

NEWMARK

Ciudad Juarez:
Industrial Market

1Q26

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Market Analysis



Economy

- Ciudad Juárez remains a major export hub, but its maquiladora model is facing a crisis. Although production and exports continue to rise, formal employment fell to 458,000 workers in January 2026 from 515,000 in 2023, reflecting a sustained contraction due to automation, business relocation, and trade pressures. This has led to plant closures and reduced industrial expansion, impacting wage growth (-8%) and local consumption.
- Foreign direct investment (FDI) continues to flow in, though it does not fully offset the labor market impacts. On the other hand, inflation is moderating to 3.6%, contributing to price stability, and a recovery is expected by the second half of 2026, contingent on improvements in the global economy.



Market Trends

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Total Inventory (SF)	89.5 M	89.0 M	88.6M	↑
Vacancy Rate	13.3%	10.7%	8.9%	↑
Gross Absorption (SF)	496,446	1,016,397	759,930	↑
Net Absorption (SF)	-832,046	238,120	48,585	↓
Asking Rate (USD/SF/year)	\$8.00	\$8.04	\$8.01	↓
Under construction (SF)	869,705	885,342	1.4M	↓



Transactions

- Roca Desarrollos finalized the lease of a 240,659 sq ft build-to-suit (BTS) building to TECMA in the southwest corridor. In the southeast, a 52,195 sq ft lease, managed by Terrafina, was completed, while a 203,592 sq ft speculative project was also leased to TECMA, indicating relatively steady demand in Ciudad Juárez.

