



# Tijuana Industrial Market

## Demand Exceeds Supply for Years to Come

The growth of the city has not kept up with the demand. With more and more operations wanting to set up in Tijuana, buildings can't be erected fast enough. We also see more interest from different developers looking for land to continue to grow their portfolio and be able to take advantage of the wave of companies seeking to establish themselves in the city.

Given Tijuana's geography, developers can only focus their land search south, near the Natura area, and east, on the Valle Redondo area, the latter a new development opportunity. In past years, interest in this area had been minimal, but with the largest closing of this quarter being the warehouse under construction for FINSA, we can see that the attention to this area of the city may increase exponentially. With the city's difficult topography, relatively flat terrain to the east could be the new focus on growth.

### Current Conditions

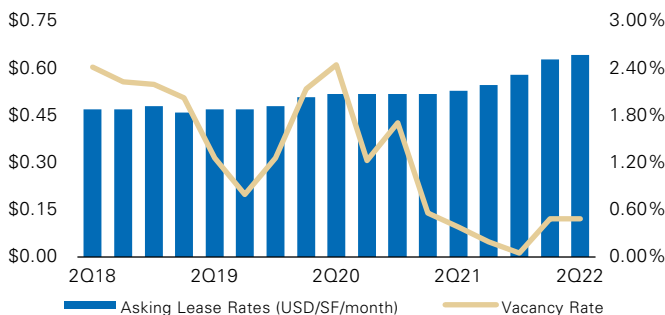
- Average asking lease prices have continued to increase, reaching USD \$0.67 / SF/ month in Libramiento.
- The availability rate in Tijuana remains at 0.48%, with only 2 buildings reporting vacancies.
- Although availability is focused on the Libramiento submarket, construction is significantly higher on Florido-Blvd. 2000.

### Market Summary (Class A, B)

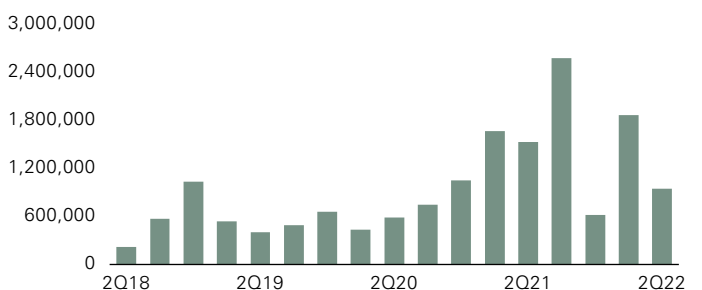
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (SF)	74.3M	73.2M	66.7M	↑
Vacancy Rate	0.5%	0.5%	0.4%	↑
Quarter Net Absorption (SF)	945,232	1.8M	837,421	↓
Avg. Asking Rent (USD/SF/Year)	\$0.64	\$0.63	\$0.53	→
Under Construction (SF)	3.1M	2.9M	1.9M	↑

### Market Analysis

#### AVG. ASKING RENT VS VACANCY RATE



#### NET ABSORPTION



### Availability Down, Buildings Up

With availability focused on two buildings in one single submarket, construction continues to seek to meet the demand for Class A buildings. With the northern part of the city continuing to enjoy availability of 0% and construction concentrated to the southeast, Tijuana will continue to see availability below 1% for months, if not years to come.

With 95% of buildings under construction under LOI or under contract negotiations, we will continue to see this sort of availability into next year.

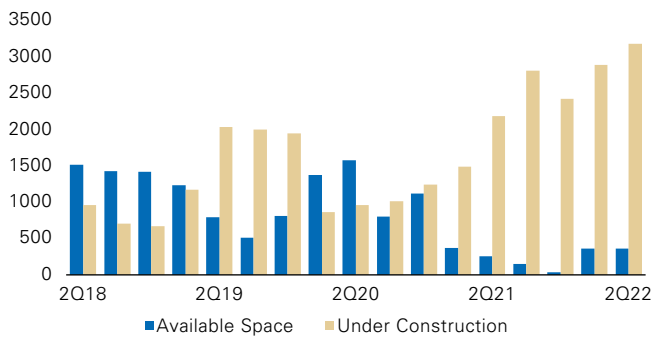
### Prices

Average asking lease prices continue to trend higher, driven both by demand and by inflation. In previous years, we saw fixed lease price increases, but developers are now enforcing clauses where these increases are established according to the US consumer price index.

