

FIGURES | CIUDAD JUÁREZ INDUSTRIAL | Q1 2023

# Everything Everywhere All Leased Up. Construction pipeline drives the market as vacancy nears zero.

▼ 0.1%

Vacancy Rate

▲ 1,397,393

SF Net Absorption

▼ 9,319,396

SF Construction

▲ 1,338,608

SF Delivered Construction

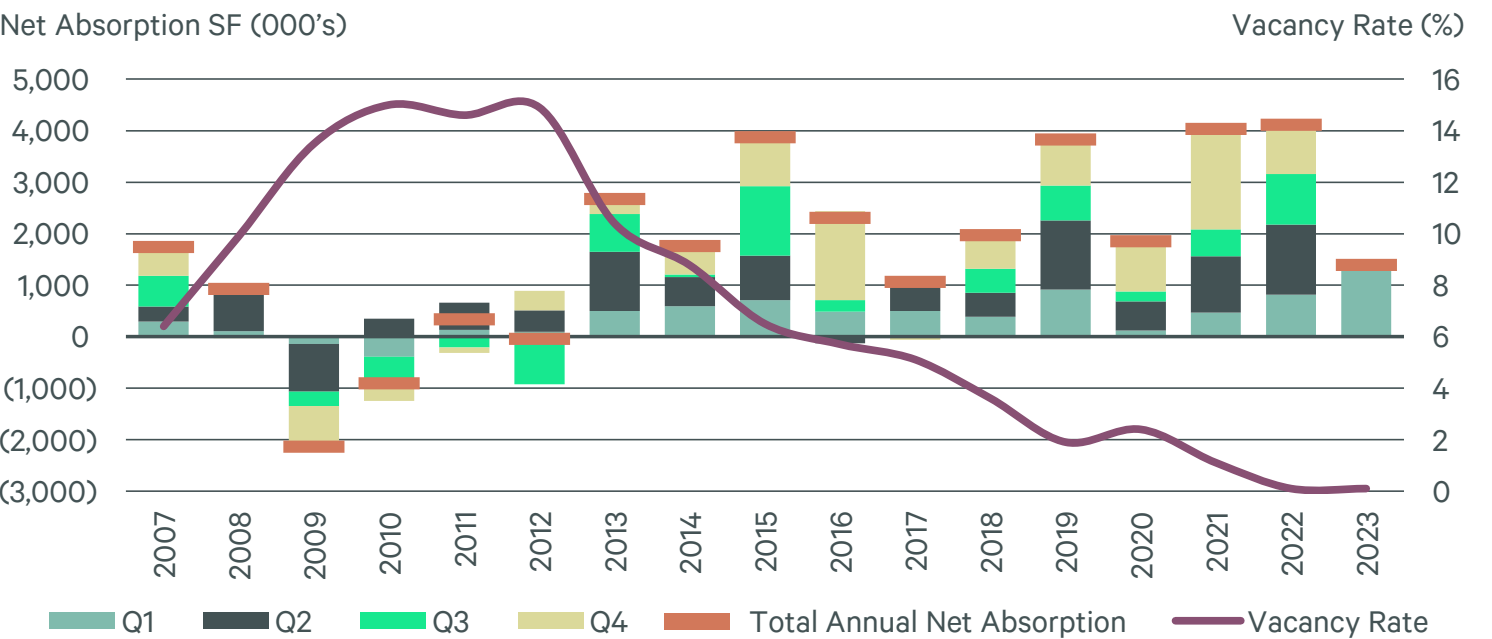
Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

- Q1 2023 closed with 1,397,393 sq. ft. of net absorption. Nearly all Q1 2023 net absorption came through the delivery of pre-leased speculative projects.
- The market-wide and Class A vacancy rates fell to new lows of 0.1% and 0.0%, respectively.
- Q1 2023 ended with 9.3 million sq. ft. of space under construction. 24 projects, 4.9 million sq. ft., are speculative.
- The quarter closed with demand for industrial space at 3.8 million sq. ft., 1.2 million sq. ft. above the 48 trailing-quarter.

The Juarez Industrial Market saw yet another quarter of strong absorption, near-zero vacancy, and above average demand for industrial space. Activity and absorption during Q1 2023 was essentially limited to the pre-leasing of speculative projects and the delivery of pre-leased speculative projects. With almost no existing space available in the market, the vacancy rate dropped to a new historical low. Although a substantial amount of new inventory is underway, the market is likely to remain tight as availability is limited to the construction pipeline and pre-leasing of speculative space accelerates.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research, Q1 2023.

## Absorption, Activity and Future Activity

The Juarez Industrial Market closed Q1 2023 with 1,397,393 sq. ft. of net absorption and 1.3 million sq. ft. of activity. The market registered six leases and two renewals. Except for a lease and a renewal, all activity was through Class A product. Nearly all Q1 2023 net absorption came through the delivery of pre-leased speculative projects and a build-to-suit. The last vacant Class A space in the market was leased during the quarter, pushing the Class A vacancy rate to 0.0%.

