



NEWMARK

Tijuana:
Industrial Market

1Q26

NMRK.COM

Market Analysis

Economy

- Tijuana's economy is experiencing a slowdown; manufacturing production has shown year-on-year declines, while foreign direct investment in Baja California reached \$1,892.3 million, a contraction of 23.7% annually. Furthermore, exports registered a year-on-year decrease of 2.4%, despite a slight quarterly rebound. This is compounded by job losses in the maquiladora industry, an increase in informal employment, and stagnant economic growth.
- Despite this, Tijuana's economy retains solid foundations, such as controlled inflation, international trade relations, and an export structure based on reinvestment of profits (43.2% of FDI). Taken together, these elements reflect that, although facing short-term pressures, the city maintains its position in foreign trade and has favorable conditions for a sustained recovery, supported by nearshoring and the shift towards higher value-added manufacturing activities.

Transactions

- Industrial activity in Tijuana was spread across all its industrial corridors, with deals ranging from 49,000 to 93,000 square feet closed by firms such as VESTA, FINSA, MUSA, RMSG, and others.
- Demand was driven by global companies in sectors such as logistics, aerospace, medical devices, steel, electronics, and packaging, reflecting a diversified industrial base with a growing level of production specialization.

Market Trends

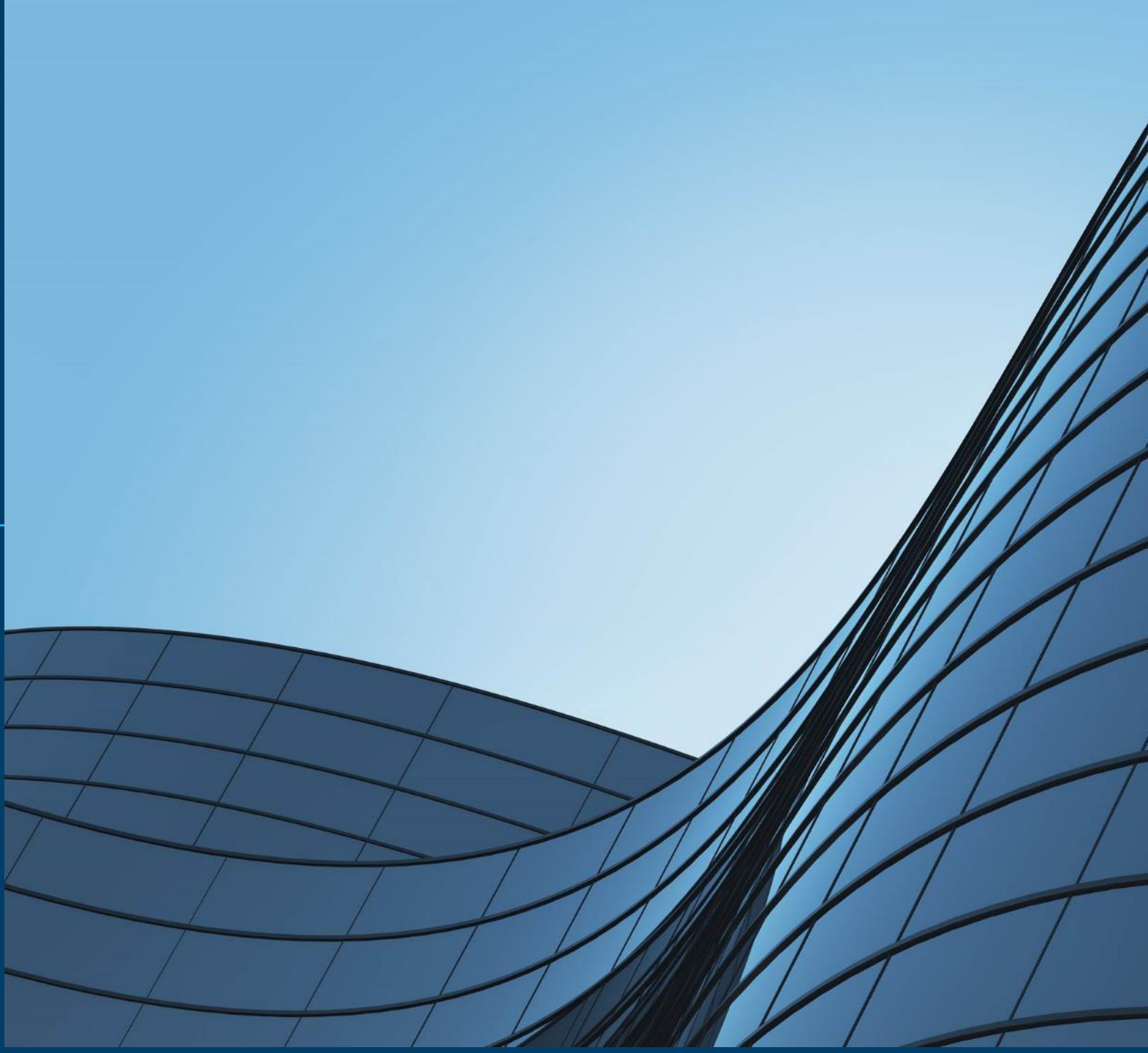
	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Total Inventory (SF)	90.6 M	89.8 M	85.7 M	↑
Vacancy Rate	10.7%	9.3%	5.91%	↓
Gross Absorption (SF)	755,006	1,032,090	222,286	↑
Net Absorption (SF)	-1,125,624	-178,737	-557,665	↓
Asking Rate (USD/SF/year)	\$9.42	\$9.45	\$9.12	↑
Under construction (SF)	4,100,001	5,034,379	4,357,987	↑