The most aggressive price increases have been in Libramiento and Tecate, submarkets that take advantage of limited availability in other more coveted industrial areas, and thus represent the most accessible alternatives for quick occupation.

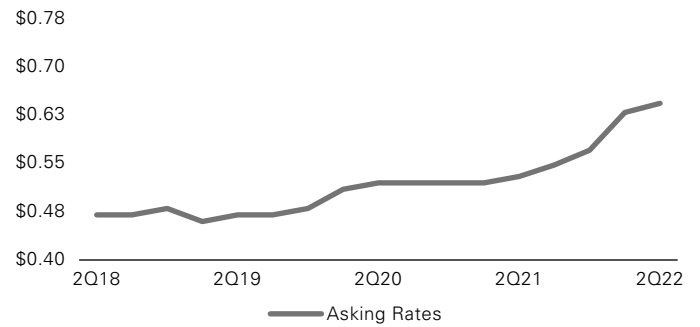
### Current and Future Availability 2018 - 2021

Thousands of SF



### Asking Prices 2018 – 2022

USD/SF/month



### Submarket Stats

	Total Inventory (SF)	Under Construction (SF)	Available Space (SF)	Total Vacancy Rate	Average Asking Rates (USD/SF/month)
Central – Lago	14M	0	0	0.0%	\$0.00
Florida – Blvd. 2000	21.5M	2.3M	0	0.0%	\$0.64
Libramiento	15.1M	531,166	358,997	2.39%	\$0.64
Otay – Alamar	22.6M	321,000	0	0.0%	\$0.68
Playas - Oeste	0.8M	0	0	0.0%	\$0.00
<b>Tijuana</b>	<b>74M</b>	<b>3.2M</b>	<b>358,997</b>	<b>0.48%</b>	<b>\$0.64</b>

### Main Operations

Company/Building	Industrial Park	Submarket	Type	Square Feet
Sarmiento	Viñedo Complex	Tecate	Lease	312,200
Valle Redondo 1	FINSA Valle Redondo	Florido – Blvd 2000	Lease	215,300
MegaRegion 1	VestaPark MegaRegion	Libramiento	Lease	194,800
N8A	RMSG Nordika	Libramiento	Lease	124,800

### Under Construction

Building	Developer	Submarket	Type	Square Feet
PS 06	VIA Capital	Florido – Blvd 2000	Spec	443,500
PN 01	VIA Capital	Florido – Blvd 2000	Spec	386,400
REI Alamar	REI	Otay – Alamar	BTS	321,000
Prologis 2	Prologis	Florido – Blvd 2000	Spce	304,500
PS 02	VIA Capital	Florido – Blvd 2000	Spec	272,300
Valle Redondo 1	FINSA	Tecate	Spec	209,900
Mega Region 1	VESTA	Libramiento	Spec	194,800
PS04	VIA Capital	Florido – Blvd 2000	Spec	169,000
PS03	VIA Capital	Florido – Blvd 2000	Spec	166,800
PN02	VIA Capital	Florido – Blvd 2000	Spec	152,800
Mega Region 2	VESTA	Libramiento	Spec	138,900
Prisma II	ATISA	Libramiento	Spec	135,600
N8 A	RMSG	Libramiento	Spec	101,100
Prisma V	ATISA	Libramiento	Spec	60,300

### Construction Guiding the Urban Footprint

Construction continues to grow even with the rise in the cost of building materials. Local and national developers are still looking for land in the south and east of the city. We will see a growth of more than 200 hectares of industrial parks in the city within the next three years.

The pre-leasing trend continues apace. In the absence of available buildings, users continue to lease projects under construction and even in the earthworks stage.

