

# Industrial Market Trends El Paso

Grubb & Ellis| Best/White LLC Research

First Quarter 2009



*The El Paso industrial market vacancy rose to 12.2 percent, an increase of 100 basis points from last quarter. This is still a 50 percent increase from the third quarter of 2008 when vacancy had hovered around 8 percent for almost a year. The number of companies looking for space increased through the first quarter but closing deals was still a challenge.*

*The lingering big box vacancies seemed to have stabilized for the moment and certain submarkets are beginning to see an increase in demand. The industrial areas of Santa Teresa and Northwest Corporate Center have tightened up mostly due to the new construction of the Foxconn plant in San Jeronimo, which is located just south of the US-Mexico border. Some suppliers are already making their move to be closer to this plant and hope to get better lease rates by acting fast despite having several months left on their current lease contracts.*

*There has not been any new speculative construction since 2001. Few build-to-suit projects have increased the market footprint but make up only a small fraction. Even though the market had tightened up there has not been any new construction. Costs associated with new construction have been high, which would mean that these projects would be priced above market in order to get the desired returns; all during a time of decreasing rates.*

*The demand is up and is expected to increase as the year progresses. The military continues to be a driving force with the new developments of the BRAC. Lease renewals are also expected to be on the rise as companies try to lock in the currently low lease rates.*

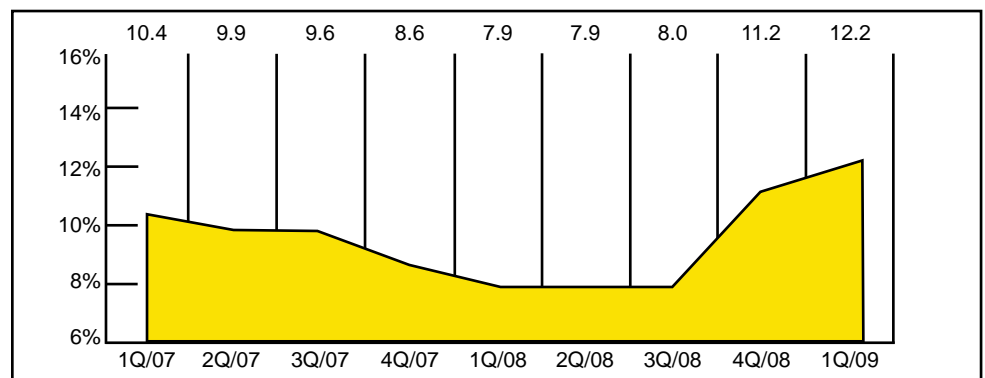
## El Paso Industrial Market Trends

is a newsletter published quarterly by Grubb & Ellis| Best/White LLC. To obtain additional copies or other Grubb & Ellis publications, please contact our office at:

info@bestwhite.com

Grubb & Ellis| Best/White LLC  
7500 Viscount, Suite 186  
Phone: 915.772.9082  
Internet: www.bestwhite.com

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**Industrial Vacancy Rate\***

\* All Property Types

## Industrial Market Snapshot El Paso First Quarter 2009

By Submarket (All Product Types)	Total SF(1)	Vacant SF	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3) WH/Dist.
				Current Qtr.	Year-to-date		
East	26,377,374	3,433,192	13.0%	(266,212)	(266,212)	-	\$3.72
Central	14,012,123	2,581,237	18.4%	(265,581)	(265,581)	-	\$3.62
Northwest	7,987,134	495,829	6.2%	116,265	116,265	-	\$3.70
South	6,118,879	137,998	2.3%	0	0	-	\$2.75
Northeast	2,481,780	278,496	11.2%	(108,000)	(108,000)	-	\$2.85
<b>Total</b>	<b>56,977,290</b>	<b>6,926,752</b>	<b>12.2%</b>	<b>(523,428)</b>	<b>(523,428)</b>	<b>-</b>	
<b>By Product Type (All Submarkets)</b>							<b>Asking Rent</b>
Warehouse/Distribution	51,930,542	6,674,418	12.9%	(415,428)	(415,428)	-	\$3.60
General Industrial	5,046,748	252,334	5.0%	(108,000)	(108,000)	-	\$3.00
<b>Total</b>	<b>56,977,290</b>	<b>6,926,752</b>	<b>12.2%</b>	<b>(523,428)</b>	<b>(523,428)</b>	<b>-</b>	

(1) Inventory includes multi-tenant and single tenant buildings with at least 10,000 sq. ft.

(2) Space under construction includes speculative and build-to-suit for lease projects.

(3) Asking rates are per square foot per year triple-net. Rates for each building are weighted by the size of the building.

## Class A & B Industrial Market Snapshot El Paso First Quarter 2009

By Park (All Product Types)	Total SF(1)	Available SF	Available %	Vacant SF	Vacant %
Vista Del Sol	8,710,436	1,981,419	22.8%	1,558,691	17.9%
Butterfield Trail	6,828,207	1,711,045	25.1%	1,701,245	24.9%
Northwest Corp.	4,363,408	450,809	10.3%	322,809	7.4%
Pan American	2,702,737	450,531	16.7%	374,531	13.9%
Santa Teresa	2,451,907	156,080	6.4%	140,080	5.7%
Socorro	2,329,506	-	-	-	-
Pendale	618,019	238,168	38.5%	169,935	27.5%
Montana	179,500	-	-	-	-
<b>Total</b>	<b>28,183,720</b>	<b>4,988,052</b>	<b>17.7%</b>	<b>4,267,291</b>	<b>15.1%</b>

(1) Inventory includes multi-tenant and single tenant buildings with at least 10,000 sq. ft.

