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1Q24

# Tijuana Industrial Market



**NEWMARK**

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# Market Analysis

## Economy

- With the city's growth, new infrastructures projects have gone underway, like the Via Rápida Overpass, the Calzada Teran-Teran expansion and the proposed Morelos node.
- The 2nd commercial port of entry in Otay continues the construction and is expected to start operating in 2025.
- The proposed expansion of the Ensenada port is expected to help with the reception of new Nearshoring operations.

## Transactions

- BARSAC completed two transactions in the first quarter with HISENSE in Rosarito and a confidential client in the Central – Lago submarket, totaling more than 130,000 SF.
- HUNTER Industries signed 60,000 SF in the Libramiento submarket.
- Half of the Grenache building in Tecate was signed to TKO Sales at \$0.85 USD/SF/month.

## Market Trends

- Current industrial inventory is closer to the 100 million SF mark, we are expected to reach this milestone close to the end of 2025.
- Construction increased, reaching 4,224,000 square feet.
- Vacancy rate reached over 1% for the first time since last year due to the delivery of finished construction on various *Big Box* buildings with GLAs over 150,000 SF.

## Perspectives

- With the lease rates stabilizing, we can expect vacancy to lower in the following quarters and absorption to reach similar levels as the last two years by the end of 2024.
- The construction of industrial parks in the south and east of the city are spearheading the formation of new submarkets.

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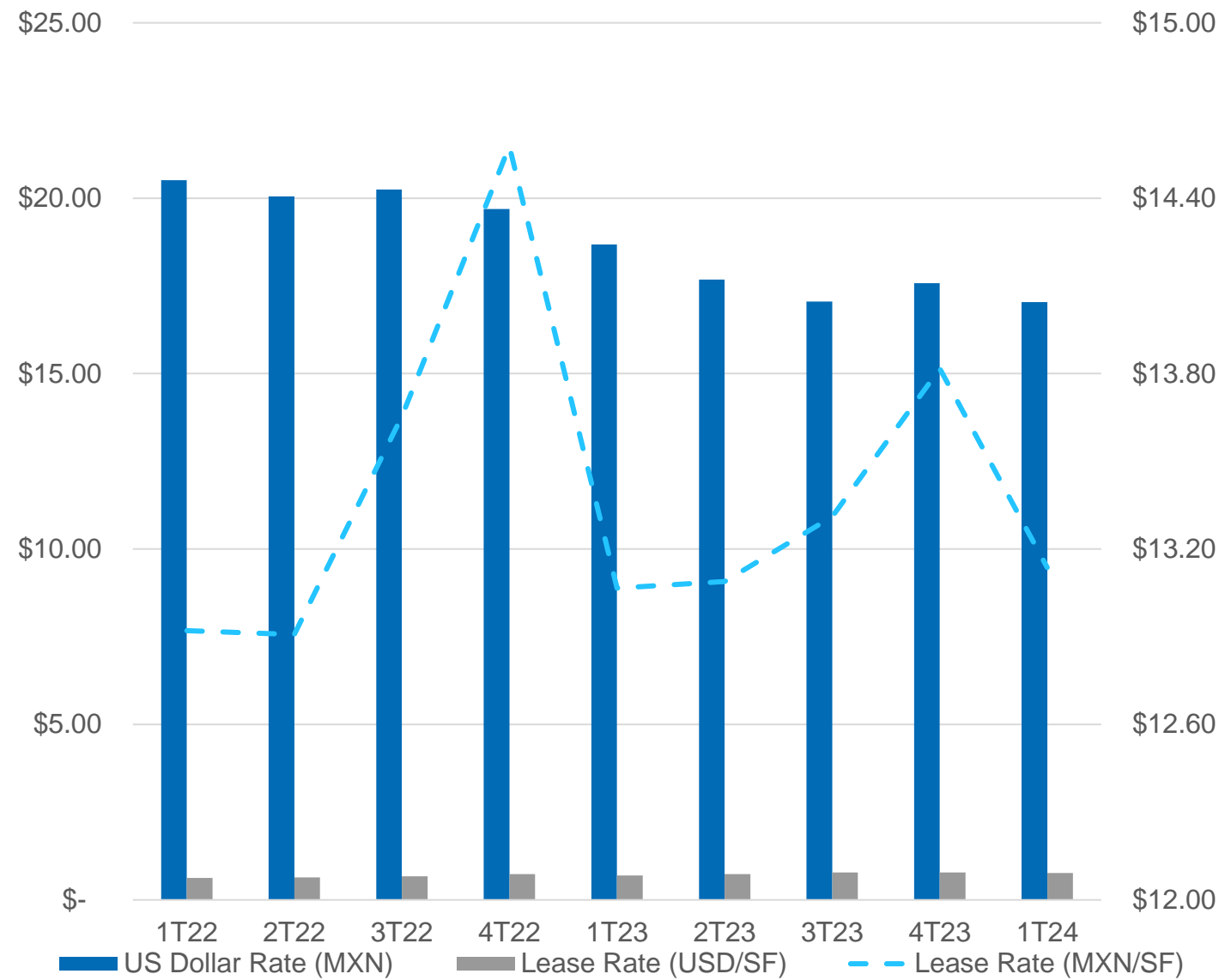
# Economy



