



# Tijuana Industrial Market

## Growth for Years to Follow

The Tijuana market continues to take advantage of the high interest of companies in basing their operations in Tijuana. This is so high that several of the industrial developers are focusing their prospect portfolio on international public companies. With prices at historical highs, owners can afford to choose the tenant that most impacts their investors as a result of their brand visibility.

Prices continue to rise and are not projected to abate for the rest of the year. Low availability of industrial spaces keeps demand high and industrial growth cannot be halted by it. We see interest from new companies in settling in Tijuana, both tenants and owners. With the construction of the OTAY II border bridge and the projected expansion of the port of Ensenada, both projects forecast to start activities by 2025, we can expect industrial interest to continue to go from strength to strength.

### Current Conditions

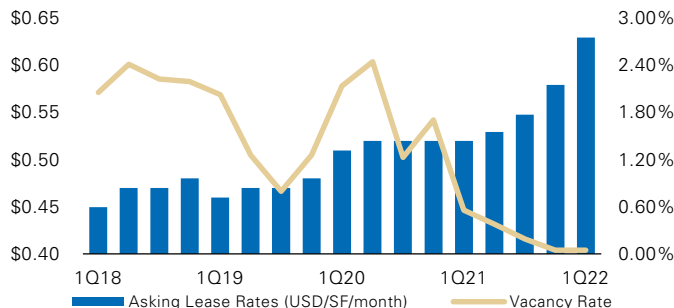
- Asking lease rates continue rising with some transactions surpassing \$0.70 in the Otay-Alamar submarket.
- The vacancy rate of Tijuana rose to 0.5%, with only 2 reported availabilities.
- Though the highest vacancy is reported in the Libramiento submarket, the highest concentration of new construction is in the Florido-Blvd 2000 area.

### Market Summary (Class A, B)

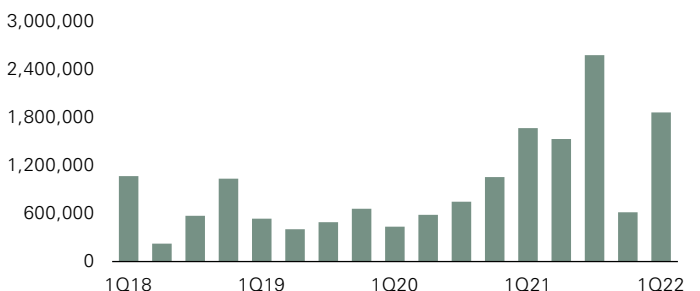
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (SF)	73.1M	71.0M	65.6M	↑
Vacancy Rate	0.5%	0.1%	0.6%	→
Quarter Net Absorption (SF)	1,866,040	619,172	900,002	↓
Avg. Asking Rent (USD/SF/Year)	\$0.63	\$0.57	\$0.52	→
Under Construction (SF)	2,893,013	2,973,312	1,722,224	↑

### Market Analysis

#### AVG. ASKING RENT VS VACANCY RATE



#### NET ABSORPTION



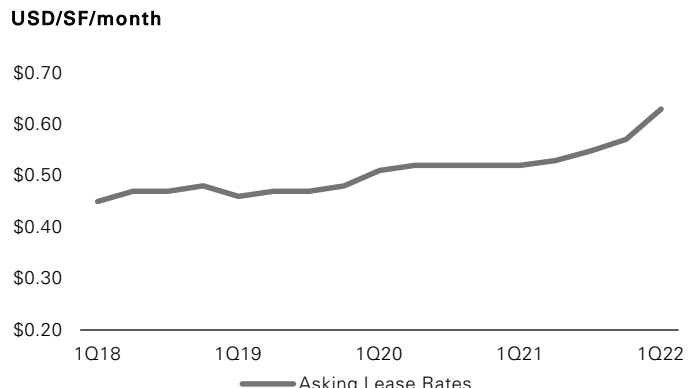
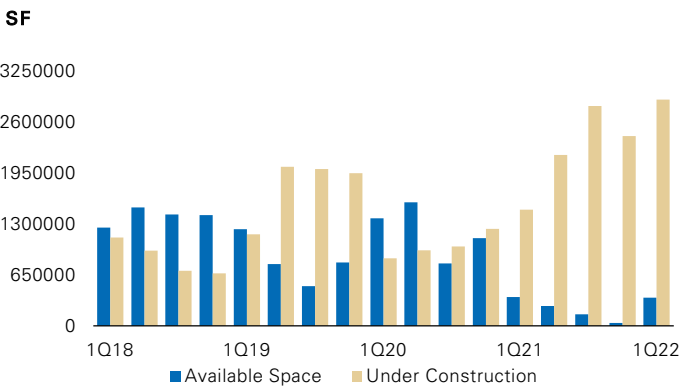
**Availability Down, Construction Up**