## Construction Watch

### First Quarter 2009

	<i>New Speculative Development</i>				<i>New Build-to-Suit Development</i>			<i>New Owner Occupied Development</i>		
	Under Construction	Preleased %	Completed This Qtr	Completed YTD	Under Construction	Completed This Qtr	Completed YTD	Under Construction	Completed This Qtr.	Completed YTD
WH/Dist.	-	-	-	-	-	60,000	60,000	-	-	-
Gen. Industrial	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>60,000</b>	<b>60,000</b>	-	-	-

## Recent Transactions

### Dees Foodservice

Lease  
56,000 SF  
Butterfield Trail Industrial Park

### Hardware Specialty

Lease  
7,800 SF  
Vista del Sol Industrial Park

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# Industrial Market Trends Ciudad Juarez

Grubb & Ellis| Best/White LLC Research  
First Quarter 2009



*Ciudad Juarez started this year with an historic 12% Vacancy Rate. This vacancy has been increasing for the last quarters, but never reached this level according to our records that go back to the year 2000 in Ciudad Juarez. The percentage of available buildings has been building up during the last years with; 8% in 2007, 9% in 2008 and 12% during the first quarter of this 2009.*

*The absorption during this first quarter of this 2009 has also increased. This absorption was composed by 134,460 SF on 3 existing buildings, 945,000 SF from 5 Built-to-Suit buildings and 267,777 SF in two new speculative buildings, that give us a total of 1,347,237 SF of absorption for this quarter, with the majority of this translations being signed during 2008, but taken over this quarter.*

*The major transactions for this quarter included; Affinia on the Kimco Industrial Park with 207,777 SF, Intermatic and Modus Link with two Built-to-Suits on the Verde Independencia II Industrial Park taking over 277,000 SF and 205,000 SF respectively. This 3 transactions represent more than half of the SF absorbed during this first quarter of 2009.*

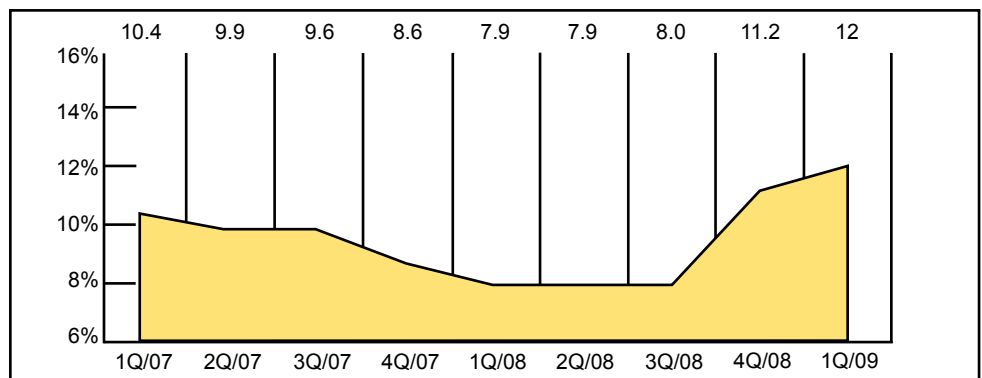
## Ciudad Juarez Industrial Market Trends

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info@bestwhite.com

Grubb & Ellis| Best/White LLC  
Paseo Triunfo de la Republica 3340-104  
Cd. Juarez, Chihuahua, Mexico C.P. 32330  
Phone: +52 (656) 629.1111  
Internet: www.bestwhite.com

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**Industrial Vacancy Rate\***

\* All Property Types

## Industrial Market Snapshot El Paso First Quarter 2009

By Submarket (All Product Types)	Total SF(1)	Vacant SF	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3) WH/Dist.
				Current Qtr.	Year-to-date		
Northwest	1,431,783	105,475	7%	150,000	150,000	310,000	\$4.00-\$4.25
North	14,163,044	1,112,782	8%	-93,798	-93,798	-	\$4.25-\$4.75
East	5,424,482	580,153	11%	-	-	429,545	\$4.50-\$4.75
Southeast	23,125,996	3,596,844	16%	689,997	689,997	1,612,169	\$5.25-\$5.50
Southwest	4,652,414	441,978	9%	-66,323	-66,323	-	\$4.50-\$4.75
Central	9,522,020	1,029,242	11%	-15,459	-15,459	-	\$4.50-\$4.75
<b>Total</b>	<b>58,319,739</b>	<b>6,866,474</b>	<b>12%</b>	<b>644,417</b>	<b>644,417</b>	<b>2,351,714</b>	

(1) Inventory includes multi-tenant and single tenant buildings with at least 10,000 sq. ft.

(2) Space under construction includes speculative and build-to-suit for lease projects.

(3) Asking rates are per square foot per year triple-net. Rates for each building are weighted by the size of the building.

## Construction Watch

First Quarter 2009										
WH/Dist.	New Speculative Development				New Build-to-Suit Development			New Owner Occupied Development		
	Under Construction	Preleased %	Completed This Qtr	Completed YTD	Under Construction	Completed This Qtr	Completed YTD	Under Construction	Completed This Qtr.	Completed YTD
Gen. Ind.	1,294,043	-	207,777	207,777	318,126	663,000	663,000	739,545	282,000	282,000
<b>Total</b>	<b>1,294,043</b>	<b>-</b>	<b>207,777</b>	<b>207,777</b>	<b>318,126</b>	<b>663,000</b>	<b>663,000</b>	<b>739,545</b>	<b>282,000</b>	<b>282,000</b>

## Sample of 2009 Transactions

**INTERMATIC**  
BTS  
277,000 SF  
Independencia Blvd.

**AFFINIA**  
Lease  
207,777 SF  
Kimco Industrial Park

**MODUS LINK**  
BTS  
205,000 SF  
Independencia Blvd.

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