

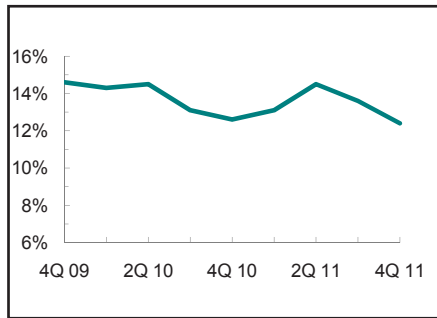
INDUSTRIAL MARKET REPORT

EL PASO, TEXAS

FOURTH QUARTER MARKET REPORT 2011

Industrial Trends Report

Annual Vacancy Rate
El Paso, TX



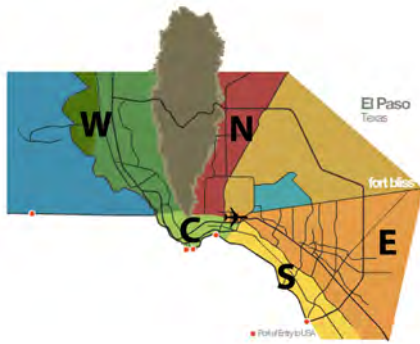
El Paso has not been immune to the national and international economies or the violence in Juarez, but has fared better than most cities. Through the past quarter, we have seen industrial activity increasing at an accelerating rate. This is due in part to a slow but seemingly steady recovery in the national economy, driving tenants to expand to accommodate demand in the consumer markets.

The 4th quarter shows encouraging results. Vacancy has now dropped during seven of the last eight quarters; vacancy now stands at 12.4%, down from 13.4% at the end of the third quarter 2011. Occupancy levels are still not good, but getting better and vacancy should drop below 10% in the near future if the trend established during the last two years continues.

Larger space users have taken a bite into the availability of big box space. Focus Logistics, AO Smith, CEVA Logistics and UFP have all leased space during the 4th quarter. This, and expansions by ECI and Apex have helped with this segment of the market.

The majority of the vacancy is composed of larger buildings, not easily demised into smaller spaces. The vacancy rate in this segment of the market continues to cloud the overall picture of the industrial market.

Smaller spaces continue to lease up. Spaces from 10,000 to 25,000 square feet are not available in some sub-markets and scarce city wide. This segment of the market has shown rate stability not found in the recent past. The stability in the smaller spaces has caused developers to starting looking at building on a speculative basis; good news indeed!



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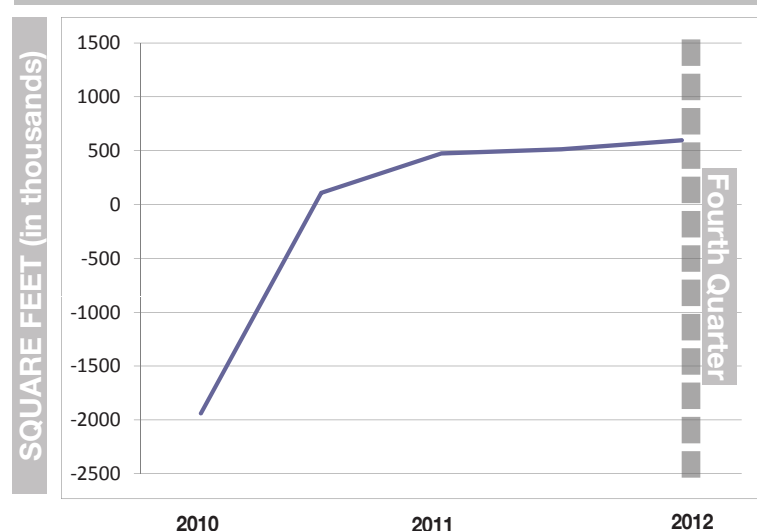
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Annual Net Absorption
El Paso, TX



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MARKET SNAPSHOT

GEOGRAPHIC AREA	TOTAL SF	VACANT SF	TOTAL %	YTD	ASKING RENT
East	26,703,487	3,770,494	14.1%	356,421	\$3.40
Central	14,007,653	2,154,931	15.4%	246,944	\$3.25
West	7,603,107	250,629	3.3%	90,608	\$3.40
South	6,066,113	262,955	4.3%	211,401	\$2.75
North	2,462,081	601,387	24.4%	(309,797)	\$2.85
Total	56,842,441	7,040,396	12.4%	595,577	

MAJOR SUBMARKET SUMMARY

Park	Total SF	Available SF	Available %	Vacant SF	Vacant %
Vista Del Sol	17,831,096	25,163	0.1%	2,002,563	11.2%
Butterfield Trail	7,076,206	0	0%	1,551,997	21.9%
Pan American	3,400,085	45,283	1.3%	549,440	16.2%
Socorro	2,329,506	0	0%	860,506	36.9%
Santa Teresa	2,735,957	80,000	2.9%	152,222	5.6%
Northwest Corp.	4,109,273	0	0%	60,087	1.5%

NEWSWORTHY

CEVA Logistics
Vista Del Sol
153,000 square feet

AO Smith
Vista Del Sol
150,725 square feet

UFP
Butterfield Trail
48,000 square feet

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