
Office Service / Flex	7,578,902	34,901	0.5%	-4,038	-3,381	28,350	16,100	\$6.15
Total Market	59,118,444	3,112,226	5.3%	103,144	932,554	3,039,043	751,892	\$5.25

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1430 Vanderbilt Drive	East	Casa del Refugiado	125,000	Direct
6968 Industrial Avenue	East	Houston Foam Plastics	70,000	Direct
9640 Joe Rodriguez Drive	Southeast	RL Jones	38,400	Direct
9660 Joe Rodriguez Drive	Southeast	G Global	38,400	Direct

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
9900 Railroad Drive	Northeast	S. Yari / Radix Equity	309,797	Not Disclosed
1138 Barranca Drive	East	Logika at Mercantile, LLC / Not Disclosed	111,296	\$56
1701 Hawkins Blvd.	East	North Rock Real Estate, LLC / Sealy & Company	59,425	Not Disclosed

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