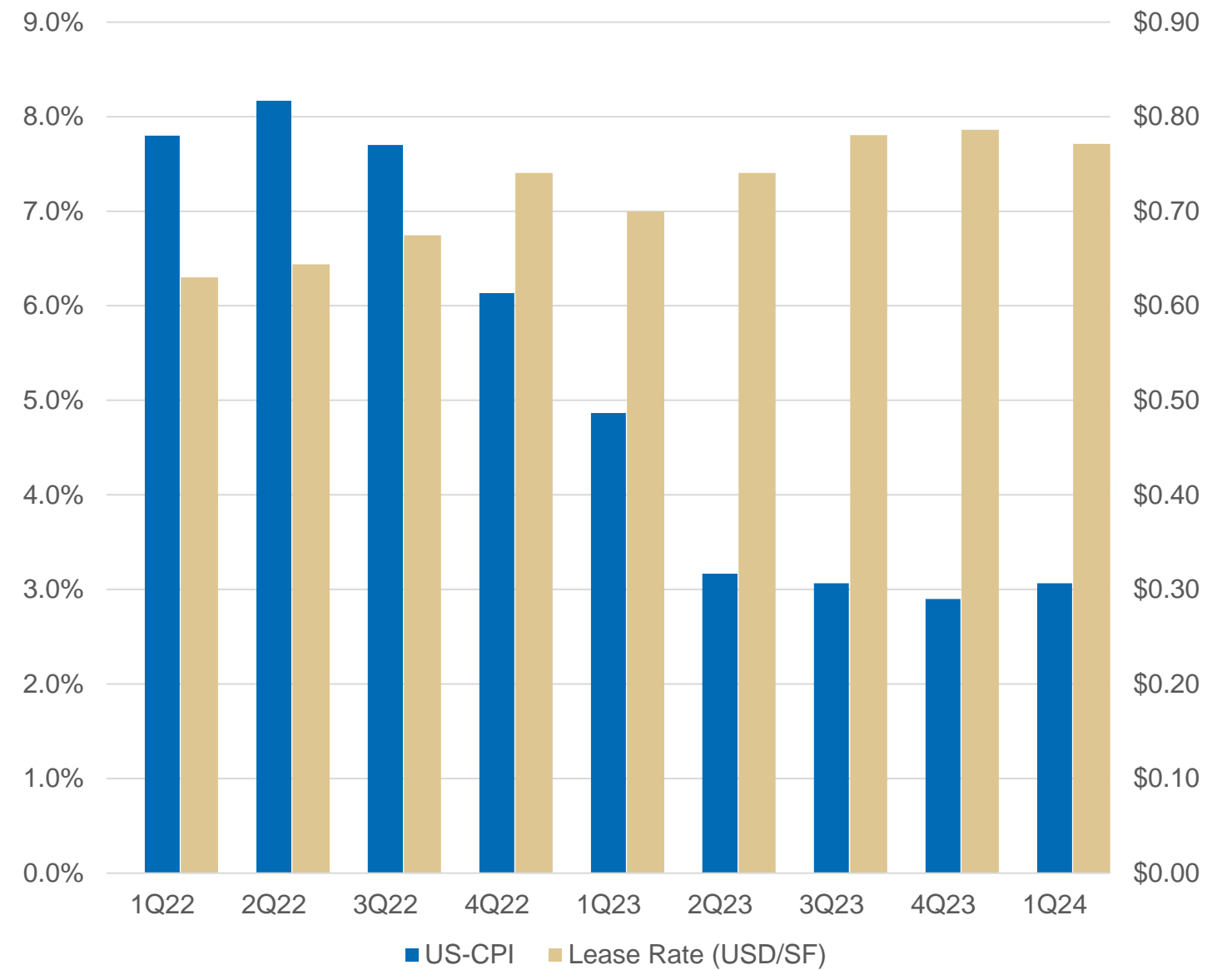
# Economy

The strongest impacts to Tijuana's lease rates are the lease agreements in US dollars and the increments according to US-CPI.

