



Tijuana Industrial Market

Tijuana's Expansion

Construction keeps Tijuana as one of the focal points in the border. Asking and closing prices keep a stable growth and reach record-high levels.

New industrial parks are starting to develop, pushing construction upwards, especially in areas that will soon be considered new submarkets. FIBRA Macquarie broke ground in Macquarie Santa Fe in the south of the city, and REI is building its BTS for DHL on Industrial Pacific Gate at the entrance of the industrial area of Valle Redondo.

Subleasing continues to be a feature we should pay attention to in this market. High demand in previous periods pushed some clients to lease spaces with the intention of subletting them in the future, but this vacancy detonated in recent periods with some spaces on the most coveted industrial areas, such as Alamar and Florida. Two of these options are within the same industrial park, as they are sister warehouses.

Current Conditions

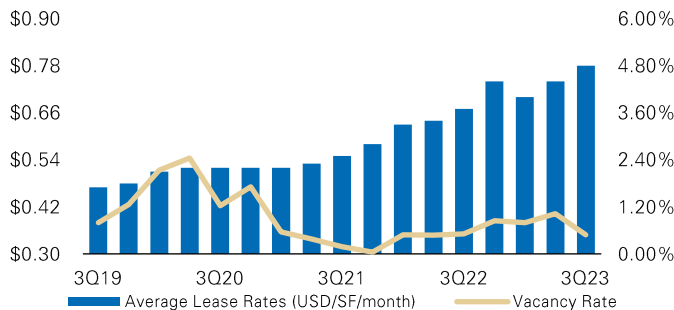
- Asking prices reached above \$0.75 USD/SF/month.
- The vacancy rate remained at a low point, under 1%. Construction again exceeded the 4M SF mark.
- Developers continue expanding the East and South areas of the city. Thus, we could witness the opening of new submarkets in the subsequent reports.

Market Summary

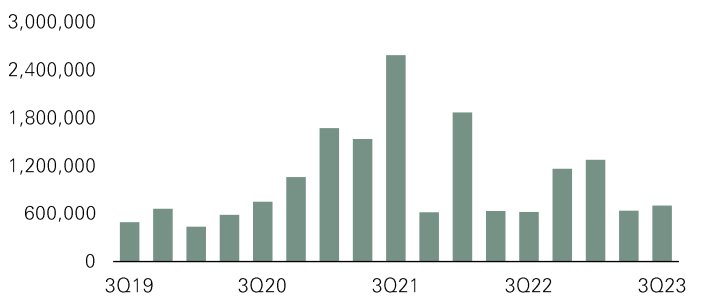
	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Total Inventory (SF)	80.8 M	79.6 M	75.1 M	↑
Vacancy Rate	0.5%	0.7%	0.5%	→
Quarter Net Absorption (SF)	700,262	931,143	621,250	↑
Avg. Asking Rent (USD/SF/month)	\$0.78	\$0.74	\$0.67	↑
Under Construction (SF)	4.2 M	2.6 M	4.6 M	↑

Market Analysis

LEASE AND VACANCY RATES



NET ABSORPTION (SF)



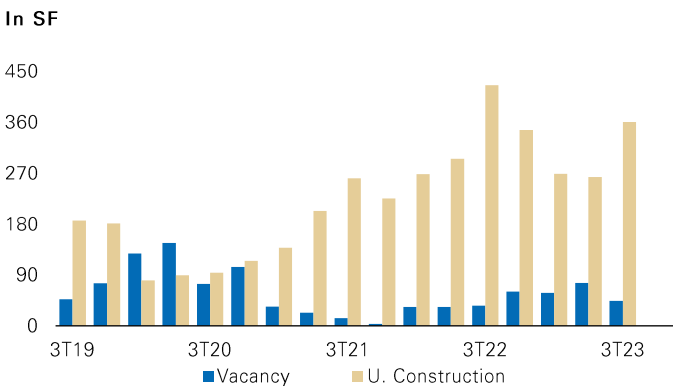
Vacancy Vs Construction

Pre-leasing keeps vacancy under 1%, with very few buildings under construction ever finishing before being leased. Subletting of spaces that were leased in 2022 is still above the true vacancy rate, with more than one of these vacant spaces within the same industrial park in the eastern area of the city, plus others in Alamar, deemed the most sought-after area after Otay Industrial.