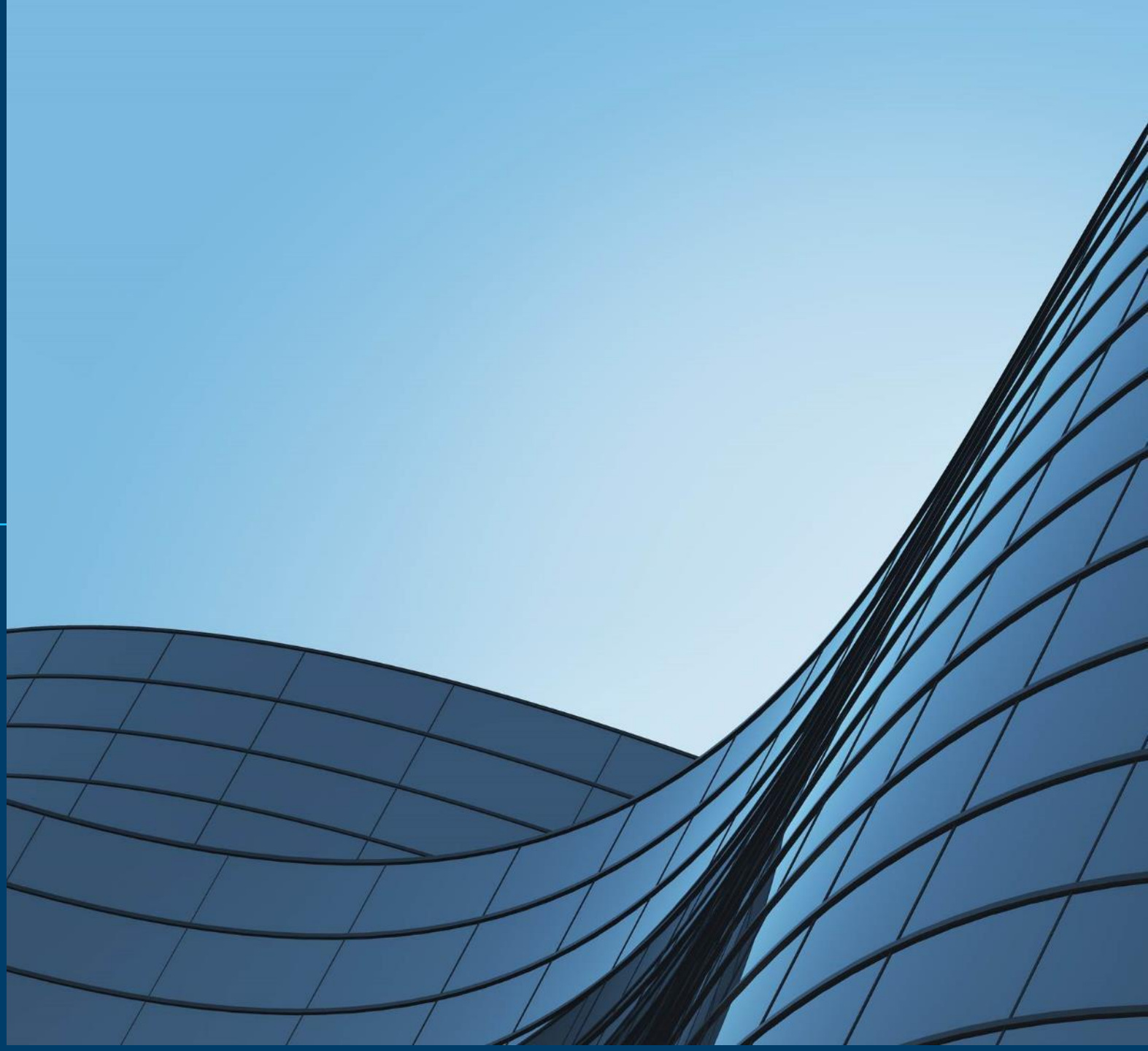


Perspectives

- Although Ciudad Juárez remains a significant economy, it faces considerable challenges due to the deterioration of its urban and productive infrastructure, ranging from streets and basic services to limitations in energy and water, which increase operating costs.
- Despite this, there are positive signs; industrial urbanization projects and the city's inclusion in development