



Tijuana Industrial Market

The end of another productive year

2023 was one of the healthiest years of the Tijuana market. Prices continued to climb steadily but not exponentially, as we observed by the end of 2022. This stability allowed pre-leasing to continue, while also allowing for some availability in the city.

Construction is still healthy, with new projects in Santa Fe, such as Macquarie, and the expansion of the Florido submarket – Blvd 2000 to the East area.

Vacancies remained at a minimum, with most spaces and clients renewing. Even though some of the established companies needed to decrease their space, subletting is a better option than moving to a smaller space due to the current conditions in the market. In this context, availability by means of subletting has even surpassed the availability of speculative spaces.

Leasing prices not only increased, but the standard of annual increases for leasing agreements also increased. Previously, there was a fixed 2.5%. Now, there is a minimum of 3.5%.

Current Trends

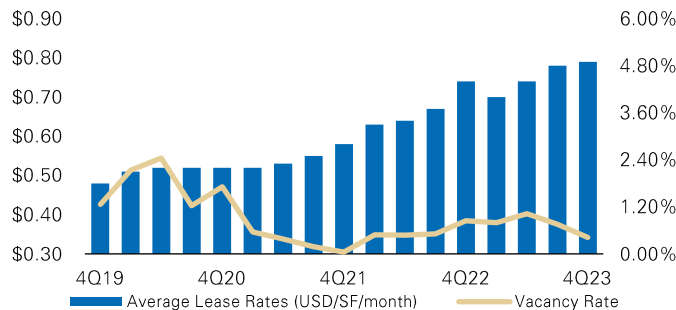
- Annual increases are one of the greatest threats to new agreements.
- Even with the availability in the market under 1%, sublet spaces are becoming more commonplace.
- Construction remains stable and growing, with projects in nearly all submarkets keeping inventories in constant expansion for at least the next two years.

Market Summary

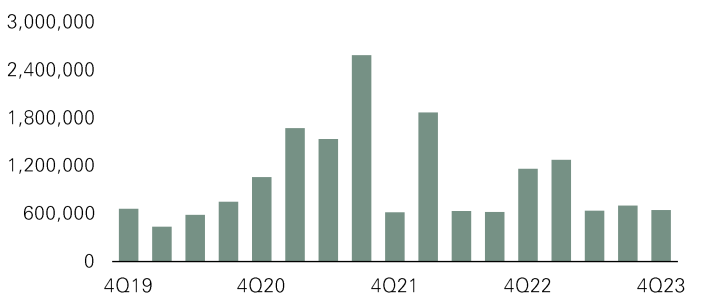
| | Current Quarter | Prior Quarter | Year Ago Period | 12-month Forecast |
|--------------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory (SF) | 81.5M | 80.8M | 77.5M | ↑ |
| Vacancy Rate | 0.4% | 0.5% | 0.9% | → |
| Quarter Net Absorption (SF) | 643,867 | 700,262 | 1,266,480 | ↑ |
| Avg. Asking Rent (USD/SF/Year) | \$0.79 | \$0.78 | \$0.74 | ↑ |
| Under Construction (SF) | 3,964,709 | 4,281,046 | 3,730,180 | ↑ |

Market Analysis

LEASE AND VACANCY RATE



NET ABSORPTION (SF)



Availability vs Vacancy

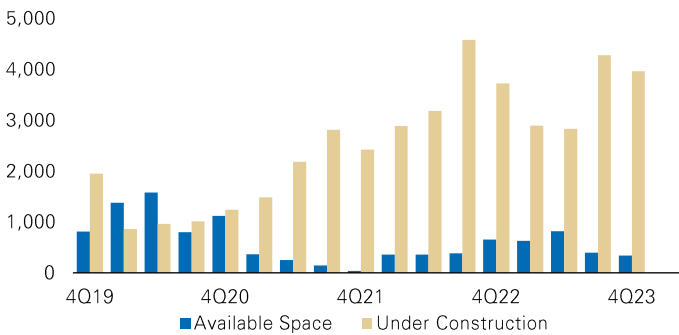
Availability remains at 0.4% of the total market. Spaces that were going to be considered for vacancy actually renewed their agreements in various areas of the city. There are some companies that seek to vacate to move into a smaller space. However, many of these prefer to keep their current agreements and sublet the excess space to avoid being exposed to the current market conditions: longer terms and higher prices.