Currency Exchange Rate



US Consumer Price Index



1Q24

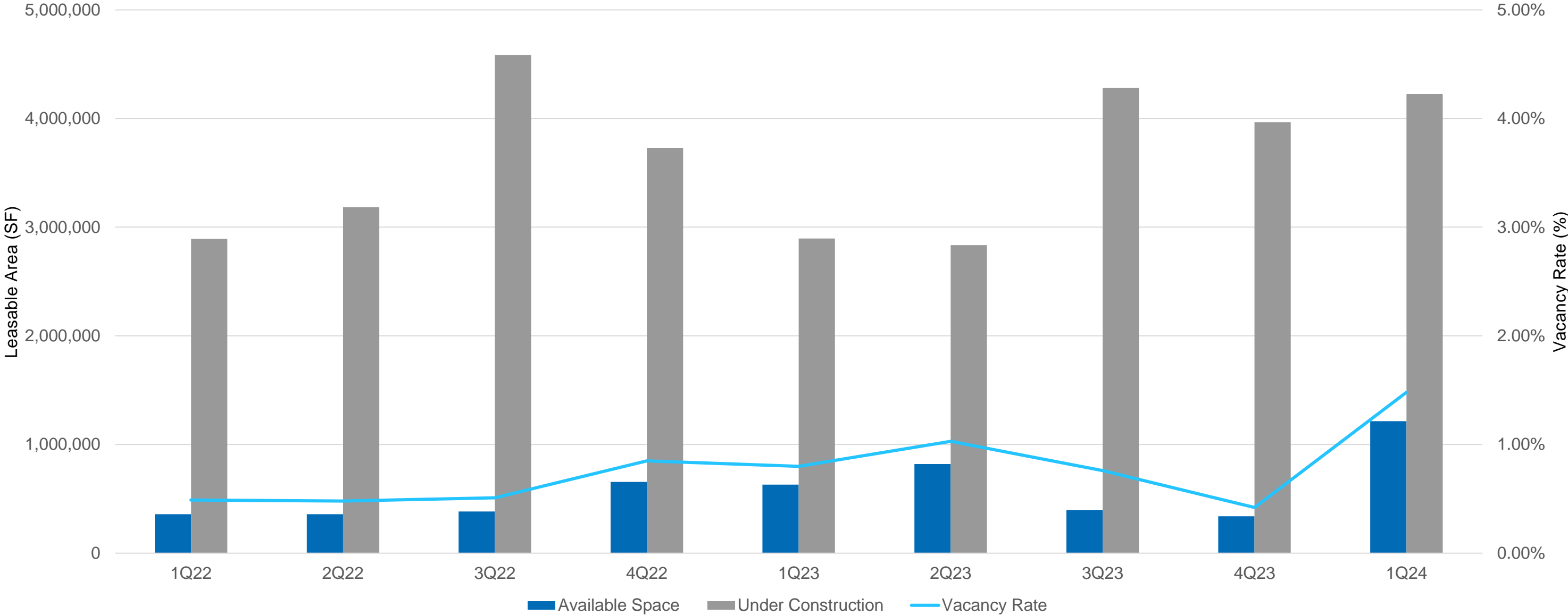
# Market Trends



# Vacancy rate rises above 1% for first time in the last three years

Vacancy rate stays relatively low even with the delivery of new construction over 120,000 SF.