hubs for semiconductors, electromobility, and medical devices could diversify the economy, attract new foreign direct investment, and strengthen production chains. Recovery will depend on infrastructure improvements, investment policies, and the integration of local producers, which could revitalize formal employment and boost consumption and exports.

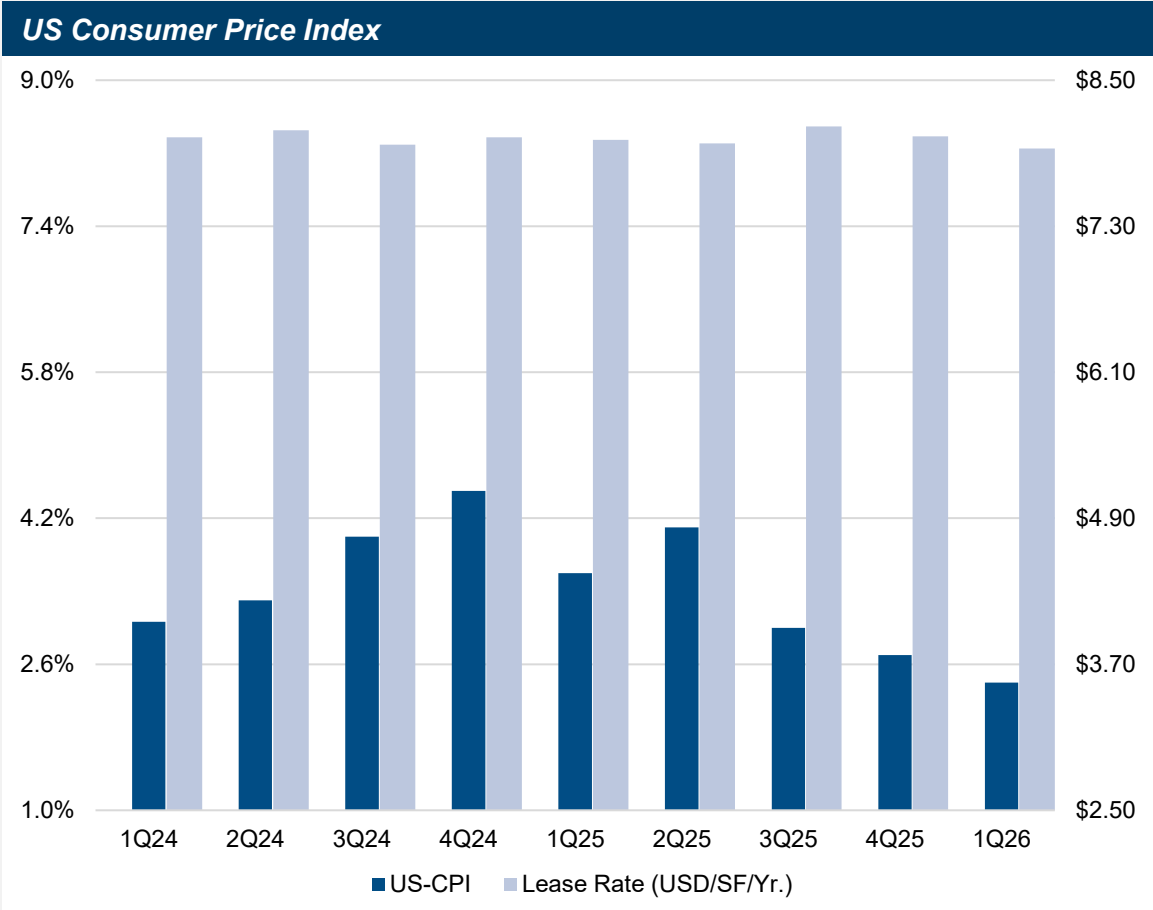
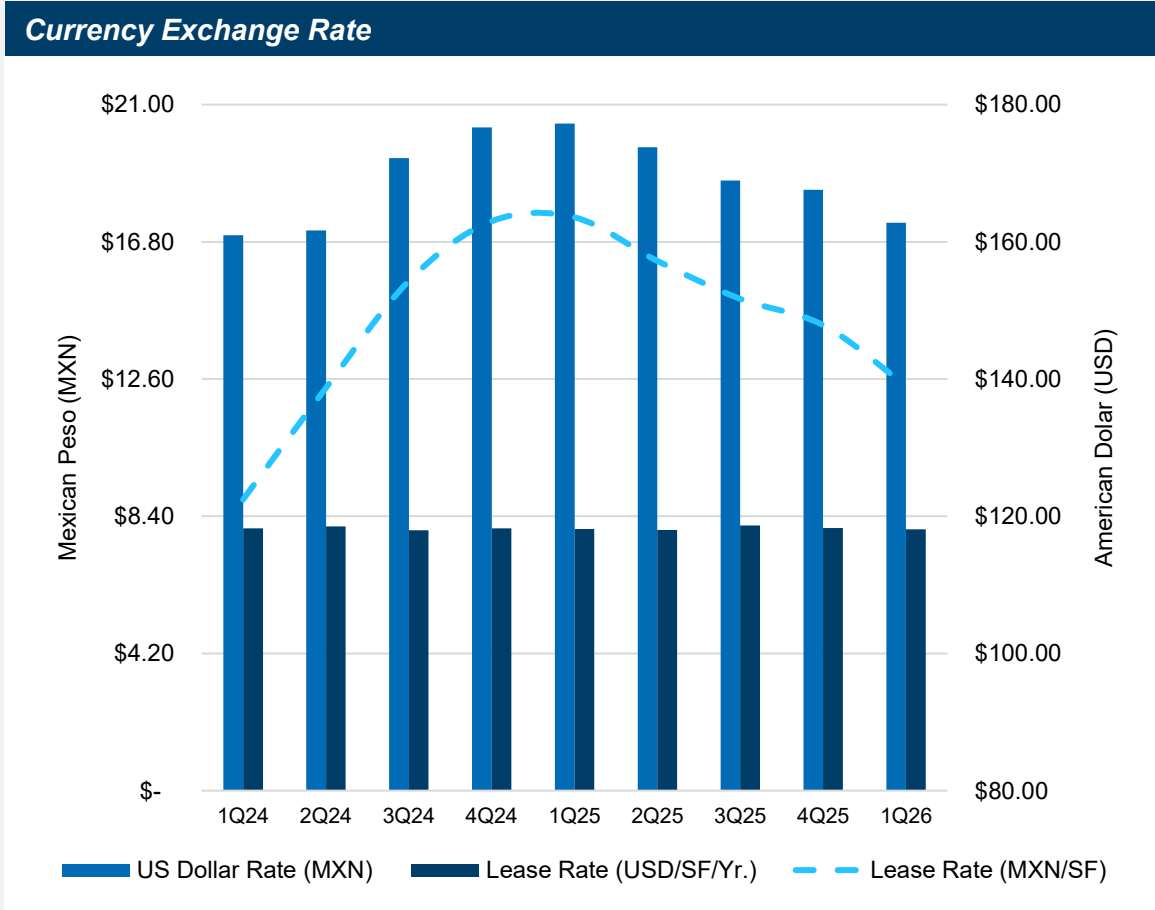
01