Quarterly and Yearly Increases

With prices surpassing the \$10.00 USD/m² mark in some areas of this market, the average was pushed up. One of the main issues is not only the high asking prices or the limited improvements offered by landlords, but the energy and transformation required. Thus, it is a matter of convenience and not strictly a necessity. The annual increases have impacted demand more strongly, with many developers opting to maintain the US-CPI condition instead of a fixed increase. In other cases, they set a minimum of 3.5%.

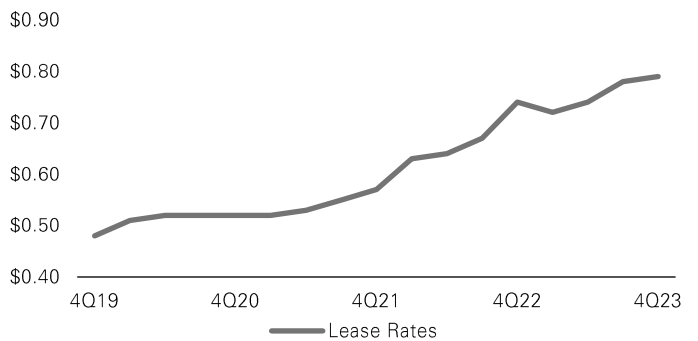
Current and Upcoming Vacancy 2019 - 2023

In SF thousands



Asking Lease Rates 2019 – 2023

USD/SF/month



Submarket Statistics

| | Inventory (SF million) | Under Construction (SF) | Total Availability (SF) | Total Vacancy Rate | Gross Absorption (SF) | Net Absorption (SF) | YTD Net Absorption (SF) | Asking Lease Rate (USD/SF/month) | Asking Construction Lease Rate (USD/SF/month) |
|----------------------|------------------------|-------------------------|-------------------------|--------------------|-----------------------|---------------------|-------------------------|----------------------------------|---|
| Central – Lago | 14.4 | 0 | 0 | 0.0% | 0 | 0 | 294,079 | \$0.00 | \$0.90 |
| Florido – Blvd. 2000 | 24.6 | 1,788,863 | 280,415 | 1.1% | 181,089 | 98,089 | 474,079 | \$0.78 | \$0.77 |
| Libramiento | 18.2 | 1,087,689 | 59,473 | 0.3% | 140,968 | 115,931 | 1,797,657 | \$0.80 | \$0.80 |
| Otay – Alamar | 23.4 | 238.63 | 0 | 0.0% | 238,063 | 238,063 | 329,598 | \$0.00 | \$0.00 |
| Playas - Oeste | 0.8 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 | \$0.00 |
| Tijuana | 81.5 | 3,114,615 | 339,888 | 0.4% | 560,120 | 452,083 | 2,895,413 | \$0.78 | \$0.78 |

Important Transactions

| Building | Industrial Park | Submarket | Type | Square Feet |
|----------------|-----------------|---------------|-------|-------------|
| VOLEX | BTS | Otay - Alamar | BTS | 238,000 |
| LaZBoy Topacio | Stand Alone | Libramiento | Lease | 141,000 |
| FANOSA | BTS | Rosarito | BTS | 123,800 |

Under Construction

| Building | Developer | Submarket | Type | Square Feet |
|-------------------------|-----------------|---------------------|------|-------------|
| Scantibodies | FINSA | Florido – Blvd 2000 | BTS | 446,200 |
| Macquarie Santa Fe | FIBRA Macquarie | Libramiento | Spec | 405,000 |
| FINSA Rosarito | FINSA | Rosarito | Spec | 366,100 |
| MegaRegion 5 | VESTA | Libramiento | Spec | 356,100 |
| Hubs NW2 | MEOR | Florido – Blvd 2000 | Spec | 305,700 |
| Industrial Gate Pacific | REI | Florido – Blvd 2000 | Spec | 281,800 |
| Tijuana Tech 1 | HINES | Florido – Blvd 2000 | Spec | 263,300 |
| VOLEX BTS | MUSA | Otay – Alamar | BTS | 238,000 |
| Tijuana Tech 2 | HINES | Florido – Blvd 2000 | Spec | 234,500 |
| Solum | Privado | Florido – Blvd 2000 | BTS | 202,900 |
| N18 San Pablo | Privado | Tecate | Spec | 194,000 |
| Waldos BTS | Privado | Libramiento | BTS | 175,500 |
| TIJ-07 | RMSG | Libramiento | Spec | 150,000 |
| Pamprica | Privado | Tecate | Spec | 95,300 |
| Real de Rosarito 2 | Privado | Rosarito | Spec | 67,700 |
| Piedras Blancas 1 | Privado | Florido – Blvd 2000 | Spec | 64,900 |
| Grenache | Cadena | Rosarito | Spec | 62,200 |
| Piedras Blancas 2 | Privado | Florido – Blvd 2000 | Spec | 54,500 |