## Available Space, Under Construction and Vacancy Rate

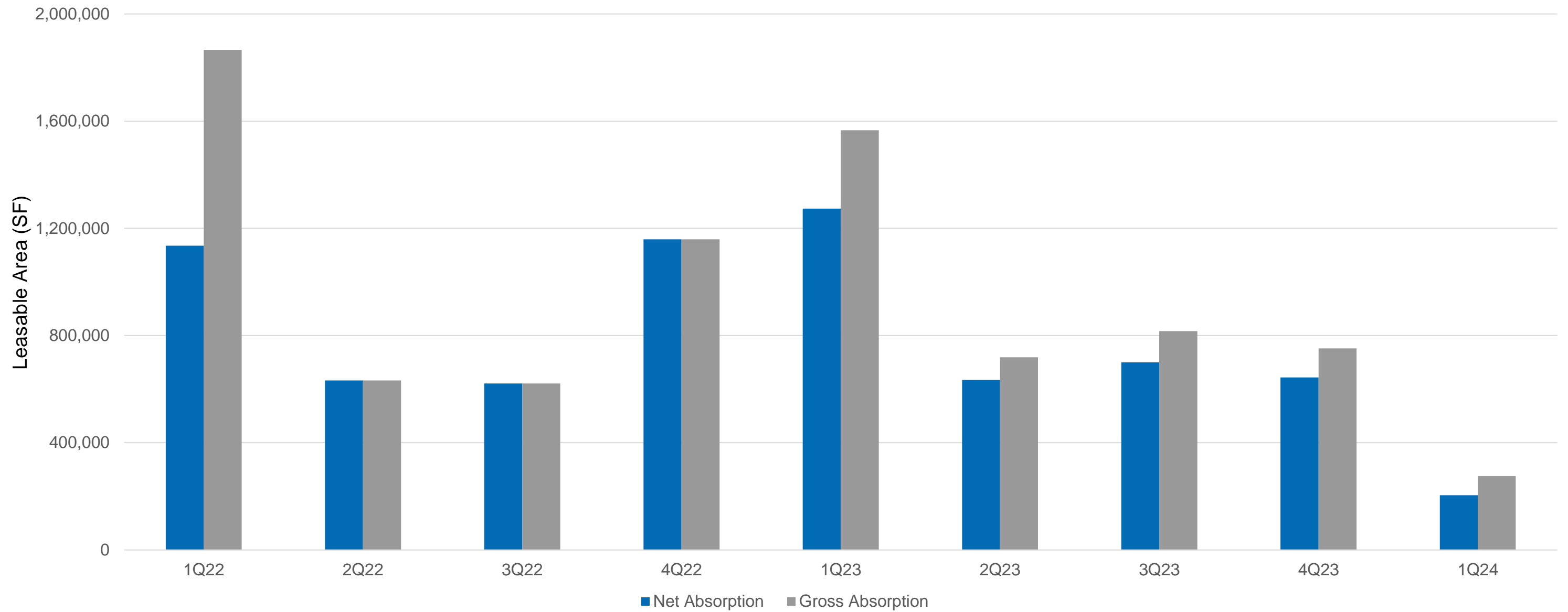


Source: Newmark Research

# Market Absorption

Lease renewals due to high Market rates have kept previously occupied deliveries historically low.

## Gross and Net Absorption (SF)

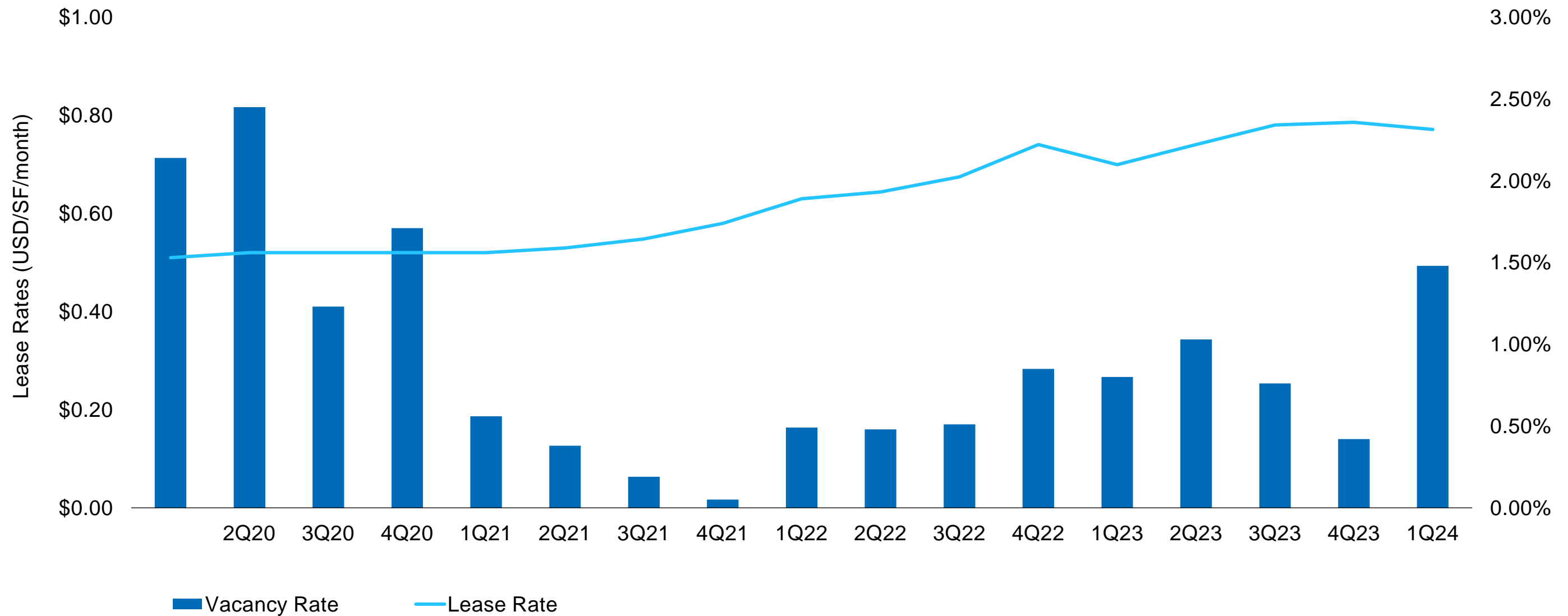


Source: Newmark Research

# Lease Rates

The increase in vacancy rate has stabilized the lease rates above \$0.75 USD/SF/Month.