The construction pipeline has played an important role in market activity as existing available space has nearly disappeared. Construction is now essentially the only driver of leasing activity and absorption. Build-to-suit and pre-leased speculative projects currently under way will contribute 6.0 million sq. ft. of absorption once construction is completed and delivered.

CBRE tracks user demand for space in the Juarez Industrial Market. Q1 2023 closed with users seeking 3.8 million sq. ft., 1.2 million sq. ft. above the 48 trailing-quarter. Users are seeking spaces that range from 50,000 sq. ft. to 500,000 sq. ft. Home appliance manufacturers, auto and parts manufacturers, paper and packaging companies, and computer manufacturers account for 65% of total demand.

FIGURE 2: Cd. Juarez Industrial Market Statistics

Submarket	Vacancy (%)	Availability (%)	Construction (SF)		Net Absorption Q1 2023
			Active	Delivered	
North	-	-	-	-	-
West	0.7	1.1	-	-	-
Central	-	-	-	-	-
Southwest	-	-	219,584	-	-
Southeast	-	0.3	5,211,184	1,098,608	1,157,393
South/Elux	-	-	2,758,628	240,000	240,000
San Jeronimo	-	-	1,130,000	-	-
<b>Juárez Total</b>	<b>0.1</b>	<b>0.3</b>	<b>9,319,396</b>	<b>1,338,608</b>	<b>1,397,393</b>
<b>Class A</b>	<b>0.0</b>	<b>0.2</b>	<b>9,319,396</b>	<b>1,338,608</b>	<b>1,397,393</b>
<b>Class B</b>	<b>0.0</b>	<b>0.0</b>	-	-	-

Source: CBRE Research, Q1 2023.

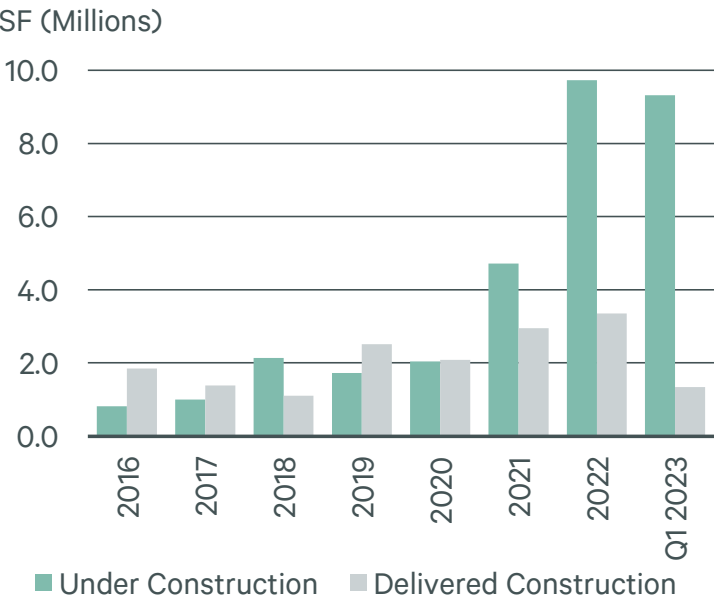
## Construction

Q1 2023 ended with 36 projects and just over 9.3 million sq. ft. of space under construction. 24 projects, 4.9 million sq. ft., are spec. Three new spec projects, a total of 655,000 sq. ft. began moving dirt during the quarter. Eleven build-to-suit developments and a build-to-suit expansion, 4.4 million sq. ft., were also underway.

## Asking Rents

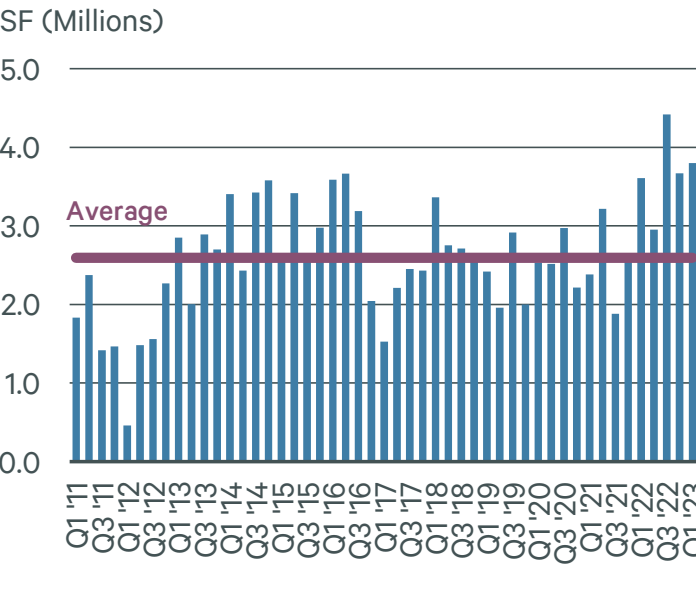
Because less than a handful of existing spaces are available across the entire market and rental rates for those spaces do not accurately reflect what is currently happening in the market, average asking rents cannot be established. Proposed rents for spec space under construction have seen rapid increases. This, paired with significant variation in rent structures among developers, means actual rental rates are being determined on a deal-by-deal basis and are dependent on several factors including delivery time-line, build-out, and available infrastructure.