Economy



Economy

The exchange rate and incomes remain stable in dollar terms, while their peso equivalents exhibit greater volatility, indicating that the market is responding to exchange rate adjustments rather than real price growth, in line with weaker demand. The slowdown in US inflation, combined with still-high interest rates, has created a restrictive financial environment that limits foreign investment and hinders expansion decisions by manufacturing companies, especially those linked to the US market.



Source: Banxico & Bureau of Labor Statistics (BLS).



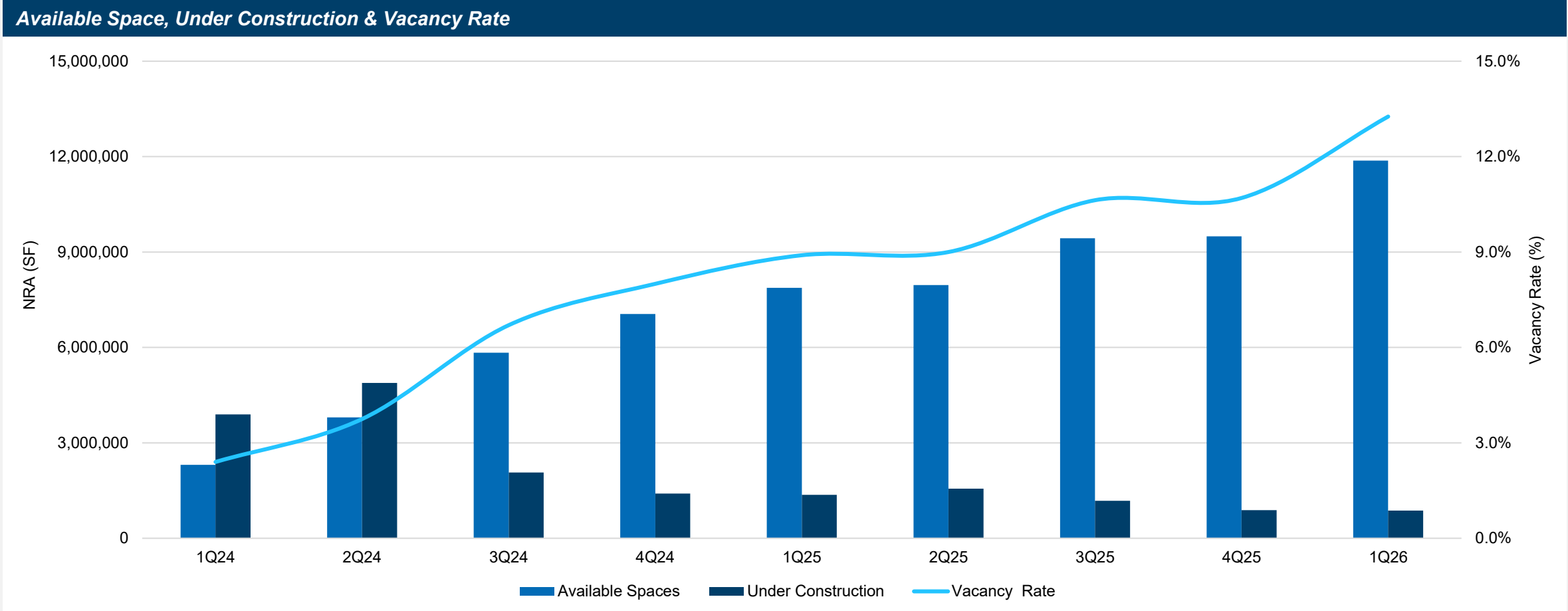
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Leasing Market Fundamentals

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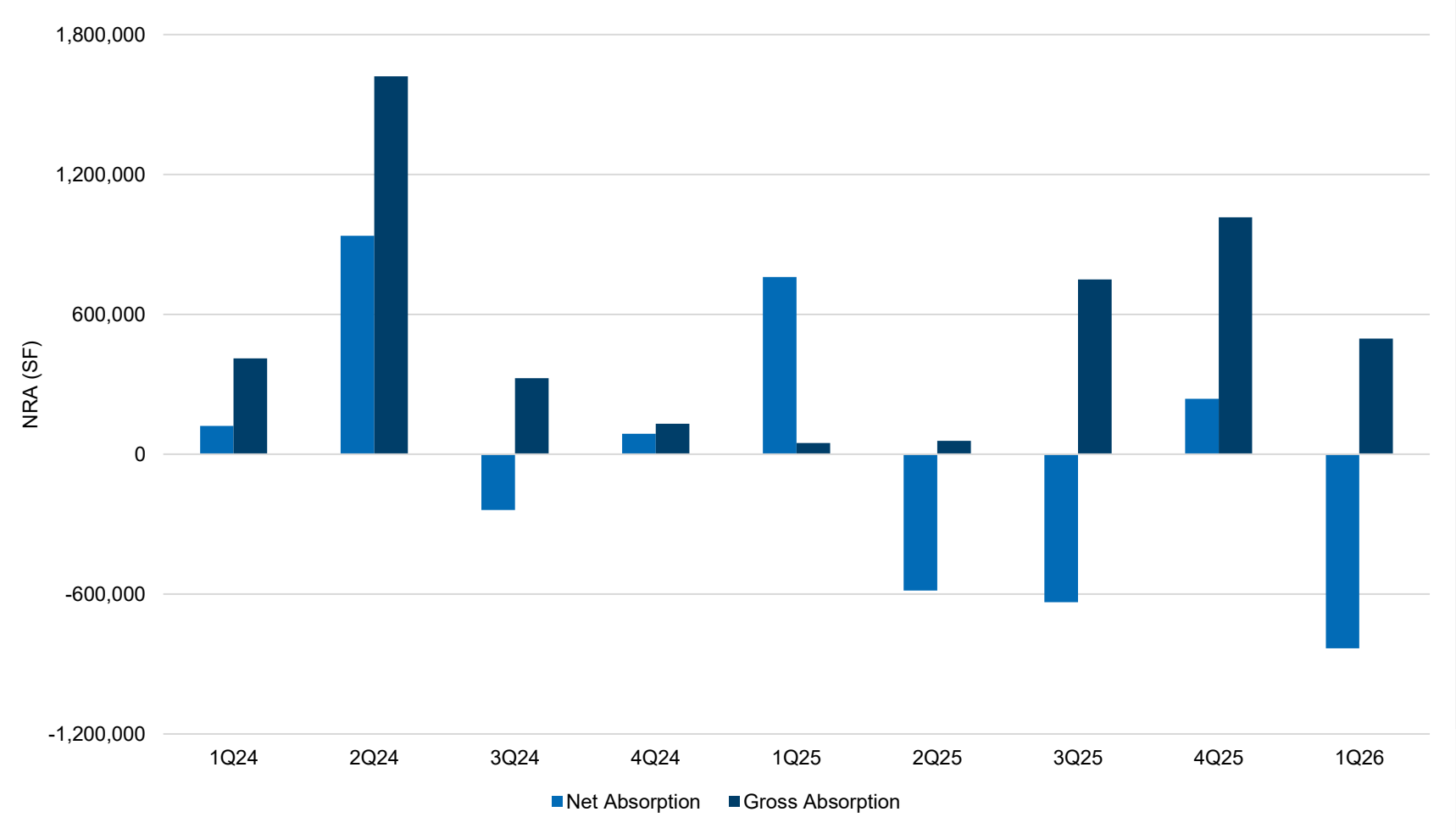
Loss of Competitiveness and Industrial Contraction