## Lease Rates and Vacancy Rate

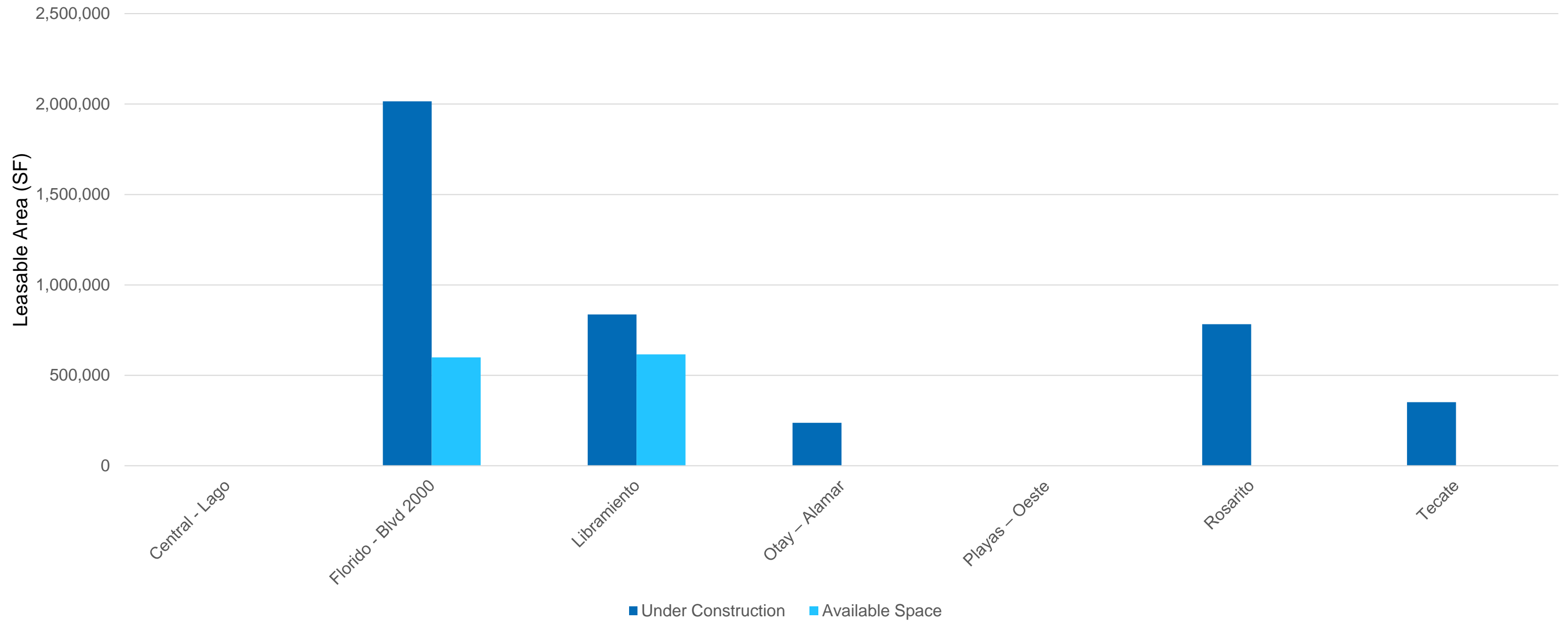




# Under Construction and Available Developments

Low land offer maintains development strong in the outskirts of the main urban area of Tijuana.

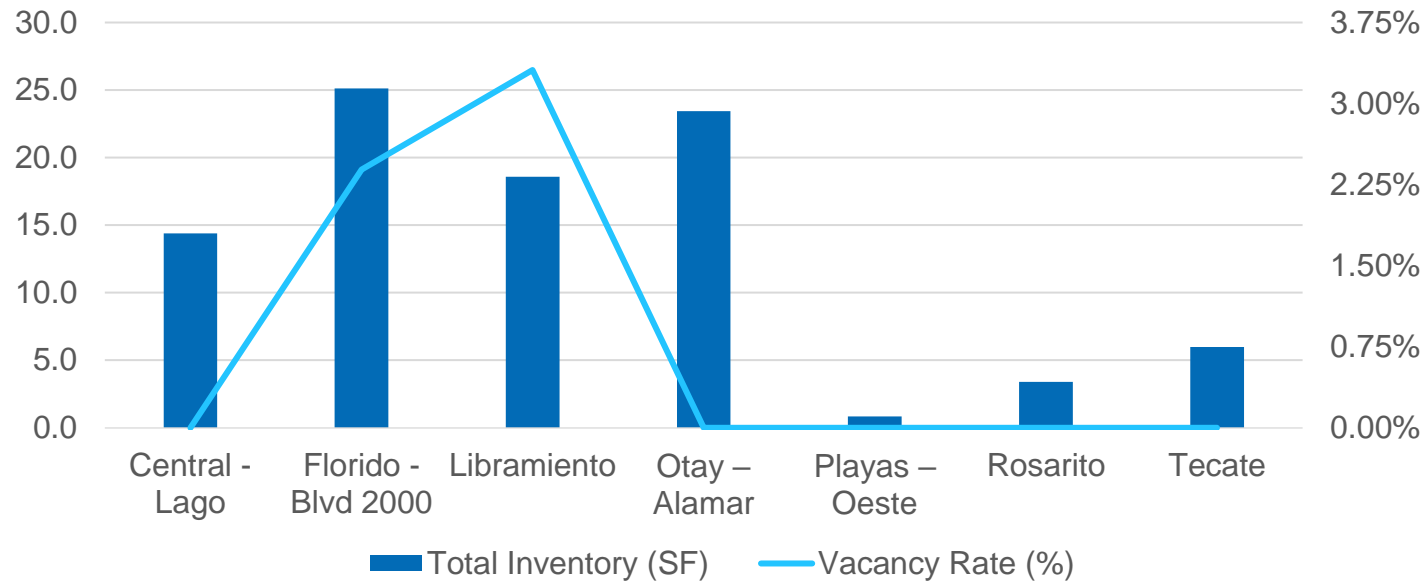
Available Space vs Construction per Submarket (SF)



