
2Q24

Tijuana Industrial Market



NEWMARK

Market Analysis

Economy

- Mexican election have concluded, and this has caused a strong devaluation in the Mexican Peso. Fortunately, when the Peso is depreciated, we tend to see a strong growth in foreign investment.
- With elections in the United States on the way, we can expect the MXP depreciation to continue, this pushing for a bigger absorption by year’s end.
- The new border crossing, OTAY II, seems to be delayed by at least one more year.

Transactions

- The FRASA Otay Industrial Park has signed their first transaction: Building II of 280,540 to a confidential client.
- HINES Technology Tijuana Park signed Building I of 264,274 SF.
- Rosarito had another confidential lease in the Real de Rosarito III building of 116,573 SF.

Market Trends

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Total Inventory (SF)	82.6M	82.3M	79.6M	↑
Vacancy Rate	2.6%	1.4%	0.7%	↓
Gross Absorption (SF)	971,428	287,187	718,579	
Net Absorption (SF)	660,106	215,887	931,143	↑
Asking Rate (USD/SF/month)	\$0.77	\$0.77	\$0.74	→
Under construction (SF)	4,175,574	4,224,046	2,612,366	→

Perspectives

- With Mexican elections concluded and the United States elections underway, we can expect a strong absorption by the end of 2024 or start of 2025.
- Asking rates will not have a strong increase until the start of 2025.

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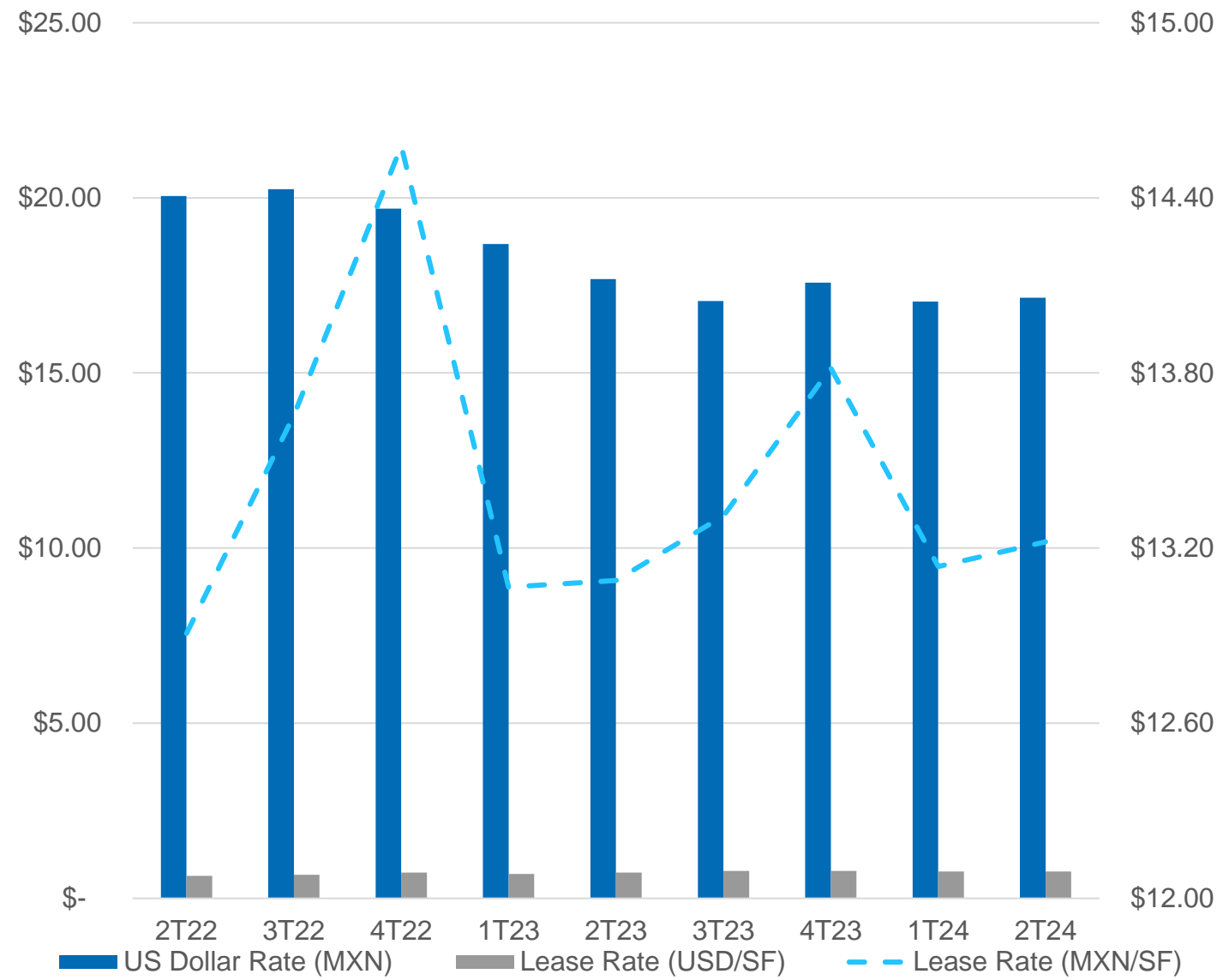
Economy



