

**2001 COMPARATIVE STATISTICS OF INDUSTRIAL & OFFICE REAL ESTATE MARKETS**

JUAREZ, MEXICO: INDUSTRIAL

THE SOCIETY OF INDUSTRIAL & OFFICE REALTORS - SIOR



**KELLER-KOCH REALTORS LLC**  
 4110 Rio Bravo, Ste. 205  
 El Paso, Texas 79902  
 (915) 532-6400  
 (915) 532-8055

**REPORTER(S):**  
 Robert M. Keller, SIOR  
 Matthew W. Koch, SIOR

**INVENTORY DATA**

Inventory sf

Total 1999	29,053,853
Vacant 1999	1,710,000
Occupied 1999	27,343,853
Total 2000	30,305,853
Vacant 2000	1,481,000
Occupied 2000	28,824,853
Net Absorption 2000	1,481,000
Under Construction 2000	1,252,000

**Site Prices \$/sf**

Improved Sites

Less than 2 acres	\$ 4.50 - 5.75
2 to 5 acres	\$ 4.50 - 5.50
5 to 10 acres	\$ 4.00 - 5.00
More than 10 acres	\$ 3.50 - 4.50

Unimproved Sites

Less than 10 acres	\$ 2.00
10 to 100 acres	\$ 1.50
More than 100 acres	\$ 1.25

	Sales Prices \$/sf	Lease Prices \$/sf	Construction \$/sf	Vacancy Indicators
Less than 5,000 sf	\$ 37.00-40.00	\$ 6.00	\$ 41.00-47.00	Substantial Shortage
5,000 to 19,999 sf	\$ 36.00-37.00	\$ 5.00-6.00	\$ 37.00-41.00	Substantial Shortage
20,000 to 39,999 sf	\$ 35.00-36.00	\$ 5.00-6.00	\$ 33.00-37.00	Substantial Shortage
40,000 to 59,999 sf	\$ 33.00-34.00	\$ 5.00-6.00	\$ 29.00-33.00	Moderate Shortage
60,000 to 99,999 sf	\$ 31.00-32.00	\$ 5.00-6.00	\$ 26.00-29.00	Moderate Shortage
100,000 to 250,000 sf	\$ 29.00-30.00	\$ 5.00-6.00	\$ 23.00-25.00	Substantial Shortage
250,000 sf or more	\$ 28.00-29.00	\$ 5.00-6.00	\$ 22.00-24.00	Substantial Shortage

**Warehouse & Factories      Research & Development**

Real Estate Taxes	\$ .10 - .15	\$ .10 - .15
Insurance (Fire & Liability)	\$ .15	\$ .15
Structural & Roof Maintenance	\$ .05	\$ .05
Common Area Maintenance	\$ .10 - .25	\$ .10 - .25

**Prime Source Financing:**  
 U.S. Banks with guaranteed leases

**Mortgage Money Supply:**  
 Moderate

**COMMENT ON DEMAND FOR INDUSTRIAL SPACE (LEASE AND/OR SALES):**

Demand for space was balanced in Juarez, Mexico with most of the demand created by existing companies. Net absorption was over 1.48 square feet with new construction of over 1.25 million square feet. The consumer electronics, automotive components, and medical products industries all had strong years. ADC Telecom, Delphi, Thomson, and Philips all had large expansions.

**COMMENT ON NEW SPECULATIVE DEVELOPMENT IN 2000. (WHERE IS THE DEVELOPMENT CONCENTRATED? HOW MUCH IS PROPOSED?):**

"Build-to-suit construction" is financed largely through U.S. banks. U.S. banks require 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 (WHAT ARE THE PROSPECTS FOR GROWTH? WHAT ARE THE POTENTIAL MARKET CONSTRAINTS?):**

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

**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. Maquiladoras 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. Juarez is rapidly becoming more of a high tech manufacturing city.

Juarez, Mexico has 327 Maquiladora factories. This is 9% of Mexico's total 3,628 Maquiladora factories. Juarez employs 261,892 workers in the Maquiladora industry. This is 20% of Mexico's total 1,316,244 total Maquiladora employment. Mexico's top foreign-exchange generators in 2000 were as follows: Maquiladoras, \$10.8 billion; oil, \$9.3 billion; remittances, \$3.9 billion; and tourism \$2.3 billion. The impact of this is huge on the El Paso/Juarez area. Raw materials imported through El Paso into Juarez for 2000 were \$12.9 billion. Value added in Juarez for 2000 was \$3.2 billion for a total gross production of \$16.1 billion.