Submarket Statistics

| | Inventory (SF million) | Under Construction (SF) | Total Availability (SF) | Total Vacancy Rate | Gross Absorption (SF) | Net Absorption (SF) | YTD Net Absorption (SF) | Asking Lease Rate (USD/SF/month) | Asking Construction Lease Rate (USD/SF/month) |
|---------------------|---------------------------|-------------------------------|-------------------------------|--------------------------|-----------------------------|---------------------------|-------------------------------|--|--|
| Tijuana | 81.5 | 3,114,615 | 339,888 | 0.42% | 560,120 | 452,083 | 2,895,413 | \$0.74 | \$0.78 |
| Rosarito | 3.4 | 433,775 | 0 | 0.00% | 191,784 | 191,784 | 443,973 | \$0.00 | \$0.78 |
| Tecate | 6.0 | 351,413 | 0 | 0.00% | 0 | 0 | 130,973 | \$0.00 | \$0.85 |
| Market Total | 90.8 | 3,899,803 | 339,888 | 0.37% | 643,867 | 643,867 | 3,470,362 | \$0.78 | \$0.79 |

For further information

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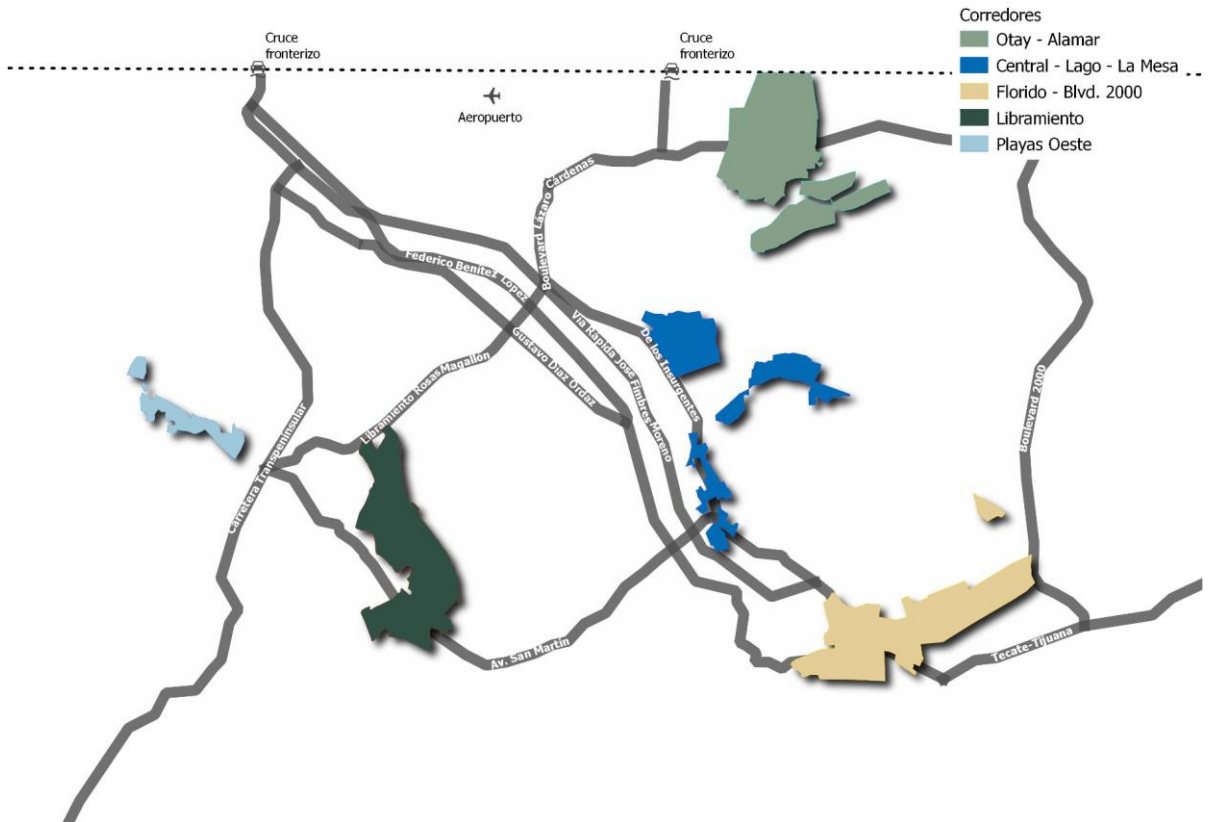
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