

2004 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS

EL PASO, TEXAS: OFFICE

THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR



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MARKET DATA

Inventory sf	Class A		Class B	
	CBD	Outside CBD	CBD	Outside CBD
Total	1,928,547	4,349,016	703,867	1,108,897
Vacant	674,000	565,372	439,016	320,897
Vacant Sublease	0	0	0	0
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	-49,359	19,260	-69,160	-40,897
Vacancy Rate	34.95%	13.00%	62.37%	28.94%
Total	1,928,547	4,349,016	703,867	1,108,897

Prime Source Financing:

Insurance Companies, Commercial Banks

Mortgage Money Supply:

Ample

Utility Rates:

CBD \$2.75 per sf
 Outside CBD \$2.45 per sf
 Not Separately Metered

Parking Ratio:

CBD - 1 per 400 sf
 Outside CBD - 1 per 250 sf

Rate of Return:

Cap Rate - 10%
 IRR - 12%

Cumulative Discount Rate:

None
Landlord Concessions: Parking, Lease Assumption, Addl. Interior Improvements.

Operating Costs Escalation:

Determined by Base Year

Leasing Activity Profile:

Major Activity - Business Services

Minor Activity - Fortune 500 Firms
 Legal/Accounting
 Insurance
 Business Services
 Finance/Banking
 Engineering/Architecture
 Sales
 Energy
 Technology

Rental Rates \$/sf

Lowest	\$12.00	\$10.00	\$8.00	\$9.00
Highest	\$17.00	\$18.00	\$11.00	\$11.00
Weighted Average	\$14.00	\$15.00	\$10.00	\$10.00

Sales Prices \$/sf

Lowest	\$12.00	\$50.00	\$30.00	\$35.00
Highest	\$75.00	\$110.00	\$40.00	\$40.00
Weighted Average	\$50.00	\$80.00	\$40.00	\$35.00

Operating Expenses \$/sf

Lowest	\$5.00	\$4.50	\$4.00	\$4.00
Highest	\$7.50	\$6.50	\$5.00	\$5.00
Weighted Average	\$7.00	\$6.00	\$4.50	\$4.00

Tax Expenses \$/sf

Lowest	\$1.20	\$1.15	\$0.80	\$1.05
Highest	\$1.50	\$1.50	\$1.15	\$1.05
Weighted Average	\$1.40	\$1.35	\$1.05	\$1.20

Standard Work Letter: \$35.00 per sf typically based on dollars per square foot

Outlook:

Absorption	Down 6-10%	Sales Class A CBD	Down 6-10%
Construction	Down 11-15%	Prices Outside CBD	Down 6-10%
Vacancies	Up 6-10%	Class A CBD	Down 11-15%
Rental Rates	Down 6-10%	Outside CBD	Down 6-10%
Landlord Concession	Up 11-15%		

2003 Review

The Standard work letter is amortized over the lease term and is included in the rental rates. Operating expenses, including taxes, insurance, maintenance, repairs, trash removal, cleaning, management, and utilities, are included in rental rates. Demand was down in 2003. As predicted, we again saw a move from downtown to the suburbs. Vacancy rates rose in all classes except for Class A outside CBD space. Most construction was in the 5,000 to 10,000 square foot range, and all were single story.

2004 Forecast

Very little speculative development is proposed for 2004. As the national economy softens and the government puts more pressure on states to function, the market will again take a big hit. Demand will be down.