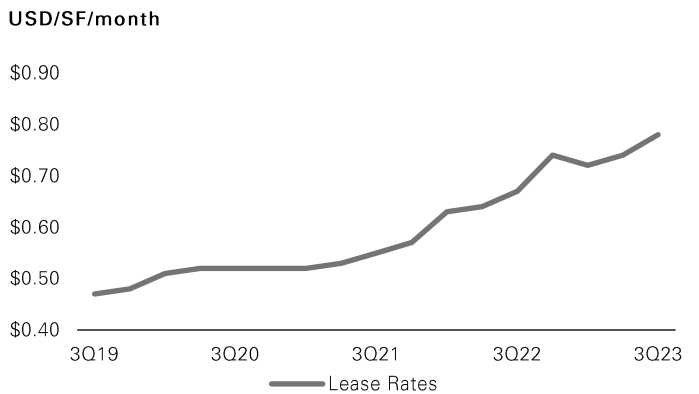
Prices will Continue Soaring

Prices are inching ever closer to \$0.90 USD/SF. Considering the intense interest for spaces under construction and a healthy volume of entries of RFPs for these, the developers continue driving lease prices up. We can expect prices to continue soaring if the indications of absorption indeed help demonstrate demand for industrial spaces. Considering the topographical situation of Tijuana, prices for land will stay above \$100 USD/m² in most areas of the city. This only causes cumulatively higher costs of development..

Current and Upcoming Vacancy 2019 - 2023



Asking Lease Rates 2019 – 2023



Submarket Statistics

	Inventory (million SF)	Under Construction (million SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	YTD Net Absorption (million SF)	U. Construction Asking Rent (USD/SF/Year)	Asking Lease Rate (USD/SF/year)
Central – Lago	14.3	0.04	0	0.0%	0	0	0.3	\$0.90	-
Florida – Blvd. 2000	24.3	2.0	281,799	1.2%	127,205	127,205	0.4	\$0.77	\$0.75
Libramiento	17.9	1.4	157,713	0.9%	389,868	374,522	1.6	\$0.80	-
Otay – Alamar	23.4	0	0	0.0%	192,689	91,535	0.09	-	-
Playas - Oeste	0.8	0	0	0.0%	0	0	0	-	-
Tijuana	80.8	3.5	397,856	0.5%	709,762	593,262	2.4	\$0.78	\$0.75

Important Transactions				
Building	Industrial Park	Submarket	Type	Square Feet
GF5 Santa Fe	Stand Alone	Libramiento	Lease	127,720
Kuehne + Nagel	Stand Alone	Florido – Blvd 2000	Lease	127,200
Intermerk F2A	Florido	Florido – Blvd 2000	Lease	108,200

Under Construction				
Building	Developer	Submarket	Type	Square Feet
Scantibodies	FINSA	Florido – Blvd 2000	BTS	446,200
Macquarie Santa Fe	FIBRA Macquarie	Libramiento	Spec	406,029
FINSA Rosarito	FINSA	Rosarito	Spec	366,083
MegaRegion 5	VESTA	Libramiento	Spec	356,113
Hubs NW2	MEOR	Florido – Blvd 2000	Spec	305,695
Industrial Gate Pacific	REI	Florido – Blvd 2000	Spec	281,818
Tijuana Tech 1	HINES	Florido – Blvd 2000	Spec	263,274
Tijuana Tech 2	HINES	Florido – Blvd 2000	Spec	234,512
Hubs NW 1	MEOR	Florido – Blvd 2000	Spec	210,972
Solum	Privado	Florido – Blvd 2000	BTS	202,900
N18 San Pablo	Privado	Tecate	Spec	193,956
Waldos BTS	Privado	Libramiento	BTS	175,500
TIJ-07	RMSG	Libramiento	Spec	150,047
MegaRegion 6	VESTA	Libramiento	Spec	113,279
Pamprica	Privado	Tecate	Spec	95,300
Mercurio II	ATISA	Libramiento	Spec	94,898
TIJ-09	RMSG	Libramiento	Spec	87,443
Poza del Encino	Cadena	Florido – Blvd 2000	Spec	75,347
Real de Rosarito 2	Privado	Rosarito	Spec	67,692
Grenache	Cadena	Rosarito	Spec	62,157
MegaRegion 2B	VESTA	Libramiento	Spec	50,652

Submarket Statistics									
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Tijuana	80.8	3.5	397,856	0.49%	709,762	593,262	2.4	\$0.78	\$0.78
Rosarito	3.4	0.4	0	0.00%	107,000	107,000	0.3	\$0.74	-
Tecate	6.0	0.3	0	0.00%	0	0	0.1	\$0.77	-
Market Total	90.2	4.2	397,856	0.44%	816,762	700,262	2.8	\$0.78	\$0.78