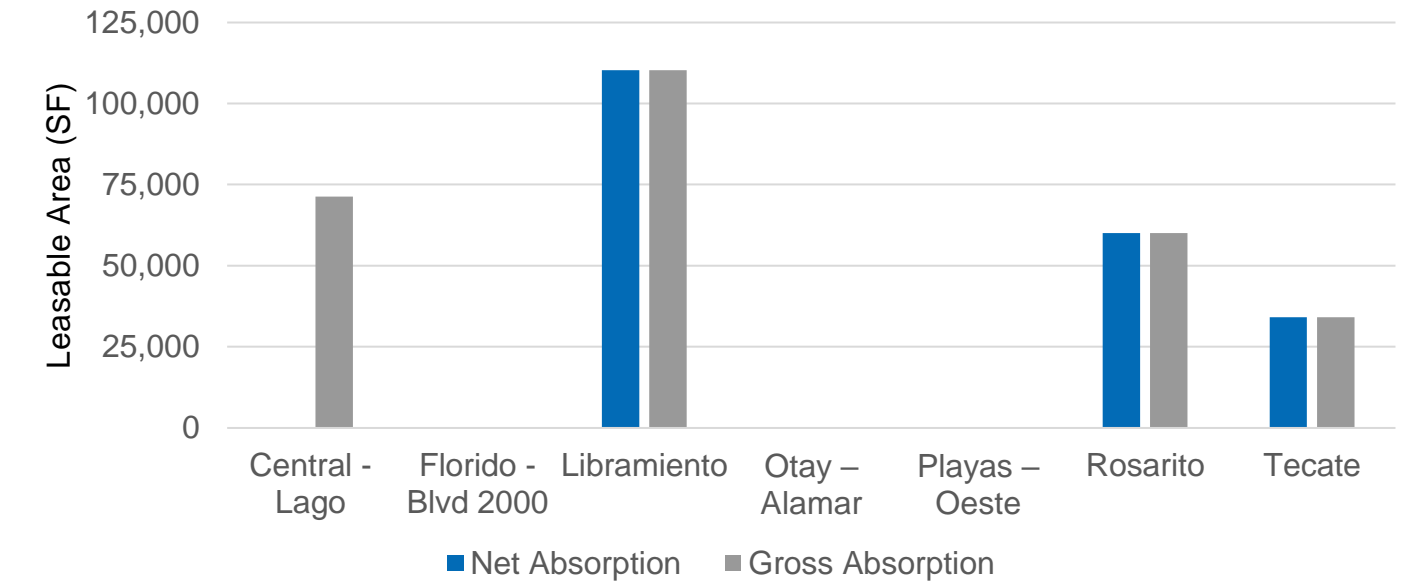
Source: Newmark Research

# Submarket Comparatives

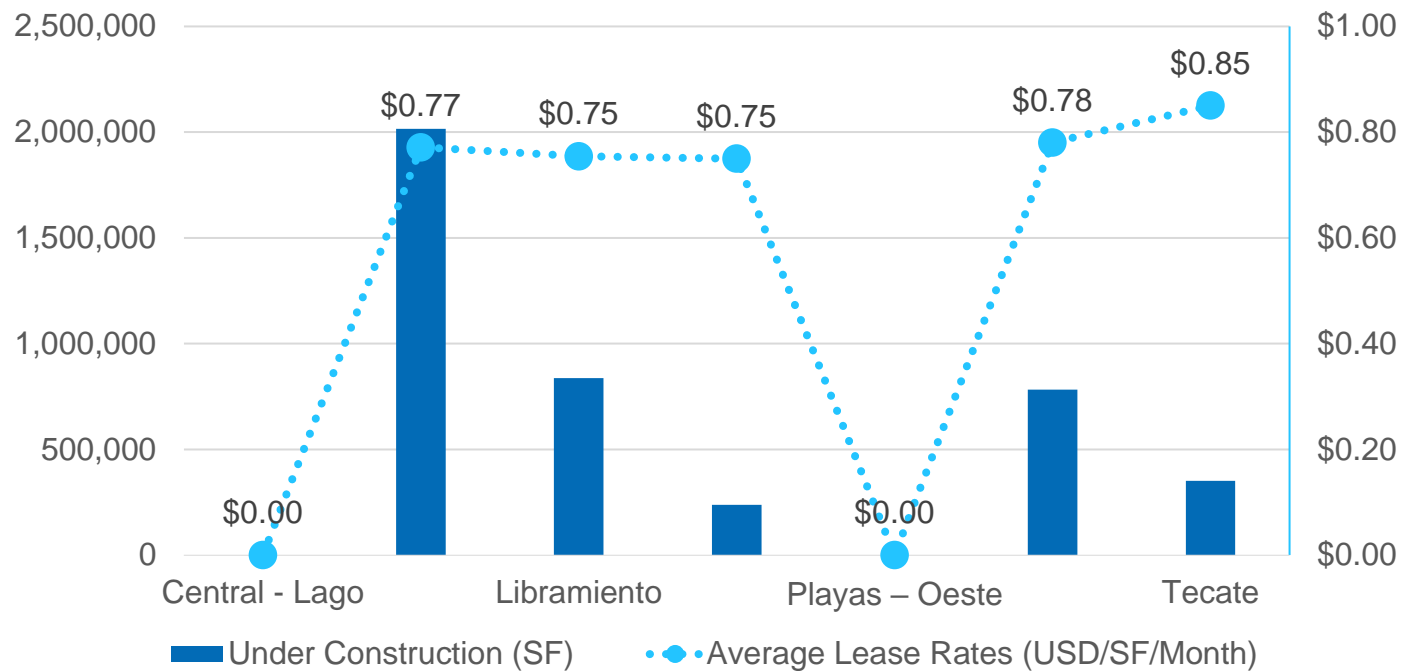
