

1999 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS

EL PASO, TEXAS: OFFICE

THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR

MARKET DATA

Inventory sf	Class A		Class B	
	CBD	Outside CBD	CBD	Outside CBD
Total 1997	1,896,630	2,892,492	808,527	987,917
Vacant 1997	172,901	150,410	342,370	108,670
Occupied 1997	1,723,729	2,742,082	466,157	879,247
Total 1998	1,939,630	3,118,000	703,867	1,088,897
Vacant 1998	252,264	164,398	332,710	114,200
Occupied 1998	1,687,366	2,953,602	371,157	974,697
Net Absorption 1998	(36,363)	211,520	(95,000)	95,450
Under Construction 1998	120,000	n/a	n/a	n/a

Rental Rates \$/sf

	CBD	Outside CBD	CBD	Outside CBD
Lowest	\$ 13.00	\$ 11.00	\$ 9.00	\$ 8.00
Highest	\$ 18.00	\$ 15.00	\$ 11.00	\$ 10.00
Weighted Average	\$ 15.00	\$ 14.00	\$ 10.00	\$ 9.00

Sales Prices \$/sf

	CBD	Outside CBD	CBD	Outside CBD
Lowest	\$ 70.00	\$ 50.00	\$ 40.00	\$ 35.00
Highest	\$ 85.00	\$ 125.00	\$ 50.00	\$ 50.00
Weighted Average	\$ 75.00	\$ 65.00	\$ 40.00	\$ 45.00

Operating Expenses \$/sf

	CBD	Outside CBD	CBD	Outside CBD
Lowest	\$ 4.00	\$ 3.00	\$ 3.50	\$ 2.50
Highest	\$ 5.10	\$ 4.88	\$ 3.75	\$ 4.50
Weighted Average	\$ 5.00	\$ 4.00	\$ 3.50	\$ 3.00

Tax Expenses \$/sf

	CBD	Outside CBD	CBD	Outside CBD
Lowest	\$ 1.18	\$ 1.08	\$.75	\$.60
Highest	\$ 1.58	\$ 1.25	\$ 1.10	\$ 1.00
Weighted Average	\$ 1.35	\$ 1.20	\$ 1.00	\$.80

Standard Work Letter: \$15.00 - \$25.00 per sf typically based on dollars per square foot

Leasing Activity Profile:

<u>Major Activity</u> -	Legal/Accounting
<u>Minor Activity</u> -	Fortune 500 Firms Insurance Business Services Sales Engineering/Architecture Government

No Activity -
Financing/Banking
Energy

COMMENT ON DEMAND FOR INDUSTRIAL SPACE:

Lease demand for space has been moderate. State is building a 120,000 sq. ft. building that will leave some vacancy when moves are completed, and a new 139,000 sq. ft. federal building has already made an impact on vacancies.

COMMENT ON NEW SPECULATIVE DEVELOPMENT IN 1999:

A small amount of speculative development is planned in west El Paso.

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

Prime Source Financing:

Insurance Companies

Mortgage Money Supply:

Moderate

Utility Rates: CBD \$2.75 per sf
Outside CBD \$2.40 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 300 sf

Rate of Return: Cap Rate - 10.5%
IRR - 11.0%

Cumulative Discount Rate: None
Landlord Concessions: Parking (Suburbs)

Operating Costs Escalation:

Base Year +C.P.I.

COMMENT ON LOCAL/REGIONAL ECONOMY:

Being a low cost labor-bilingual community, telemarketing companies moving to El Paso. Most manufacturing companies do not have separate office buildings, but utilize space in their manufacturing buildings.

COMMENT ON TRENDS:

Biggest movement is attorney firms leaving downtown for the suburbs. There are not a very large office market with most of our growth is in the industrial sector.

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