Perspectives

- The outlook for Tijuana this year points to a market in adjustment, with signs of improvement toward the end of the period. Developers remain confident in a gradual recovery, while the brokerage sector anticipates a healthy level of activity, reinforcing a more positive outlook.
- Gross absorption is expected to remain stable, in line with recent quarters. However, high availability, the constant addition of new supply, and rising vacancies could continue to put pressure on the market, leading to quarters with negative net absorption. In this context, prices are likely to correct in the short term, followed by a gradual recovery as demand strengthens.

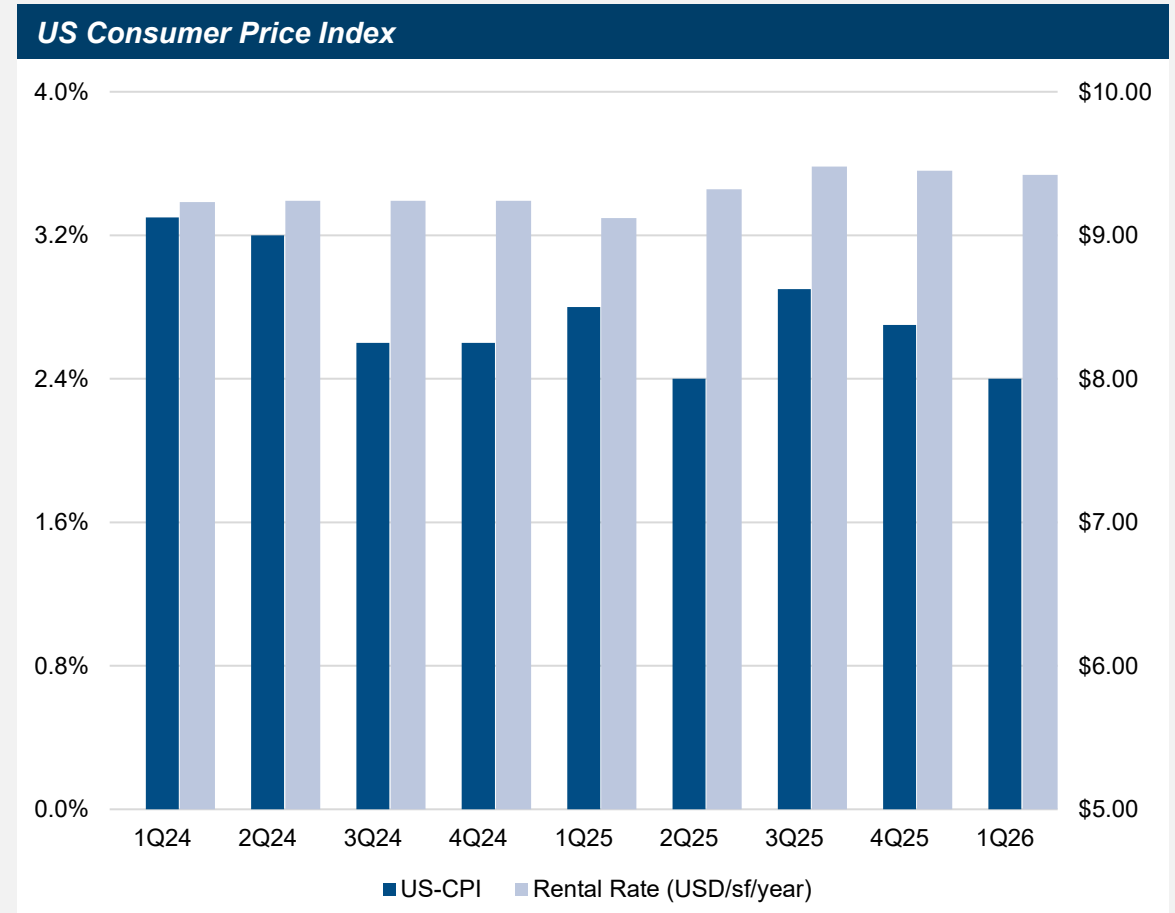
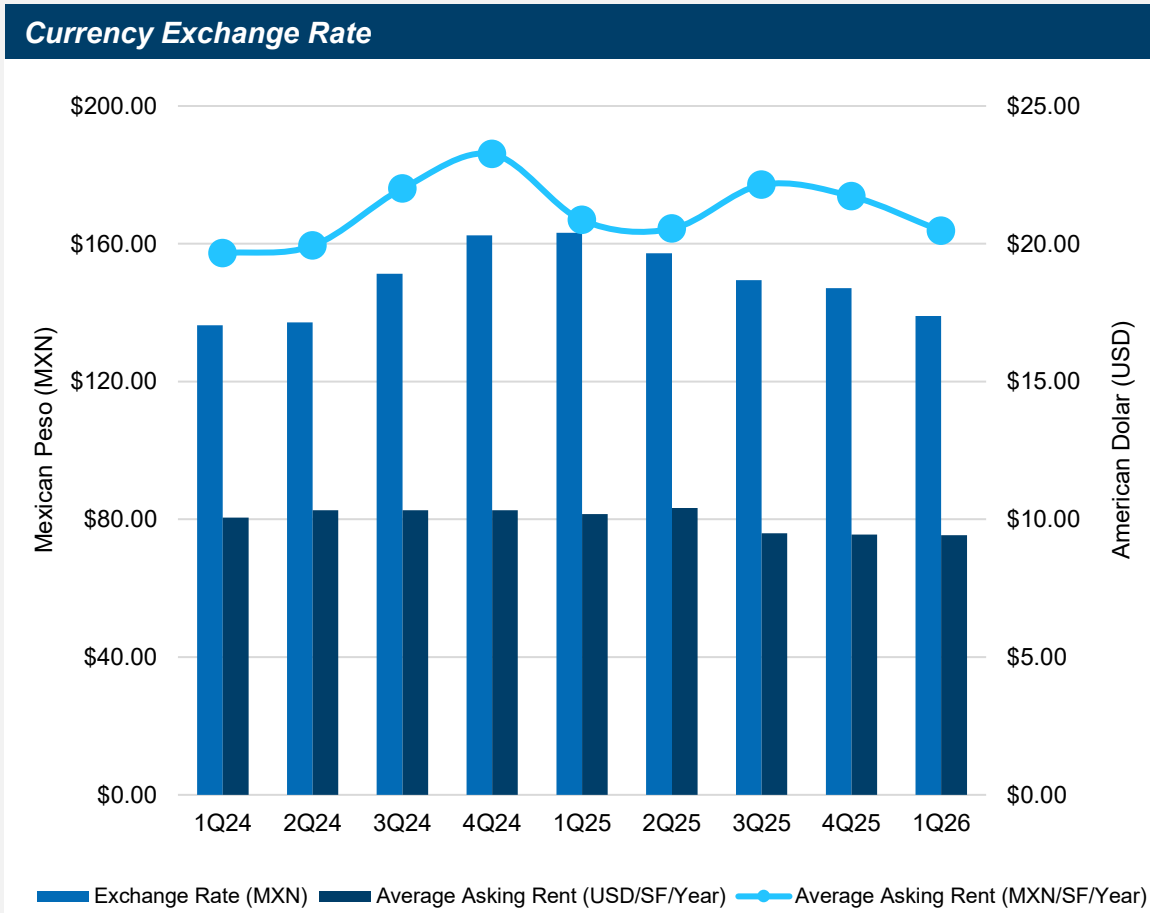
01

Economy



Economy

In late February and March, the Mexican peso depreciated against the dollar, reflecting some short-term volatility. Inflation in the United States remains contained, contributing to relatively stable financial conditions. Despite this environment, industrial rents continue to rise in dollar terms, supported by relatively steady demand.