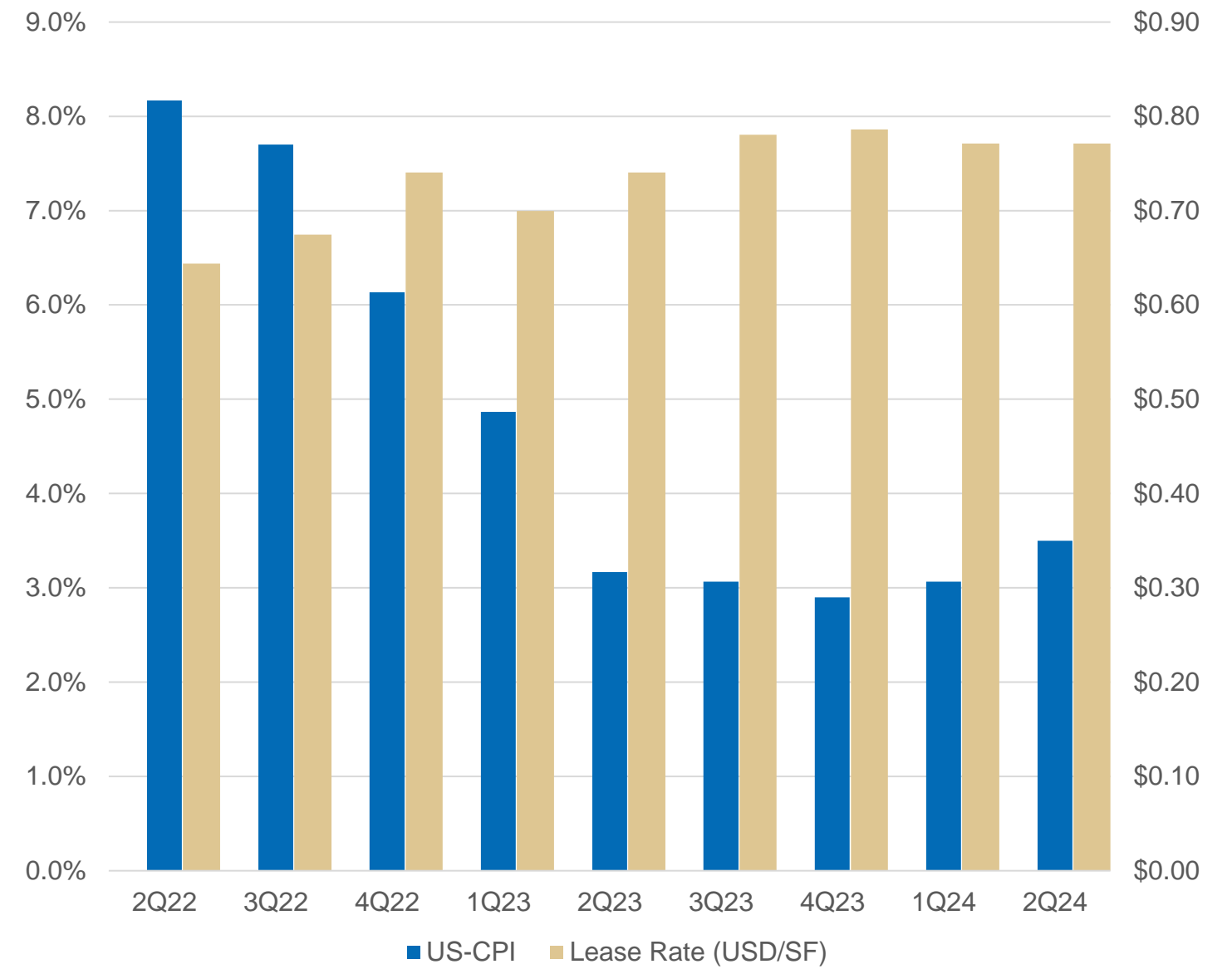
Economy

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