### Submarket Stats

	Total Inventory (SF)	Under Construction (SF)	Available Space (SF)	Total Vacancy Rate	Average Asking Rates (USD/SF/month)
Tijuana	74.2M	3.2M	359,000	0.48%	\$0.64
Tecate	5.4M	0	0	0.00%	\$0.00
Rosarito	2.9M	0	32,227	1.12%	\$0.60
<b>Market Total</b>	<b>82.5M</b>	<b>3.2M</b>	<b>391,227</b>	<b>0.47%</b>	<b>\$0.64</b>

For further information:

**TIJUANA**

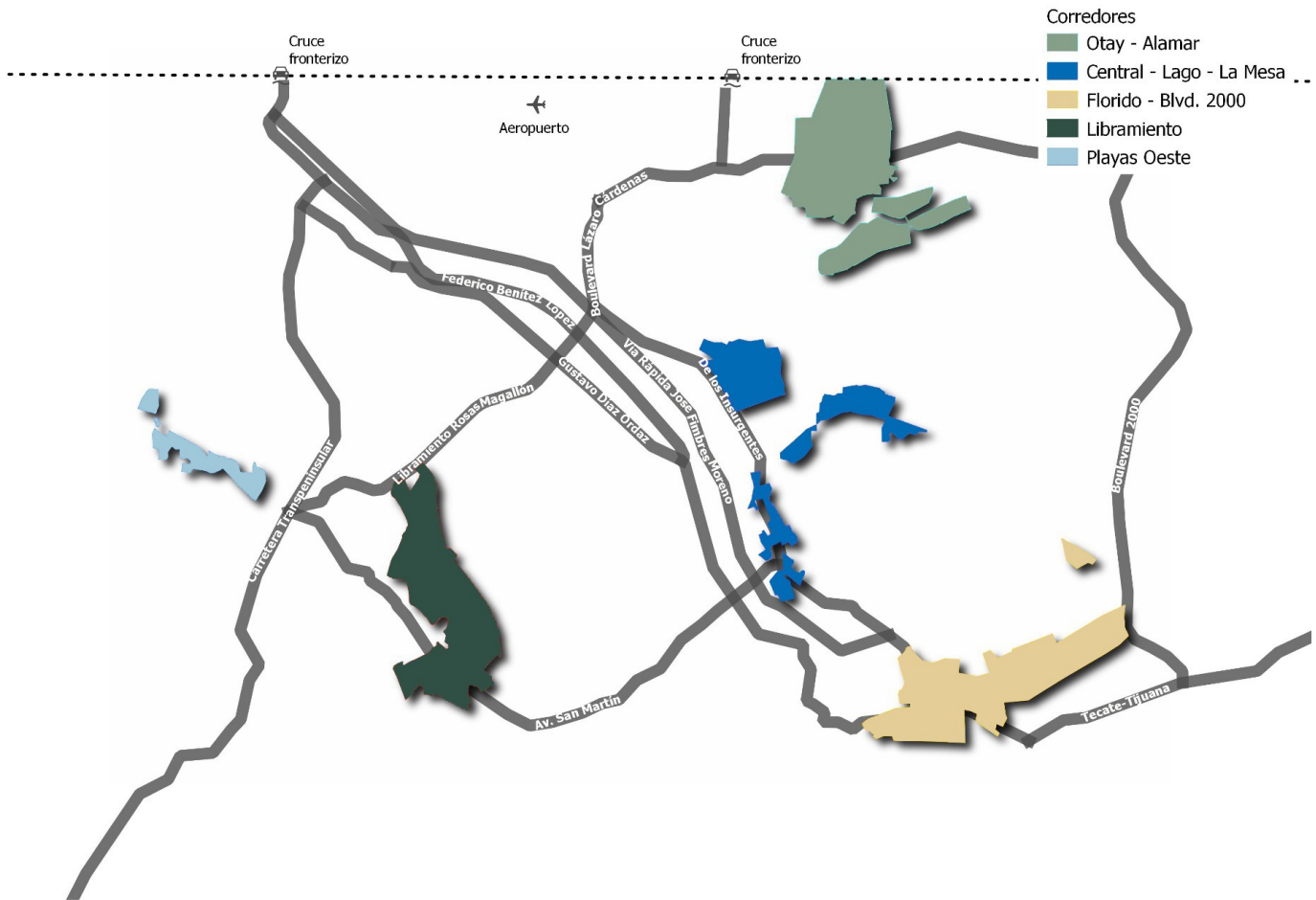
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