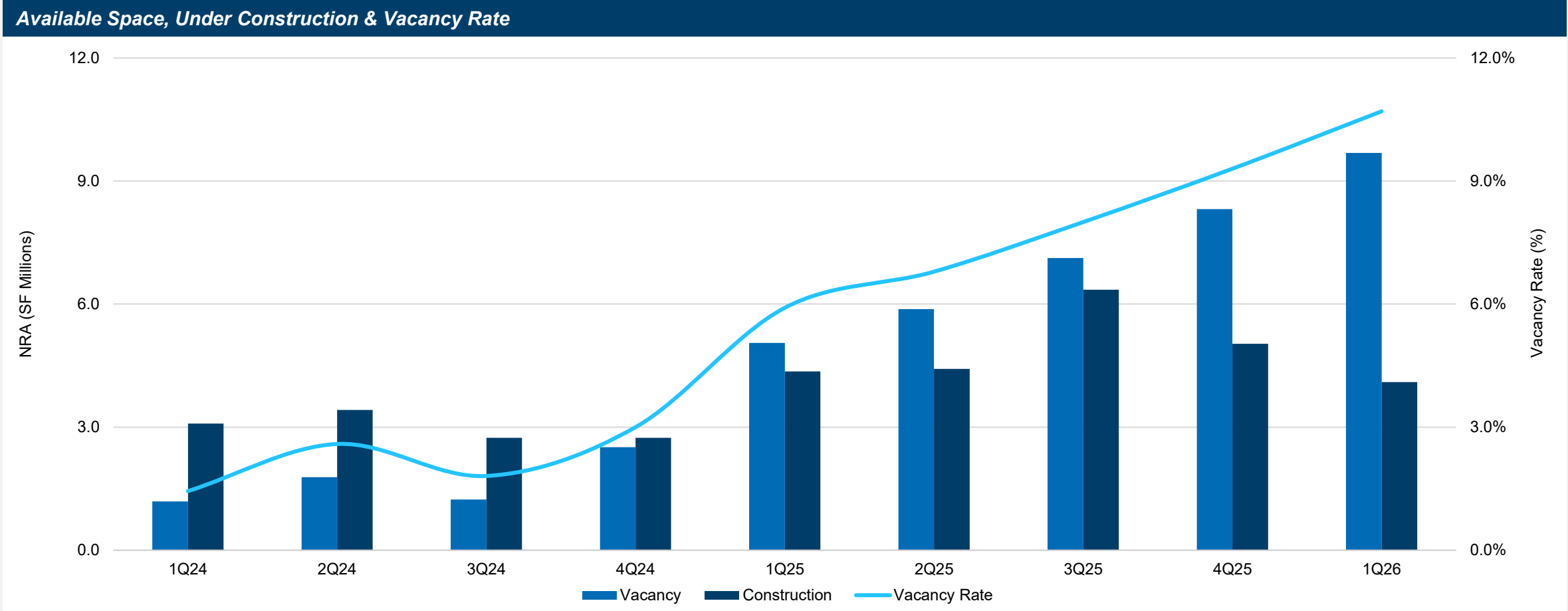
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Leasing Market Fundamentals

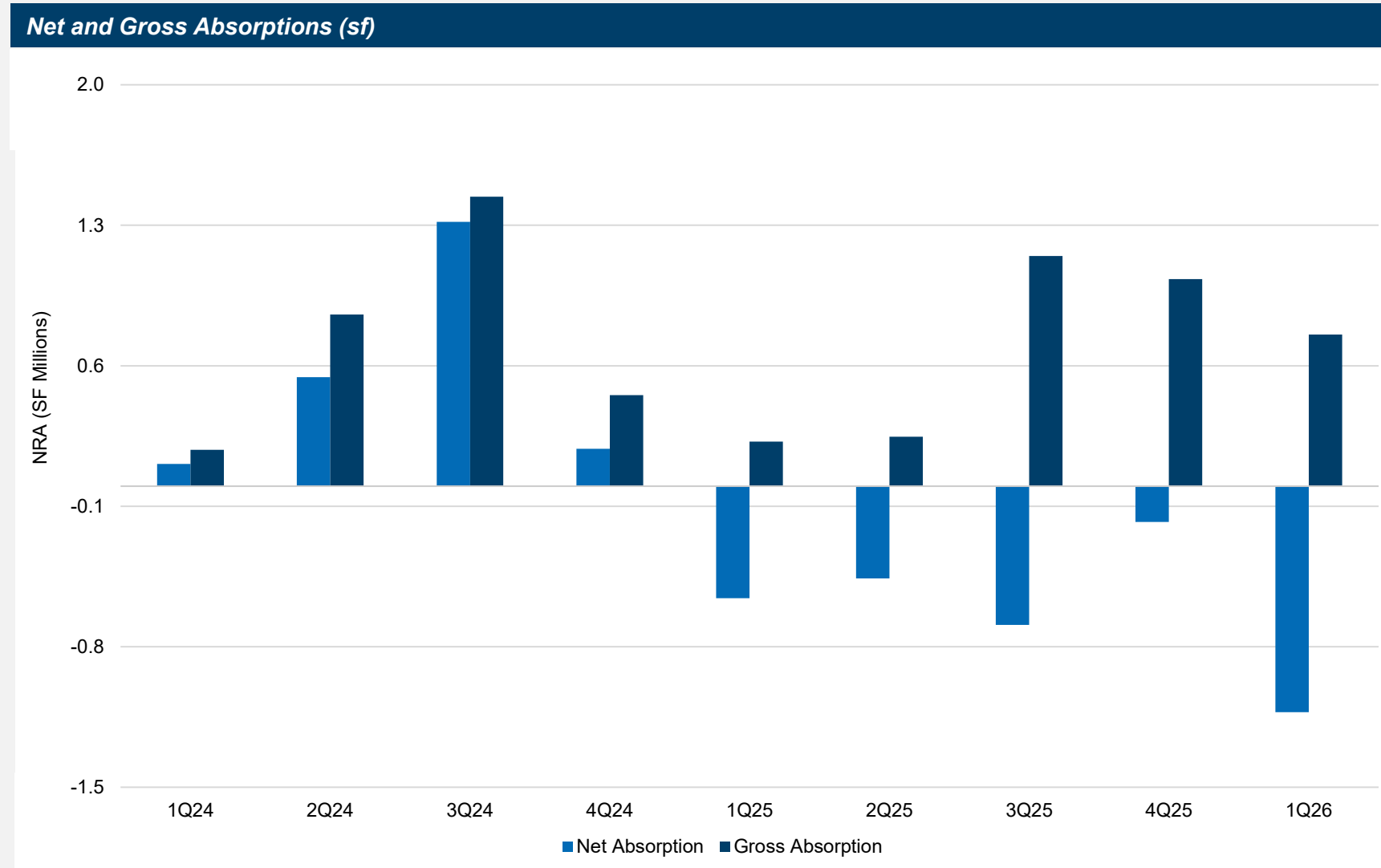
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Pressure in the Market: Growing Vacancy