Industrial vacancy continues to rise, driven by the steady exodus of companies, primarily from the export manufacturing sector (maquiladoras). The loss of competitiveness has led to the closure of numerous plants and the reduction of operations in key sectors such as metalworking, electronics, auto parts, and light manufacturing, evidenced by the departure of international companies and the closure of electronic component plants and industrial suppliers. In this context, construction remains at low levels, not exceeding one million square feet under development. Developers have adopted a cautious approach, prioritizing build-to-suit (BTS) projects and avoiding speculative construction, given the risk of increasing the availability of vacant buildings.



Slowdown In Gross Absorption and Persistence of Negative Net Absorption

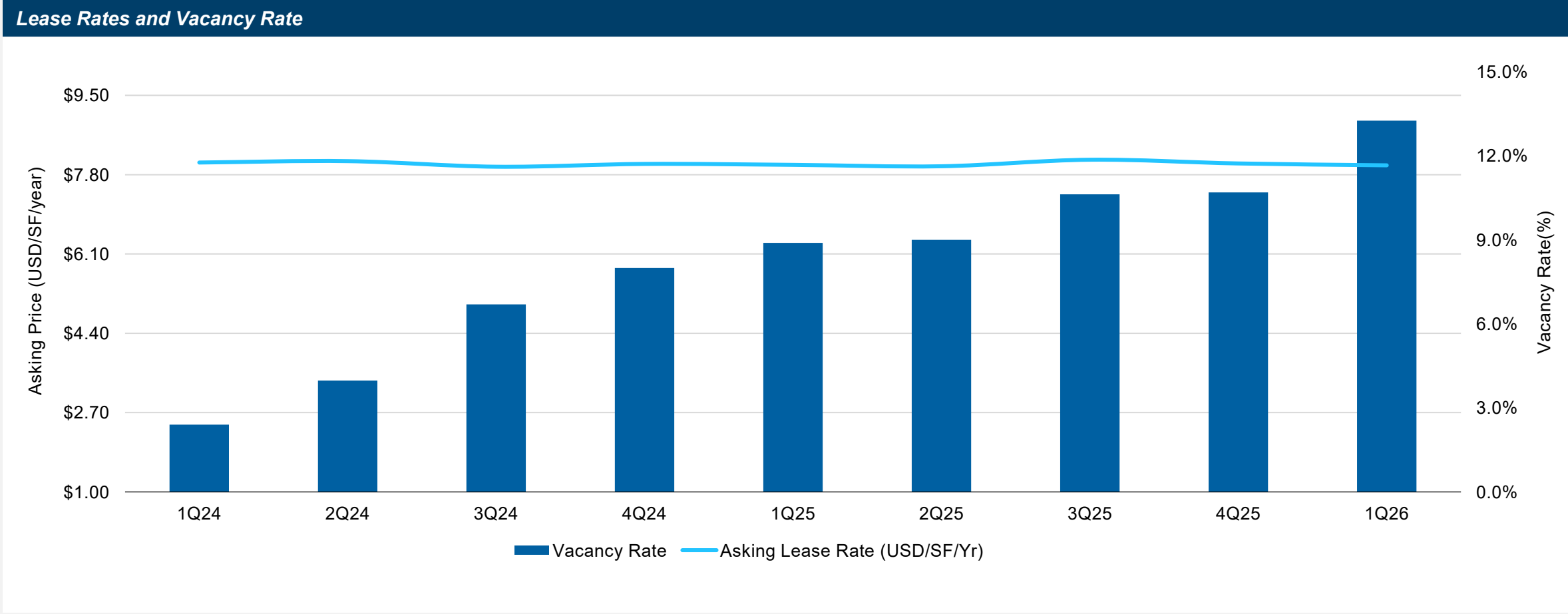
Net and Gross Absorptions (sf)