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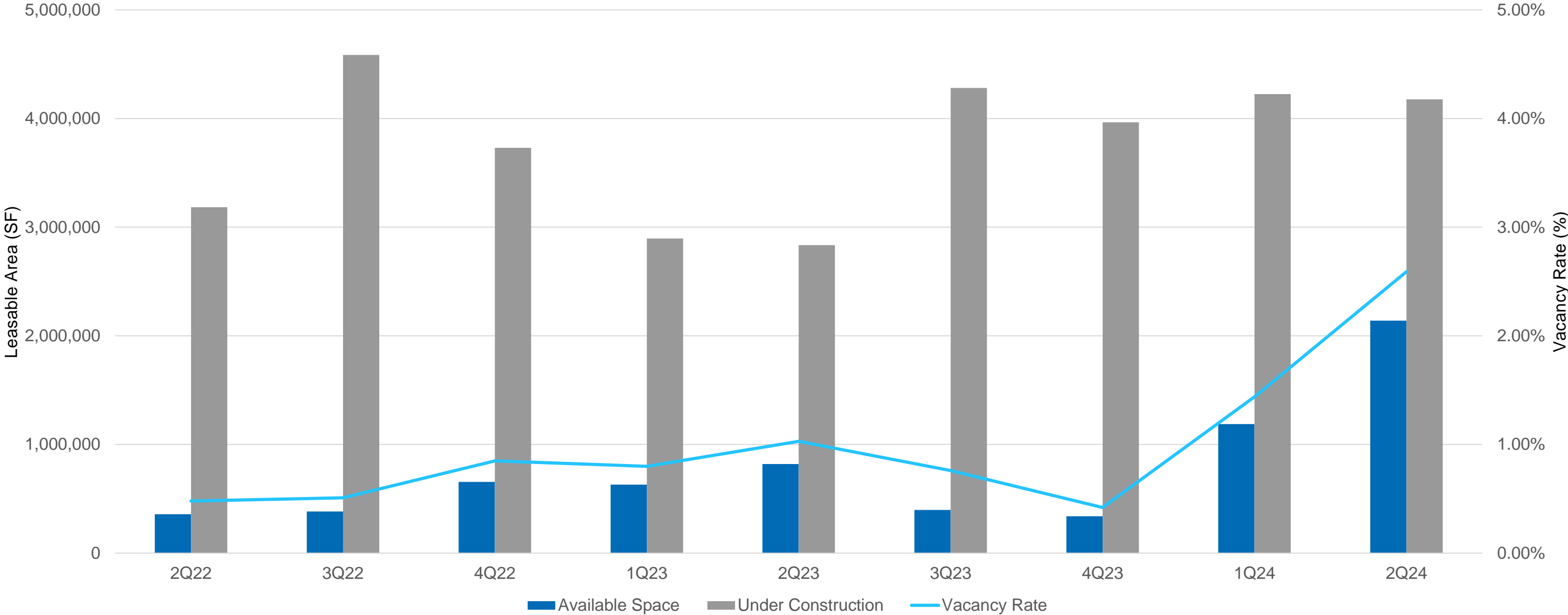
Market Trends