Vacancy rates in Tijuana continue to rise, driven by the relinquishment of space by mid-sized companies in sectors such as e-commerce, electronics and assembly. In some cases, these are companies that expanded in previous years and have now adjusted their operations, freeing up space they no longer require, while in others, they have closed operations, even due to bankruptcy. The pace of expansion has slowed, while the steady influx of unoccupied speculative warehouses continues to put pressure on availability. This dynamic suggests that the trend of increased vacancy rates will persist throughout the year. Although construction remains at high levels, it has begun to slow because of the recent delivery of new projects to the market.



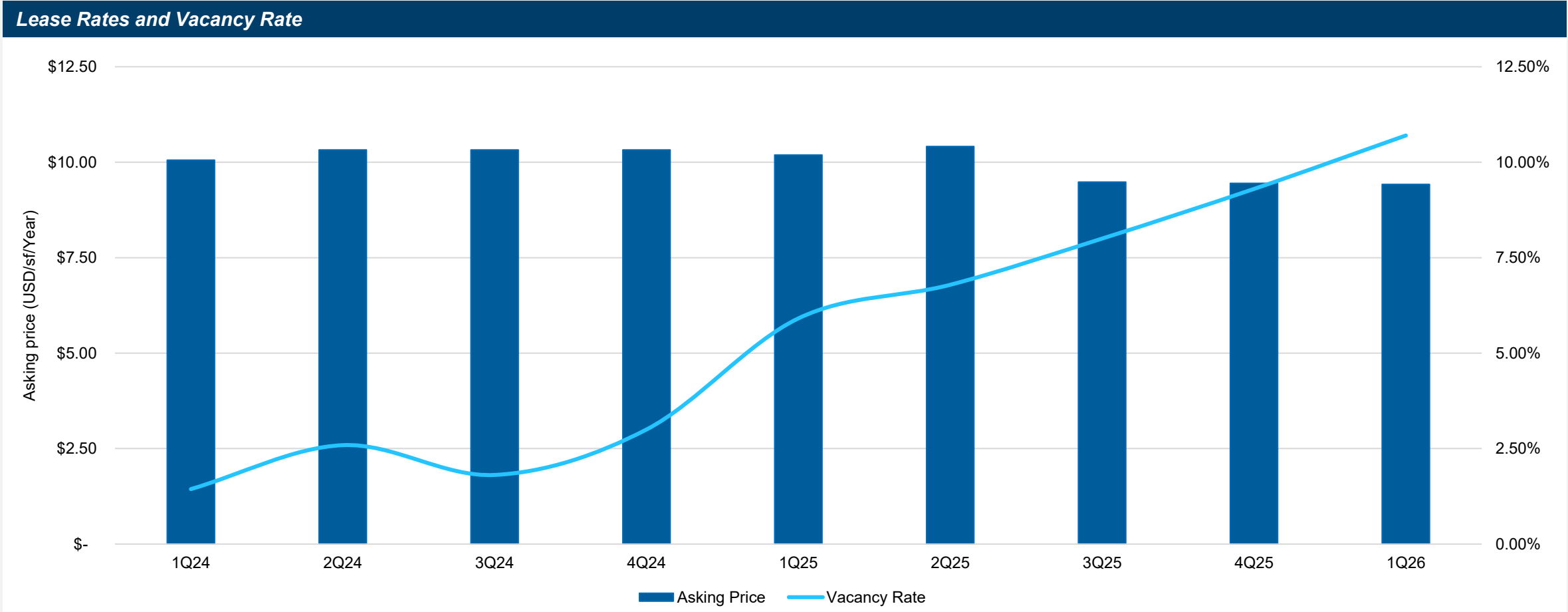
Gross and Net Absorption Trends



- In Tijuana, activity spans several corridors: in El Florido, GTL (logistics) occupies 91,190 ft²; in Libramiento, Safran (aerospace) takes 49,310 ft² and Ernest Packaging (packaging) 59,000 ft²; in the Central/Lago area, JFE Shoji Steel holds 92,355 ft² (steel sector). In Otay, Baxter expands with 69,944 ft² (medical devices) and Goertek occupies 78,965 ft² (electronics manufacturing). In Tecate, in addition to Mexus using 83,625 ft² for warehousing, 62,973 ft² were leased to Taylor Guitars. In Rosarito, an approximate 70,000 ft² closure by Guala Closures is reported.
