

2000 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS

JUAREZ, MEXICO: INDUSTRIAL

THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR



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INVENTORY DATA

Inventory sf	Central City	Suburban
Total 1998	27,951,486	n/a
Vacant 1998	1,087,737	n/a
Occupied 1997	26,863,749	n/a
Total 1999	29,053,853	n/a
Vacant 1999	1,710,000	n/a
Occupied 1999	27,343,853	n/a
Net Absorption 1999	480,104	n/a
Under Construction	1,102,367	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	\$ 1.25	n/a

Sales Prices \$/sf

Lease Prices \$/sf

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	Balanced Market

Warehouse & Factories

Research & Development

	Central City	Suburban	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:

Demand for space was balanced in Juarez, Mexico with most of the demand created by existing companies. Net absorption was over 480,000 square feet with new construction of over 1.1 million square feet. The consumer electronics, automotive components, and medical products industries all had strong years. ADC Telecom, Acer, Bosch, Elamex, Lexmark, Mediacy all had large expansions.

COMMENT ON NEW SPECULATIVE DEVELOPMENT IN 1999:

Build-to-suit construction is financed largely through U.S. banks with U.S. guarantees by the parent corporation on the leases. Because of the steady demand, several developers are now actively building speculative buildings. 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.