

2002 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 | |
|-------------------------|------------|
| Total 2000 | 30,305,853 |
| Vacant 2000 | 1,481,000 |
| Occupied 2000 | 28,824,853 |
| Total 2001 | 31,057,169 |
| Vacant 2001 | 1,854,862 |
| Occupied 2001 | 29,202,307 |
| Net Absorption 2001 | 377,454 |
| Under Construction 2001 | 751,316 |

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 | \$ 5.00-5.75 | \$ 37.00-41.00 | Substantial Shortage |
| 20,000 to 39,999 sf | \$ 35.00-36.00 | \$ 5.00-5.75 | \$ 33.00-37.00 | Substantial Shortage |
| 40,000 to 59,999 sf | \$ 33.00-34.00 | \$ 5.00-5.75 | \$ 29.00-33.00 | Moderate Shortage |
| 60,000 to 99,999 sf | \$ 31.00-32.00 | \$ 5.00-5.75 | \$ 26.00-29.00 | Moderate Shortage |
| 100,000 to 250,000 sf | \$ 29.00-30.00 | \$ 5.00-5.75 | \$ 23.00-25.00 | Substantial Shortage |
| 250,000 sf or more | \$ 28.00-29.00 | \$ 5.00-5.75 | \$ 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 377,454 square feet with new construction of 751,316 square feet. The consumer electronics, automotive components, and medical products industries all had strong years. Toro, Ansell Edmont, Epson, Siemens, and Heatcraft 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. As the U.S. economy has slowed vacancy has increased in Juarez to 6%. Because of the availability of existing buildings, speculative construction has slowed. 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 slow down of the USA and world economy's has slowed down the explosive Maquiladora industry growth. Explosive growth had caused employee turn over and very tight vacancy factors. The slow down has eased these allowing employers more choices. Juarez, Mexico has 318 Maquiladora factories, down from 327 last year. This is 8.4% of Mexico's total 3,763 Maquiladora factories. Juarez employs 227,371 workers in the Maquiladora industry, down from 261,892 last year. This is 18.6% of Mexico's total 1,219,379 total Maquiladora employment, down from 1,316,244 last year.

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.