

# 1999 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS

## JUAREZ, MEXICO: INDUSTRIAL

## THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR

### MARKET DATA

Inventory of sf	Central City	Suburban
Total 1997	24,543,268	n/a
Vacant 1997	336,992	n/a
Occupied 1997	24,206,276	n/a
Total 1998	27,951,486	n/a
Vacant 1998	1,087,737	n/a
Occupied 1998	26,863,749	n/a
Net Absorption 1998	2,657,473	n/a
Total Construction	3,408,218	n/a

### Site Prices \$/sf

Improved Sites	Central City	Suburban
Less than 2 acres	\$ 4.50 - 5.75	n/a
2 to 5 acres	\$ 4.50 - 5.50	n/a
5 to 10 acres	\$ 4.00 - 5.00	n/a
More than 10 acres	\$ 3.50 - 4.50	n/a

Unimproved Sites	Central City	Suburban
Less than 10 acres	\$ 2.00	n/a
10 to 100 acres	\$ 1.50	n/a
More than 100 acres	\$ 1.00	n/a

### CURRENT TRENDS

Composition of Absorption	
Warehouse/Distribution	8%
Manufacturing	90%
High Tech/R&D	2%

Composition of Inventory	
Warehouse/Distribution	8%
Manufacturing	90%
High Tech/R&D	2%

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

Central City      Suburban

### Lease Prices \$/sf

Central City      Suburban

### Construction \$/sf

### Vacancy Indicators

	Central City	Suburban	Central City	Suburban		
Less than 5,000 sf	\$ 36.00	n/a	\$ 6.00	n/a	\$ 32.00	Substantial Shortage
5,000 to 19,999 sf	\$ 36.00	n/a	\$ 5.00 - 6.00	n/a	\$ 28.00	Substantial Shortage
20,000 to 39,999 sf	\$ 35.00	n/a	\$ 5.00 - 6.00	n/a	\$ 27.00	Substantial Shortage
40,000 to 59,999 sf	\$ 33.00	n/a	\$ 5.00 - 6.00	n/a	\$ 26.00	Moderate Shortage
60,000 to 99,999 sf	\$ 31.00	n/a	\$ 5.00 - 6.00	n/a	\$ 25.00	Moderate Shortage
100,000 to 250,000 sf	\$ 29.00	n/a	\$ 5.00 - 5.50	n/a	\$ 24.00	Substantial Shortage
250,000 sf or more	\$ 28.00	n/a	\$ 5.00 - 5.50	n/a	\$ 23.00	Substantial Shortage
High Tech/R&D	\$ 40.00	n/a	\$ 7.00	n/a	\$ 40.00 - 50.00	Substantial Shortage

### Warehouse & Factories

Central City      Suburban

### Research & Development

Central City      Suburban

Real Estate Taxes	\$ .10 - .15	n/a	\$ .10 - .15	n/a
Insurance (Fire & Liability)	\$ .15	n/a	\$ .15	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:

U.S. Banks with guaranteed leases

### Mortgage Money Supply:

Moderate

### COMMENT ON DEMAND FOR INDUSTRIAL SPACE:

Maquiladoras absorbed over 2.6 million square feet in 1998 causing a construction boom of 3,408,218 square feet. This is huge because it is over 10% of the entire Juarez industrial inventory. The consumer electronics, automotive components, and medical products industries all had strong years. Hubbell, Johnson Controls, Johnson and Johnson, Kitchler, ADC Telcom, Acer, and several others all did large build-to-suits.

### COMMENT ON NEW SPECULATIVE DEVELOPMENT IN 1998:

Build-to-suit construction is financed largely through U.S. banks with U.S. guarantees by the parent corporation on the leases. Speculative construction in Juarez after the last peso devaluation was largely nonexistent because financing was unavailable. Because of the huge demand, several developers are now actively building speculative buildings and have built over 800,000 square feet of "spec". U.S. developers attracted by the large Mexican rates of return have entered the market.

### COMMENT ON LOCAL/REGIONAL ECONOMY:

Juarez, Mexico's population is over 2,000,000 with a steady flow of people from the Mexican interior. Juarez, Mexico is investing millions of dollars in highways and in utilities. This is creating large industrial areas and large housing areas in the southern part of the city toward the Juarez Airport. This combination of a growing inexpensive work force and infrastructure investment is fueling the Maquiladora/NAFTA Juarez, Mexico growth.

### OTHER COMMENTS:

The Maquiladora industry exploded with growth in the 1980's as corporations realized that Mexico was a low cost, high quality, and conveniently located area. This growth was fueled by the peso devaluations of the 1980's. The recent peso devaluation once again lowers the cost of labor in Mexico and is refueling Mexico's industrial growth. The Maquiladora started as simple assembly. Now General Motors, Thomson Consumer Electronics and others are engineering their products in Mexico and doing state-of-the-art manufacturing. Acer Computers is moving their computer manufacturing operations to Juarez and many of their suppliers are following from Taiwan. Juarez is rapidly becoming more of a high tech manufacturing city.

