

2000 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS

EL PASO, TEXAS: OFFICE

THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR



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REPORTER(S):

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MARKET DATA

Inventory sf	Class A		Class B	
	CBD	Outside CBD	CBD	Outside CBD
Total 1998	1,939,630	3,118,000	703,867	1,088,897
Vacant 1998	252,264	1,643,398	332,716	114,200
Occupied 1998	1,687,366	2,953,602	371,151	974,697
Total 1999	2,059,630	3,300,656	703,867	1,108,897
Vacant 1999	311,608	190,080	307,680	133,067
Occupied 1999	1,748,022	3,110,576	396,187	975,830
Net Absorption 1999	60,656	156,974	25,036	1,133
Under Construction 1999	n/a	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	\$ 16.00	\$ 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	\$ 5.20	\$ 5.00	\$ 3.80	\$ 4.75
Weighted Average	\$ 5.00	\$ 4.00	\$ 3.50	\$ 3.25

Tax Expenses \$/sf

	CBD	Outside CBD	CBD	Outside CBD
Lowest	\$ 1.18	\$ 1.10	\$.75	\$.60
Highest	\$ 1.60	\$ 1.25	\$ 1.10	\$ 1.00
Weighted Average	\$ 1.38	\$ 1.20	\$ 1.00	\$.85

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

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 (Except CBD)

Operating Costs Escalation:
 Base Year +C.P.I.

Leasing Activity Profile:

Major Activity - Business Services

Minor Activity - Fortune 500 Firms
 Legal/Accounting
 Insurance
 Finance/Banking
 Engineering/Architecture
 Government
 Sales
 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.

COMMENT ON LOCAL/REGIONAL ECONOMY:

Being a low cost labor-bilingual community, telemarketing companies are 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. We are not a very large office market with most of our growth is in the industrial sector.