- The market has been adjusting due to a loss of competitiveness in sectors such as auto parts, electronics, and light manufacturing. This environment has led to the closure of companies like First Brands Group, whose bankruptcy resulted in the closure of several of its subsidiaries in the city, such as Hopkins Manufacturing, Centric Parts, Brake Parts Inc., and StopTech, all linked to the auto parts sector. Added to this is the closure of the Lacroix plant in the electronics sector.
- Despite this contraction, some transactions were recorded that reflect that demand has not disappeared. Notable among these is the lease of a 240,659 sq ft build-to-suit (BTS) building by Roca Desarrollos for TECMA in the southwest corridor. In the southeast, a 52,195 sq ft transaction managed by Terrafina was completed, in addition to the lease of a 203,592 sq ft speculative project, also occupied by TECMA.
- Companies remaining in the market are absorbing some of the available space through relocation or lease renegotiation, which is supporting gross absorption. The caution of developers, who have reduced speculative construction and are prioritizing build-to-suit (BTS) projects, has limited the inflow of new supply, preventing vacancy rates from growing more rapidly.

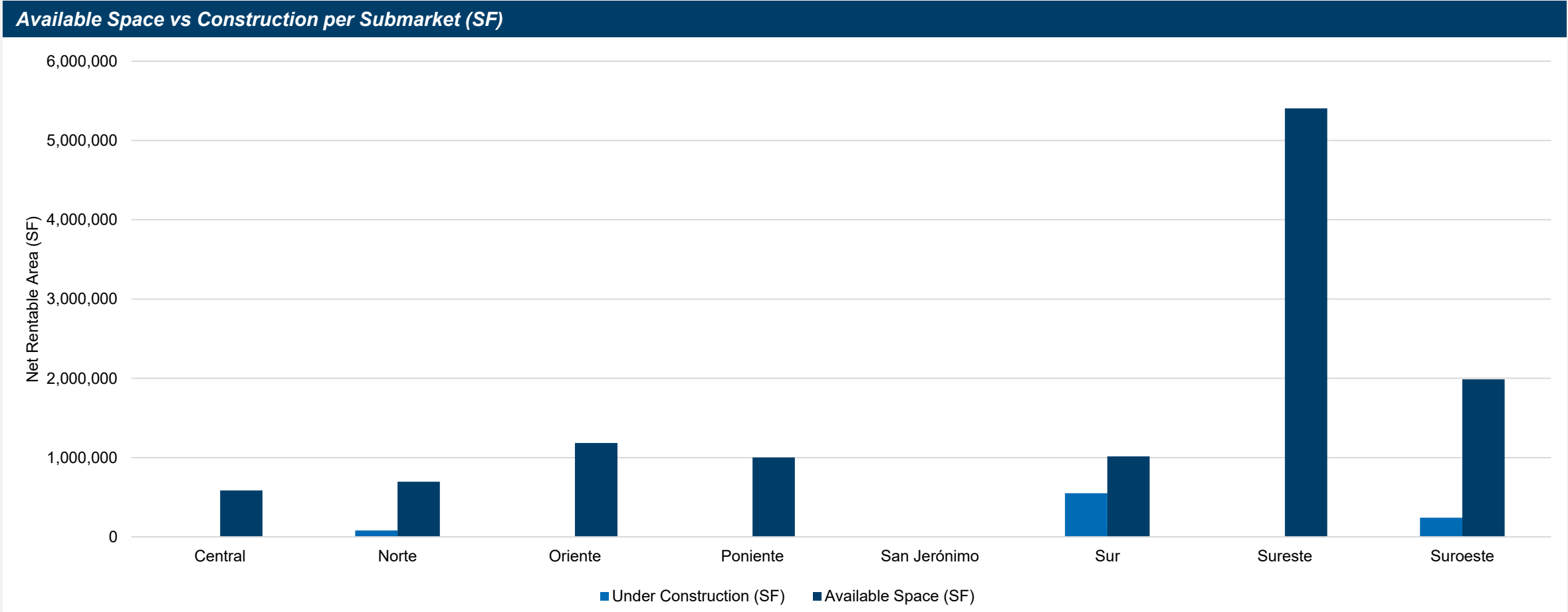
Rent and Demand Adjustment

The drop in rents triggers a "realignment" effect within the market. With lower prices, many companies choose to relocate or upgrade their existing space instead of expanding. New demand doesn't necessarily emerge; rather, existing demand is redistributed to better-located or more efficient warehouses. This generates movement in the market, but not a net positive absorption, as occupied spaces often leave others vacant. At the same time, more competitive conditions begin to open a window of opportunity for certain companies that can take advantage of lower rents at the frontier to optimize costs. However, this effect is still limited and does not offset the overall weakness in demand.