- While operations remain active in Tijuana, net absorption has recorded significant negative levels due to the continuous influx of vacant speculative buildings and increased space being vacated by small and mid-sized companies in sectors such as electronics, e-commerce, textiles, wine-related services, metalworking, and assembly, many of which have downsized, subleased, or halted operations.
- This adjustment is driven by the current economic environment, including trade tensions that have raised export costs, a slowdown in U.S. demand reducing production volumes, a less favorable exchange rate, and changes in the IMMEX program, all of which have pressured margins and led some manufacturing firms to shut down operations.

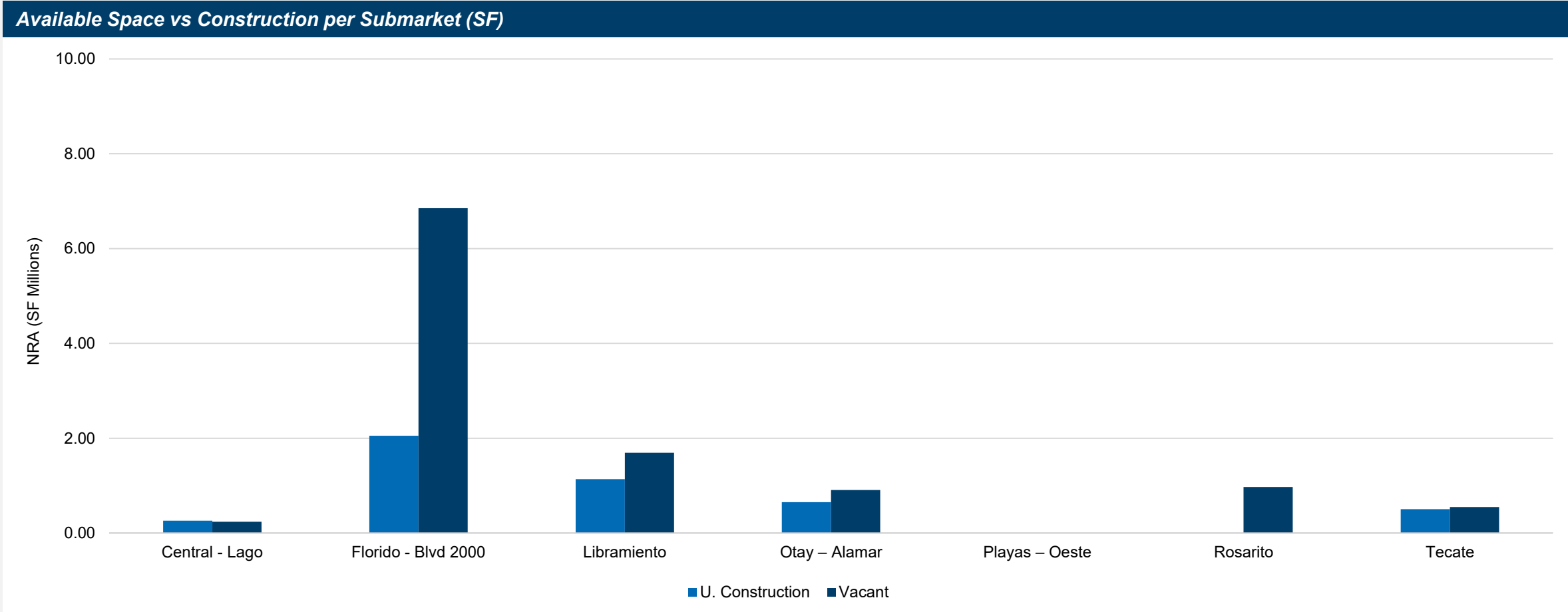
Gradual Rental Rate Correction

The slight decrease in rental prices is due to a market adjustment, influenced not only by increased supply but also by tenants' reduced ability to pay due to higher operating costs, a less favorable exchange rate, and a slowdown in external demand. This is compounded by increased competition among landlords to maintain occupancy, which together reduces upward pressure on prices and leads to gradual adjustments in rental levels.



