

1999 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS

EL PASO, TEXAS: INDUSTRIAL

THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR

MARKET DATA

Inventory sf	Central City	Suburban
Total 1997	43,230,651	n/a
Vacant 1997	2,568,392	n/a
Occupied 1997	40,662,259	n/a
Total 1998	46,374,204	n/a
Vacant 1998	3,833,786	n/a
Occupied 1998	42,540,418	n/a
Net Absorption 1998	1,878,159	n/a
Total Construction	3,143,553	n/a

Site Prices \$/sf

Improved Sites	Central City	Suburban
Less than 2 acres	\$ 3.00	n/a
2 to 5 acres	\$ 2.75	n/a
5 to 10 acres	\$ 1.75	n/a
More than 10 acres	\$ 1.50	n/a

Unimproved Sites

	Central City	Suburban
Less than 10 acres	\$.75	n/a
10 to 100 acres	\$.50	n/a
More than 100 acres	\$.20	n/a

CURRENT TRENDS

Composition of Absorption

Warehouse/Distribution	80%
Manufacturing	20%
High Tech/R&D	0%

Composition of Inventory

Warehouse/Distribution	80%
Manufacturing	20%
High Tech/R&D	0%

Rate of Construction

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Dollar Volume - Sales

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Dollar Volume - Leases

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

OUTLOOK

Sales Prices

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Lease Prices

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Site Prices	Same
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Absorption

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Construction

Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Dollar Volume

Sales	Same
Leases	Same

Sales Prices \$/sf

Lease Prices \$/sf

Construction \$/sf

Vacancy Indicators

	Central City		Suburban			
Less than 5,000 sf	\$ 30.00	n/a	\$ 5.00	n/a	\$ 35.00	Substantial Shortage
5,000 to 19,999 sf	\$ 28.00	n/a	\$ 3.90	n/a	\$ 28.00	Substantial Shortage
20,000 to 39,999 sf	\$ 27.50	n/a	\$ 3.50	n/a	\$ 23.00	Moderate Shortage
40,000 to 59,999 sf	\$ 25.50	n/a	\$ 3.40	n/a	\$ 21.00	Moderate Shortage
60,000 to 99,999 sf	\$ 23.50	n/a	\$ 3.30	n/a	\$ 18.50	Balanced Market
100,000 to 250,000 sf	\$ 23.00	n/a	\$ 3.25	n/a	\$ 17.50	Balanced Market
250,000 sf or more	\$ 22.00	n/a	\$ 3.15	n/a	\$ 15.50	Balanced Market
High Tech/R&D	n/a	n/a	\$ 4.50	n/a	\$ 35.00	Balanced Market

Warehouse & Factories

Research & Development

	Central City	Suburban	Central City	Suburban
Real Estate Taxes	\$.45 - .60	n/a	\$.45 - .60	n/a
Insurance (Fire & Liability)	\$.05 - .10	n/a	\$.05 - .10	n/a
Structural & Roof Maintenance	\$.05	n/a	\$.05	n/a
Common Area Maintenance	\$.10 - .25	n/a	\$.10 - .25	n/a

Prime Source Financing:

Insurance Companies, Commercial Banks

Mortgage Money Supply:

Ample

COMMENT ON DEMAND FOR INDUSTRIAL SPACE:

Demand for industrial space in 1998 continues very strong with net absorption of 1,878,159 square feet. El Paso / Juarez is a distribution / manufacturing power house for consumer electronics, automotive components, and medical products. El Paso is attracting more manufactures without Mexican operations. El Paso is continuing to see a demand for large manufactures / warehouses requiring over 100,000 square feet. Demand for space continues to be very strong with suppliers who are being urged by the Fortune 500 already in place in El Paso and in Juarez, Mexico to set up just in time supply operations. Axion, Media Copy, Acer & Thomson all did large expansions in El Paso.

COMMENT ON NEW SPECULATIVE DEVELOPMENT IN 1998:

Construction in 1998 continued very strong with 3,143,553 square feet of new construction. New developers and investors are entering the market and sharing in the boom. Developers are continuing to build mostly the "big box" space and are "cherry picking" leases with the top international tenants. There is tremendous shortage of smaller space which developers are largely ignoring.

COMMENT ON LOCAL AND REGIONAL ECONOMY:

El Paso has over 700,000 people putting it in the top 25 in population in the nation. Juarez, Mexico is over 2 million people creating a large metroplex between the two cities. The recent peso devaluation ignited a surge in maquiladora growth.

COMMENT ON TRENDS:

With over 3 million square feet added to the market this year, vacancies have risen from 5.9% to 8.3%. This increase is seen in the "big boxes" over 100,000 square feet. For the first time in years buyers / lessees have a good choice.

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