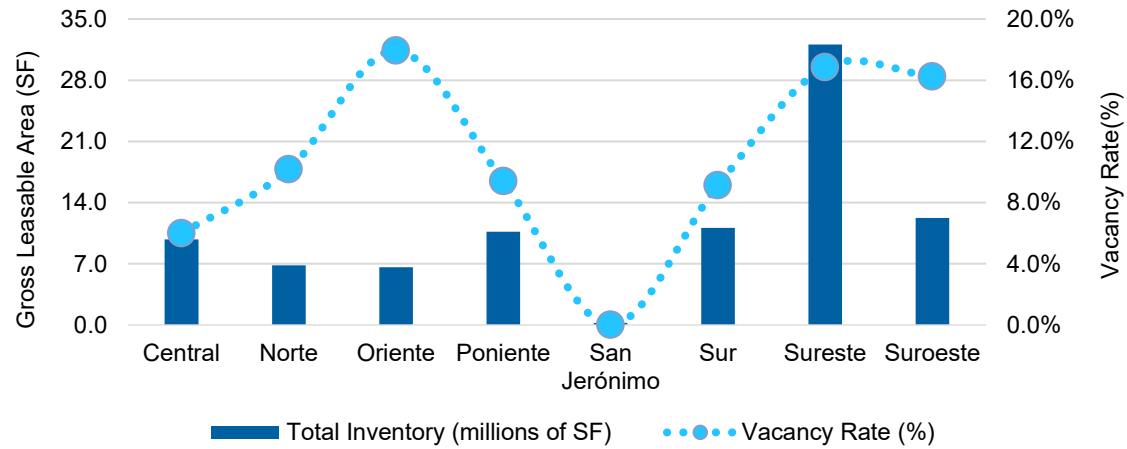
Content Development & High Availability

Construction in Ciudad Juárez remains limited, which, in the short term, helps to contain the growth of vacancy rates. However, this low level of new supply creates imbalances, since much of the available inventory consists of buildings with traditional specifications that, in some cases, do not align with the current requirements of some more advanced industries. Although there is availability, many buildings are not suitable for new investments. Faced with a lack of ready-made spaces with specific characteristics in preferred locations, some companies are choosing to postpone or redirect their investments to other markets.