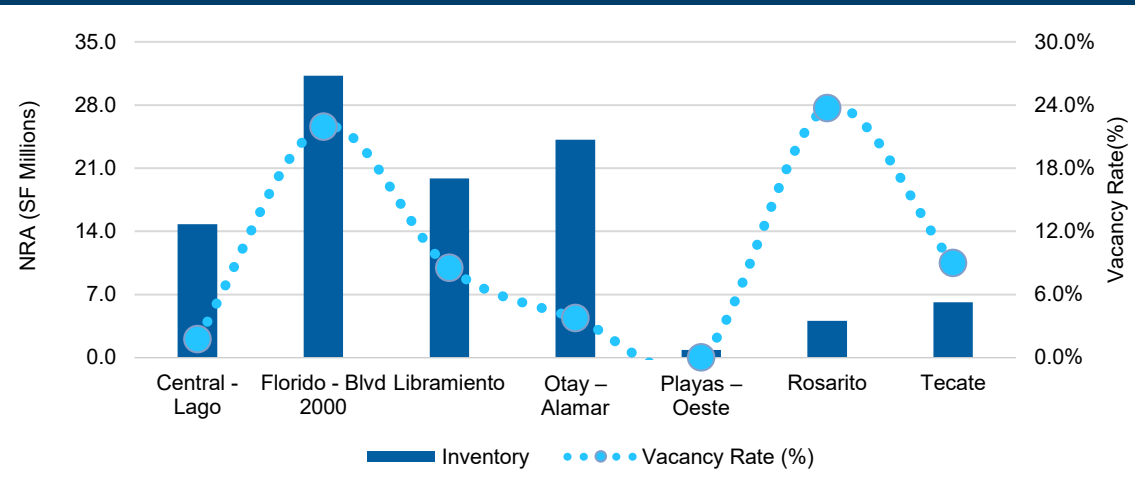
Ongoing Construction Amid Rising Vacancy

Despite high availability, construction remains active, with deliveries scheduled for this year and next, as well as longer-term projects in the planning stages, supported by expectations of a recovery in demand. However, developers have adopted a more cautious approach, prioritizing smaller buildings to gauge market response. Vacancy rates continue to rise, especially in the Florido corridor, where most of the new supply added in recent quarters has been concentrated.