Tijuana's growth is not impacted by the rise in the prices of building materials. The city continues to build and the availability rate rose from 0.1% to 0.5% given the availability of Libramiento. However, of the buildings under construction that were delivered, 100% were leased in previous quarters.

**Prices**

Prices across the city continue to rise steadily and we can expect this to continue into 2023. Asking prices in Libramiento have reached USD \$0.64 per SF per month, a price point that we did not see even 2 years ago in more coveted submarkets such as Otay-Alamar. With such a dynamic market, landlords are now looking for public and/or Fortune 500 companies to improve the image of their portfolios.

**Current and Future Availability 2018 - 2021**      **Asking Prices 2018 – 2022**



**Submarket Stats**

	Total Inventory (SF)	Under Construction (SF)	Available Space (SF)	Total Vacancy Rate	Average Asking Rates (USD/SF/month)
Central – Lago	13.9M	170,800	0	0.0%	\$0.60
Florida – Blvd. 2000	21.3M	1.8M	0	0.0%	\$0.64
Libramiento	14.2M	609,203	359,000	2.54%	\$0.60
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>72.8M</b>	<b>2.9M</b>	<b>359,000</b>	<b>0.49%</b>	<b>\$0.63</b>

## RESEARCH 1Q 2022

### Main Operations

Company/Building	Industrial Park	Submarket	Type	Square Feet
FOXCONN	REI Alamar	Otay – Alamar	BTS	321,000
Shipmonk	Prologis Florido	Florido – Blvd 2000	Renta	304,500
Meseta III	Meseta	Otay – Alamar	Renta	100,800

### Under Construction

Building	Developer	Submarket	Type	Square Feet
PS 06	VIA Capital	Florido – Blvd 2000	Spec	443,500
REI Alamar	REI	Otay – Alamar	BTS	321,000
Prologis 2	Prologis	Florido – Blvd 2000	Spec	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
Mega Region 2	VESTA	Libramiento	Spec	138,900
Prisma II	ATISA	Libramiento	Spec	135,600
N8 A	RMSG	Libramiento	Spec	124,900
Meseta III	Grupo TYG	Central	Spec	100,100
Jazmin	ATISA	Libramiento	Spec	77,500
Fozconn Expansion	Privado	Central	Expansion	69,900
Prisma V	ATISA	Libramiento	Spec	60,300

### Construction Increasing

With the geographical location of Tijuana, the south and southeast are the only options for growth. We will see renewed interest in alternative markets such as Tecate and Rosarito, with projects forecast to start construction in Valle Redondo, the border between Tijuana and Tecate.

Of the 268,770 square meters that are currently under construction, 88% are leased or under negotiation. With land acquisitions concentrating on Florido-Blvd 2000, we can expect aggressive growth in these industrial zones over the next 3 years.

