

2004 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 2002	31,999,169
Vacant 2002	4,130,159
Occupied 2002	27,869,010
Total 2003	48,000,000
Vacant 2003	4,293,317
Occupied 2003	27,869,010
Net Absorption 2002	571,842
Vacancy Rate 2003	8.94%
Construction 2003	735,000

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	\$ 5.00-5.75	\$ 37.00-41.00	Substantial Shortage
20,000 to 39,999 sf	\$ 35.00-36.00	\$ 4.75-5.50	\$ 33.00-37.00	Balanced Market
40,000 to 59,999 sf	\$ 33.00-34.00	\$ 4.75-5.25	\$ 29.00-33.00	Balanced Market
60,000 to 99,999 sf	\$ 31.00-32.00	\$ 4.50-5.25	\$ 26.00-29.00	Balanced Market
100,000 to 250,000 sf	\$ 29.00-30.00	\$ 4.25-5.00	\$ 23.00-25.00	Balanced Market
250,000 sf or more	\$ 28.00-29.00	\$ 4.25-5.00	\$ 22.00-24.00	Balanced Market

Warehouse & Factories

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

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

Mortgage Money Supply:
 Moderate

2003 Review:

2003 was a slow year in Juarez, Mexico. Vacancy, historically in the low single digits closed this year at 8.9 percent. Expansion and build-to-suit construction finished up at 735,000 square foot. Fasco, IOS, Siemens, Duraply, Morse Automotive, Clarostat, Global Harnesses, EDM, and Eagle Ottawa all did large build-to-suits or expansions. The US recession and product migration to China have affected Juarez. Manufacturing employment in declined from 238,853 in 2000 to 190,891 in 2003. Mexico's economy is ninth in the world, and the Mexican peso maintained its stability and strength. As companies experience logistical and production problems in China, some manufacturing is returning to Mexico. President Vicente Fox is well aware of the head-to-head competition between Mexico and China for foreign investment dollars which translates into jobs for Mexico.

2004 Forecast

The slowdown is offering companies many advantages. Currently, there is an abundance of highly trained workers seeking employment. With more than four million square foot of vacancy, lease prices have softened and companies now have an excellent choice of available facilities. Some of the companies that were quick to move to China encountered problems and are moving back to Mexico. Bordering El Paso's U.S. Interstates 10, 25, and 54, and having Mexico's Federal Highway 2 and 45 alleviates Mexico's logistical problems. As the economy in the U.S. improves, so should the manufacturing sector in Juarez, Mexico.