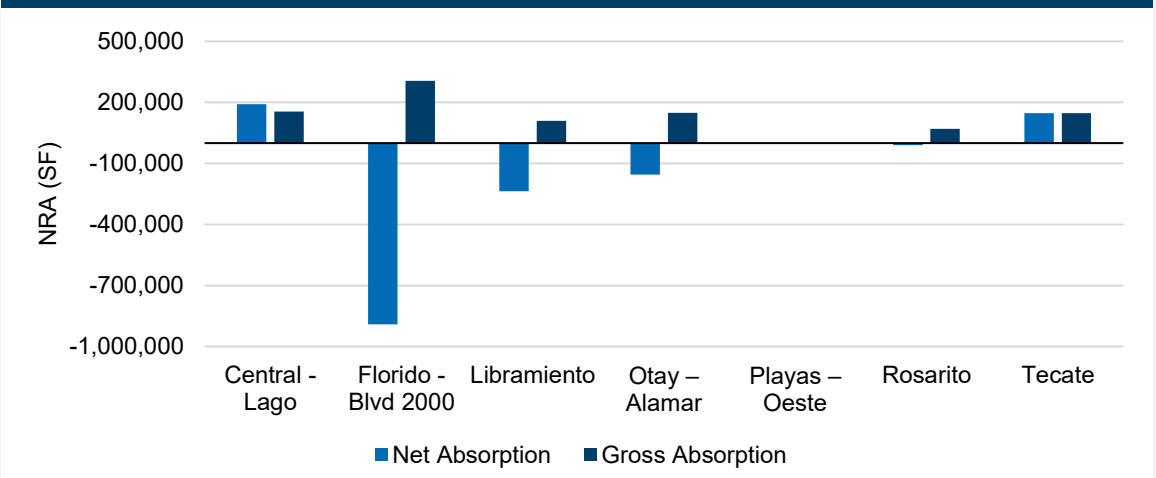


Submarket Comparatives

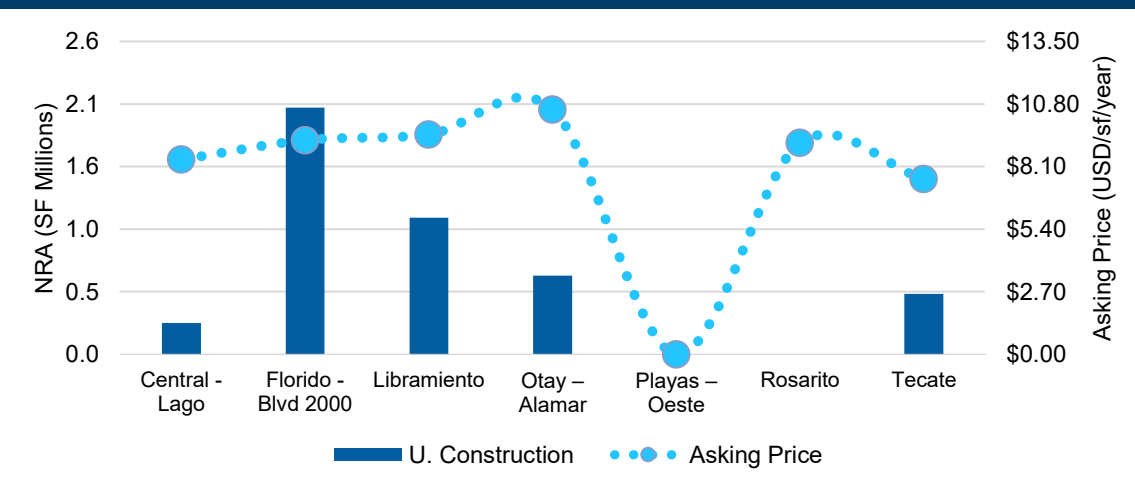
Inventory vs Vacancy Rate



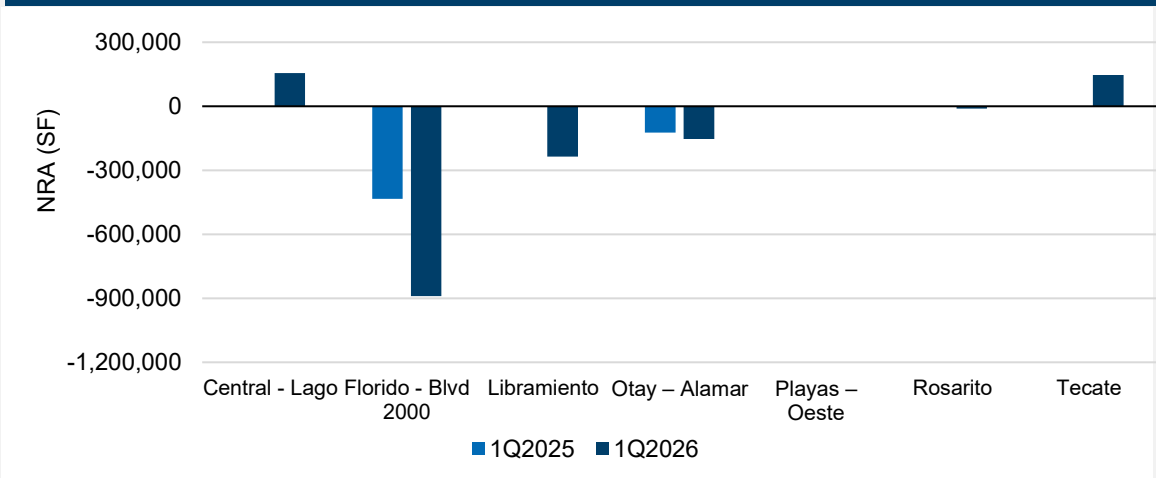
Gross and Net Absorption by Submarket



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



Quarterly Net Absorption



Submarket Statistics 1Q26

Tijuana Submarket Statistics 1Q26

	Inventory (million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate (%)	Gross (SF) Absorption	Net (SF) Absorption	Asking Lease Rate (USD/SF/Year)	Construction Asking Rent (USD/SF/Year)
Central – Lago	14.8	260,961	236,624	1.6%	190,844	155,241	\$8.40	\$9.60
Florida – Blvd 2000	31.2	2,050,078	6,849,799	21.9%	306,190	-890,423	\$9.24	\$9.36
Libramiento	19.9	1,135,975	1,692,265	8.5%	109,063	-236,344	\$9.48	\$10.20
Otay – Alamar	24.1	652,987	906,306	3.8%	148,909	-154,098	\$10.56	\$10.80
Playas – Oeste	0.8	-	-	0.0%	-	-	-	-
Total	90.6	4,100,001	9,684,994	10.7%	755,006	-1,125,624	\$9.42	\$9.96

Statistics by Municipality

	Inventory (million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate (%)	Gross (SF) Absorption	Net (SF) Absorption	Asking Lease Rate (USD/SF/Year)	Construction Asking Rent (USD/SF/Year)
Tijuana	90.6	4,100,001	9,684,994	10.7%	755,006	-1,125,624	\$9.42	\$9.96
Rosarito	4.0	-	970,183	23.69%	70,000	-10,729	\$9.12	\$9.48
Tecate	6.1	501,344	549,976	8.98%	146,598	146,598	\$7.56	\$8.76
Total	100.7	4,601,345	11,205,153	11.1%	971,604	-989,755	\$9.36	\$9.40

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