### Submarket Stats

	Total Inventory (SF)	Under Construction (SF)	Available Space (SF)	Total Vacancy Rate	Average Asking Rates (USD/SF/month)
Tijuana	72.8M	2.9M	359,000	0.49%	\$0.63
Tecate	5.4M	0	0	0.00%	\$0.00
Rosarito	2.9M	0	32,266	1.12%	\$0.56
<b>Total de Mercado</b>	<b>81.1M</b>	<b>2.9M</b>	<b>391,226</b>	<b>0.48%</b>	<b>\$0.59</b>

For further information:

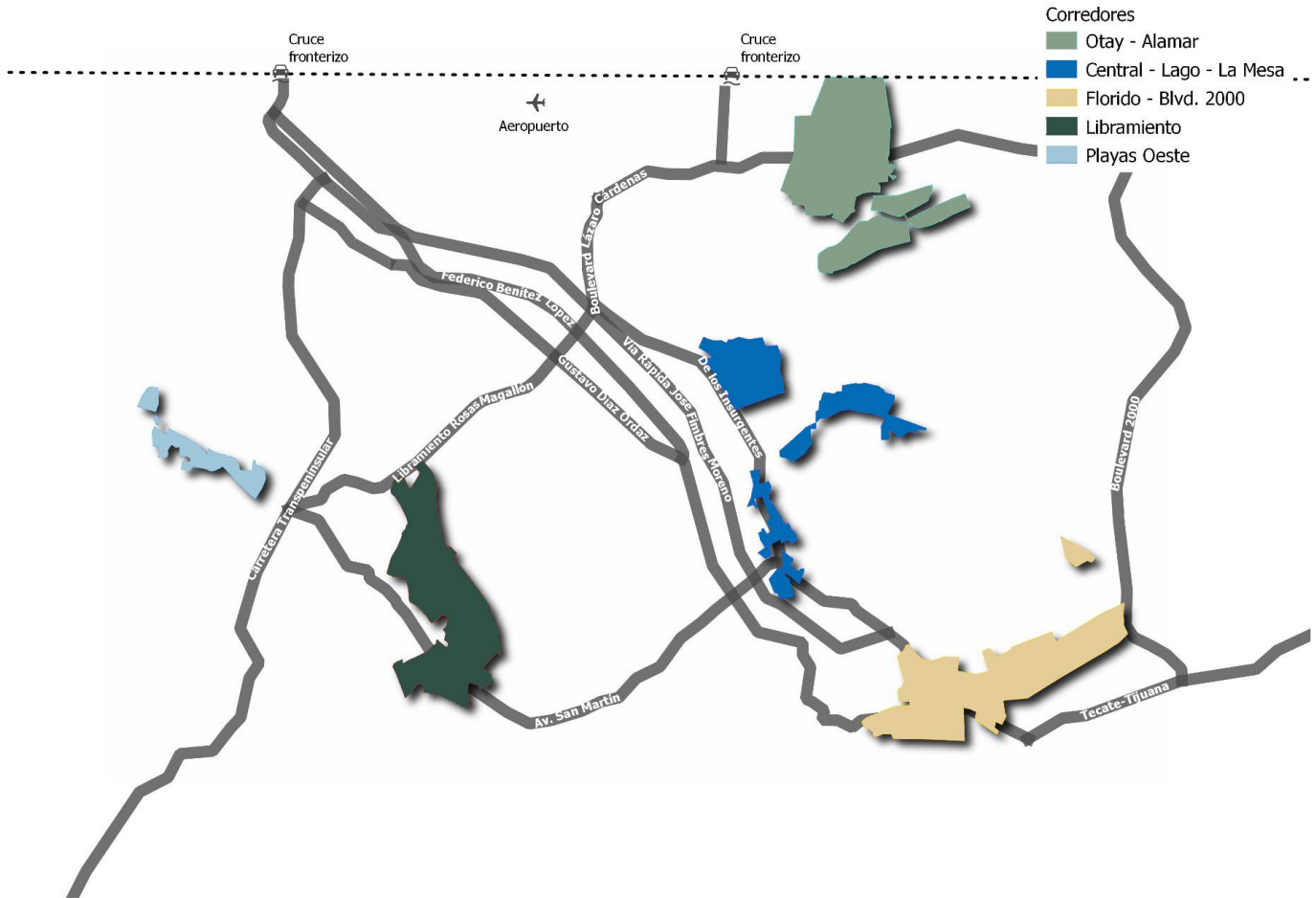
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