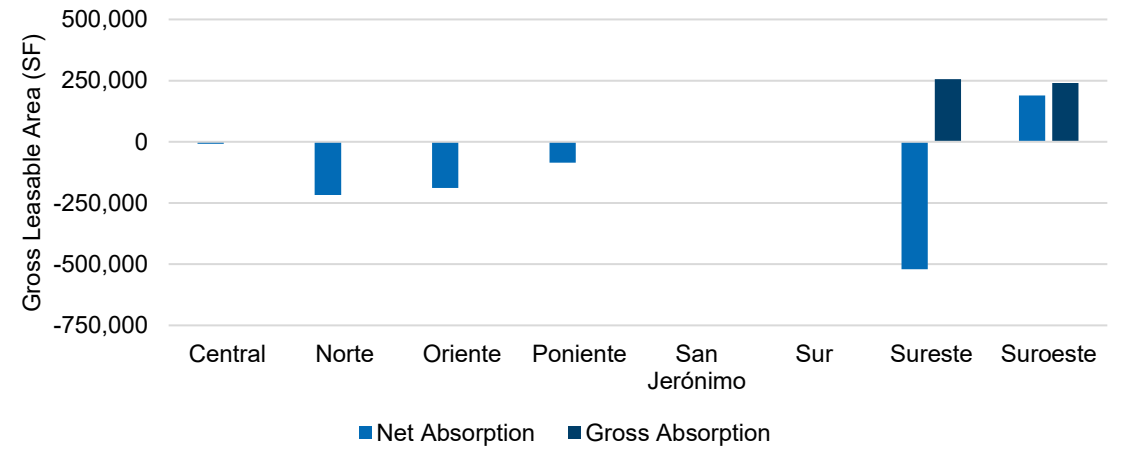


Submarket Comparatives

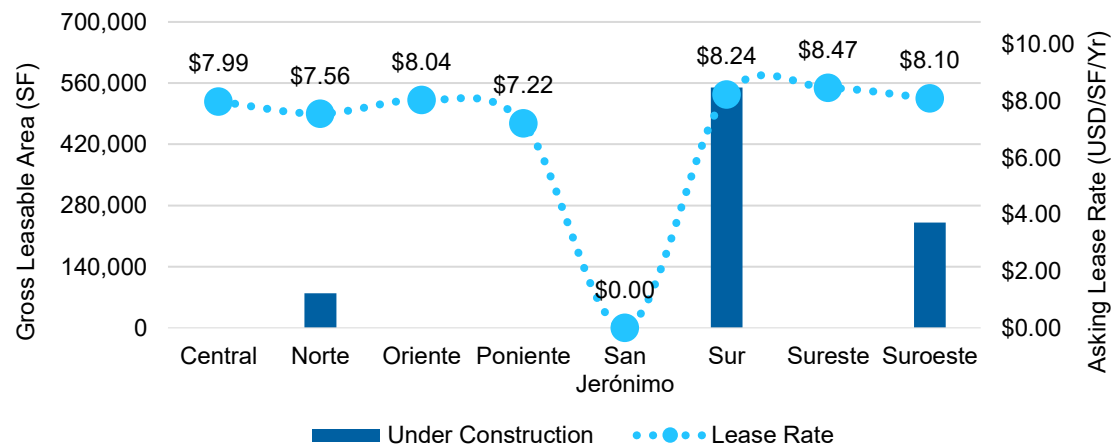
Inventory vs Vacancy Rate



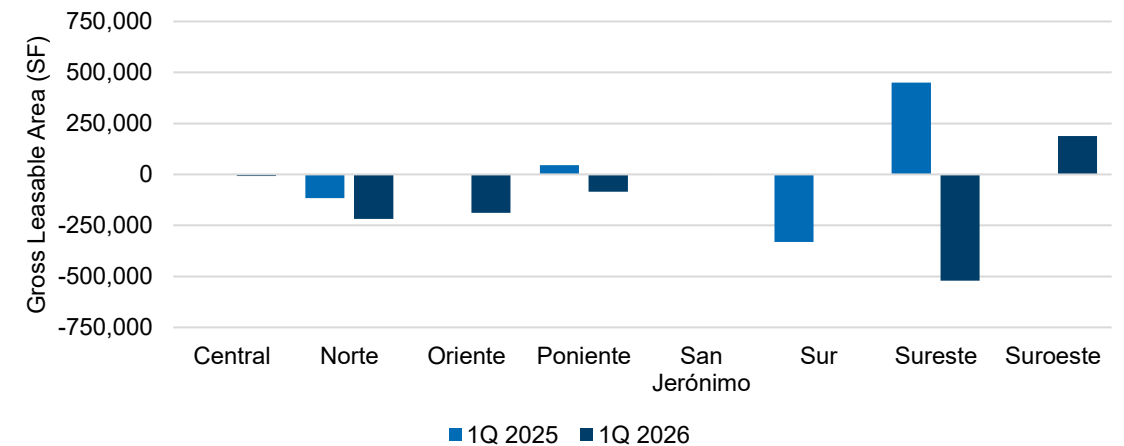
Gross and Net Absorption by Submarket



Under Construction vs Average Lease Rates (USD/SF/Year)



Quarterly Net Absorption



Submarket Statistics 1Q26

Ciudad Juarez Submarket Statistics

	Inventory (million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate (%)	Gross Absorption (SF)	Net Absorption (SF)	Asking Lease Rate (USD/SF/Year)	Construction Asking Rent (USD/SF/Year)
Central	9.8	-	586,089	5.99%	-	-8,000	\$7.99	-
Norte	6.8	79,416	694,460	10.17%	-	-217,854	\$7.56	\$8.76
Oriente	6.6	-	1,185,246	17.94%	-	-188,425	\$8.04	-
Poniente	10.6	-	1,002,314	9.41%	-	-85,426	\$7.22	-
San Jerónimo	0.2	-	-	-	-	-	-	-
Sur	11.1	549,630	1,013,891	9.13%	-	-	\$8.24	\$8.04
Sureste	32.0	-	5,405,048	16.84%	255,787	-521,137	\$8.47	-
Suroeste	12.2	240,659	1,986,607	16.25%	240,659	188,796	\$8.10	\$8.64
Total	89.5	869,705	11,873,655	13.26%	496,446	-832,046	\$8.00	\$8.48

Mondragón Mauricio

*Market Research Director
Latin America*

mauricio.mondragon@nmrk.com

Lopez Lizbeth

*Market Research Analyst
Tijuana*

lizbeth.lopez@nmrk.com

Tijuana

Misión de San Javier 10643
Piso 4, Zona Urbana Rio Tijuana, 22010
t 664-615-7000

NEWMARK LATAM

Carr. México-Toluca 5420 – PH1
Santa Fe, CDMX, 05320
t 55-5980-2000

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

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