### Inventory vs Vacancy Rate



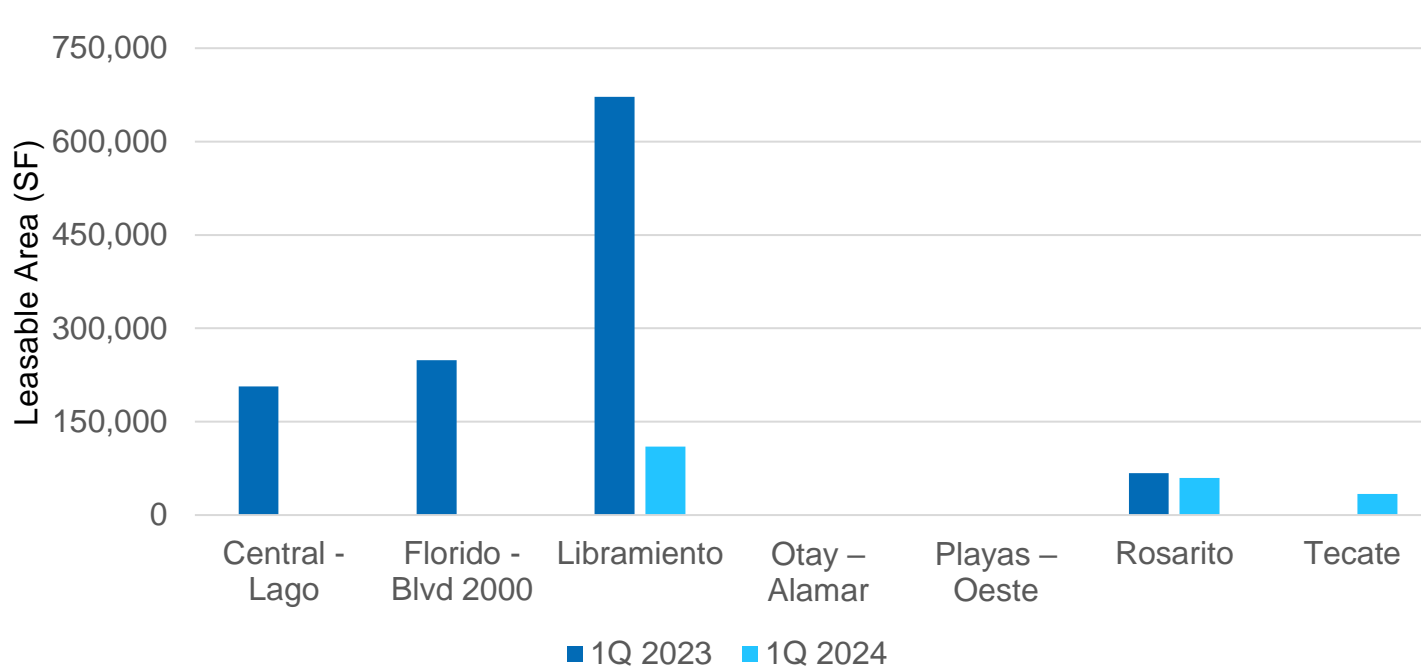
### Gross and Net Absorption per Submarket