FIGURE 3: Construction



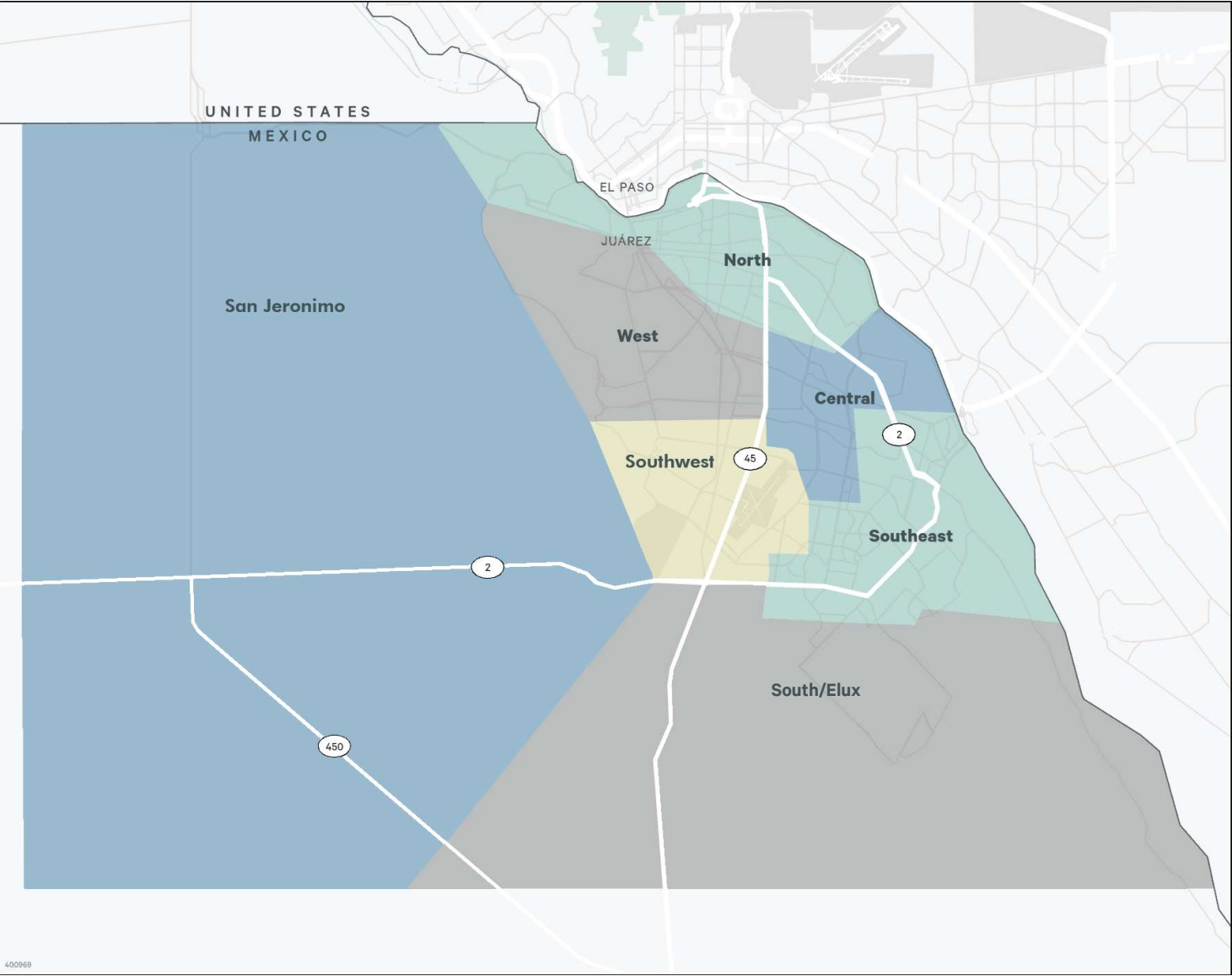
Source: CBRE Research, Q1 2023.

FIGURE 4: Active Users in the Market



Source: CBRE Research, Q1 2023.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Triple Net Lease Rate: Rent excludes the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied immediately.

Survey Criteria

Includes all industrial buildings 30,000 sq. ft. and greater in size in greater metropolitan area of Juarez, CHIH and San Jeronimo , CHIH. Buildings which have begun construction as evidenced by site excavation or foundation work.

Contacts

Elisabeth Downs

Senior Field Research Analyst  
elisabeth.downs@cbre.com

E. Michelle Miller

Research Director – South Region  
michelle.miller@cbre.com

CBRE EL PASO OFFICE

221 N. Kansas, Suite 2100  
El Paso, TX 79936

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