### Under Construction vs Average Lease Rates (USD/SF/Month)



### Quarterly Net Absorption



Source: Newmark Research

# Construction Projects in Tijuana

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
Industrial Gate Pacific	REI	Florido – Blvd 2000	Spec	281,816
FINSA NE	FINSA	Florido – Blvd 2000	Spec	280,497
Tijuana Tech 1	HINES	Florido – Blvd 2000	Spec	263,274
Deer Park	UL Baja	Florido – Blvd 2000	Spec	253,054
VOLEX Musa	MUSA	Otay – Alamar	BTS	238,063
Tijuana Tech 2	HINES	Florido – Blvd 2000	Spec	234,512
N18 San Pablo	Privado	Tecate	Spec	193,956
COSTA Rosarito	IAMSA	Rosarito	Spec	186,015
Waldos BTS	Privado	Libramiento	BTS	175,500
AQUA Rosarito	IAMSA	Rosarito	Spec	162,751
TIJ-07	RMSG	Libramiento	Spec	150,047
Prisma IX	ATISA	Libramiento	Spec	105,523
Pamprica	Privado	Tecate	Spec	95,300
LINK	ATISA	Florido – Blvd 2000	Spec	80,053
Real de Rosarito 2	Privado	Rosarito	Spec	67,692
Piedras Blancas 1	Privado	Florido – Blvd 2000	Spec	64,906
Grenache	Cadena	Rosarito	Spec	62,157
PS07	VIA Capital	Florido – Blvd 2000	Spec	56,152
Piedras Blancas 2	Privado	Florido – Blvd 2000	Spec	54,466

Source: Newmark Research

# Tijuana Submarket Statistics 1Q24

## Tijuana Submarket Statistics

	Inventory (millions of SF)	Under Construction (SF)	Available Space (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Accumulated Net Absorption (SF)	Average Lease Rates (USD/SF)	Under Construction Lease (USD/SF)
Central – Lago	14.4	0	0	0.00%	71,300	0	0	\$0.00	\$0.00
Florida – Blvd 2000	25.1	2,014,930	599,667	2.39%	0	0	0	\$0.75	\$0.75
Libramiento	18.6	837,099	589,101	3.17%	110,315	110,315	110,315	\$0.75	\$0.78
Otay – Alamar	23.4	238,063	0	0.00%	0	0	0	\$0.00	\$0.83
Playas – Oeste	0.8	0	0	0.00%	0	0	0	\$0.00	\$0.00
<b>Total</b>	<b>82.3</b>	<b>3,090,092</b>	<b>1,188,768</b>	<b>1.44%</b>	<b>181,615</b>	<b>110,315</b>	<b>110,315</b>	<b>\$0.75</b>	<b>\$0.76</b>

## Statistics by Municipality

	Inventory (millions of SF)	Under Construction (SF)	Available Space (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Accumulated Net Absorption (SF)	Average Lease Rates (USD/SF)	Under Construction Lease (USD/SF)
Tijuana	82.3	3,090,092	1,188,768	1.44%	181,615	110,315	110,315	\$0.75	\$0.76
Rosarito	3.4	782,541	0	0.00%	71,465	71,465	71,465	\$0.00	\$0.78
Tecate	6.0	351,413	0	0.00%	34,107	34,107	34,107	\$0.00	\$0.85
<b>Total</b>	<b>91.7</b>	<b>4,224,046</b>	<b>1,188,768</b>	<b>1.30%</b>	<b>287,187</b>	<b>215,887</b>	<b>215,887</b>	<b>\$0.75</b>	<b>\$0.77</b>

Source: Newmark Research

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Newmark ha implementado una base de datos propia y la metodología de seguimiento ha sido revisada. Con esta expansión y refinamiento en nuestros datos, puede haber ajustes en las estadísticas históricas, incluyendo la disponibilidad, precios de renta, absorción y rentas efectivas. Nuestros reportes de mercado se encuentran disponibles en <https://nmrk.lat/reportes-de-mercado>

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