Vacancy rate rises above 2% for first time in the last three years

The delivery of various constructions has caused a strong increase in vacancy and a stabilization in the lease rates.

Available Space, Under Construction and Vacancy Rate

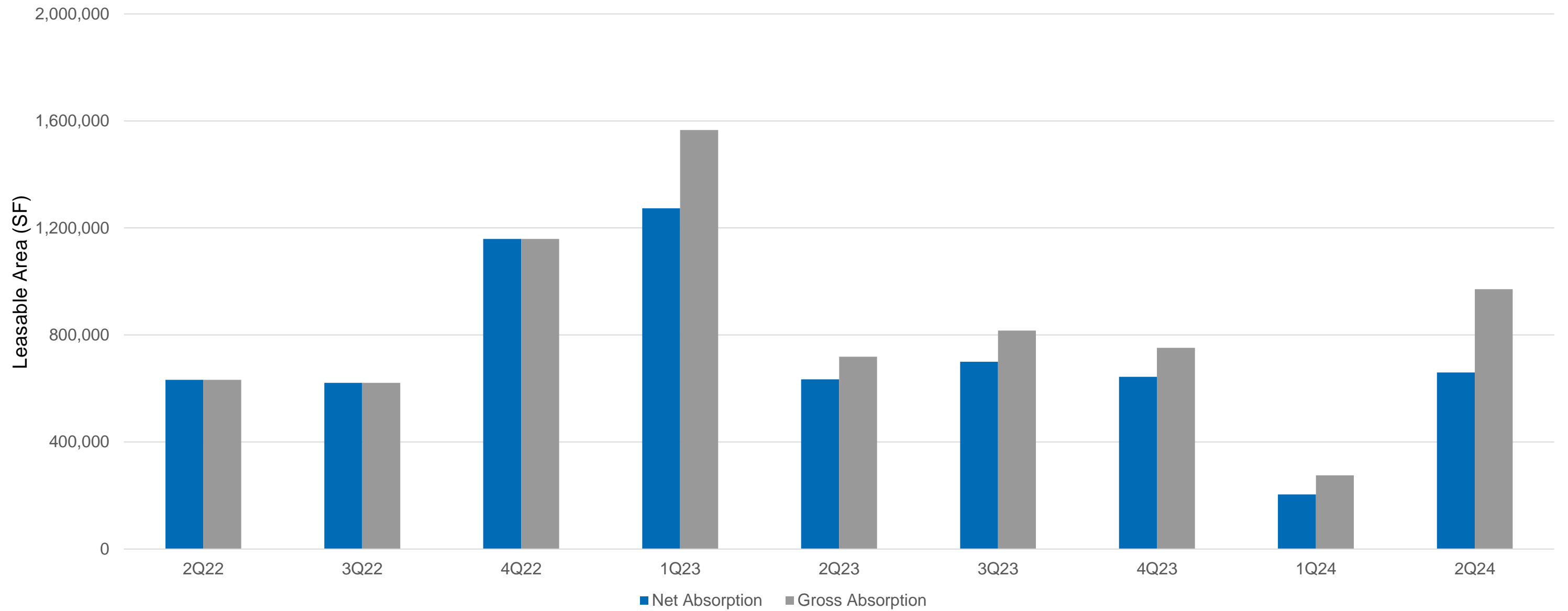


Source: Newmark Research

Market Absorption

Vacated space shot up with the previous rental rate increments and those spaces competed directly with the delivered Class A buildings.

Gross and Net Absorption (SF)

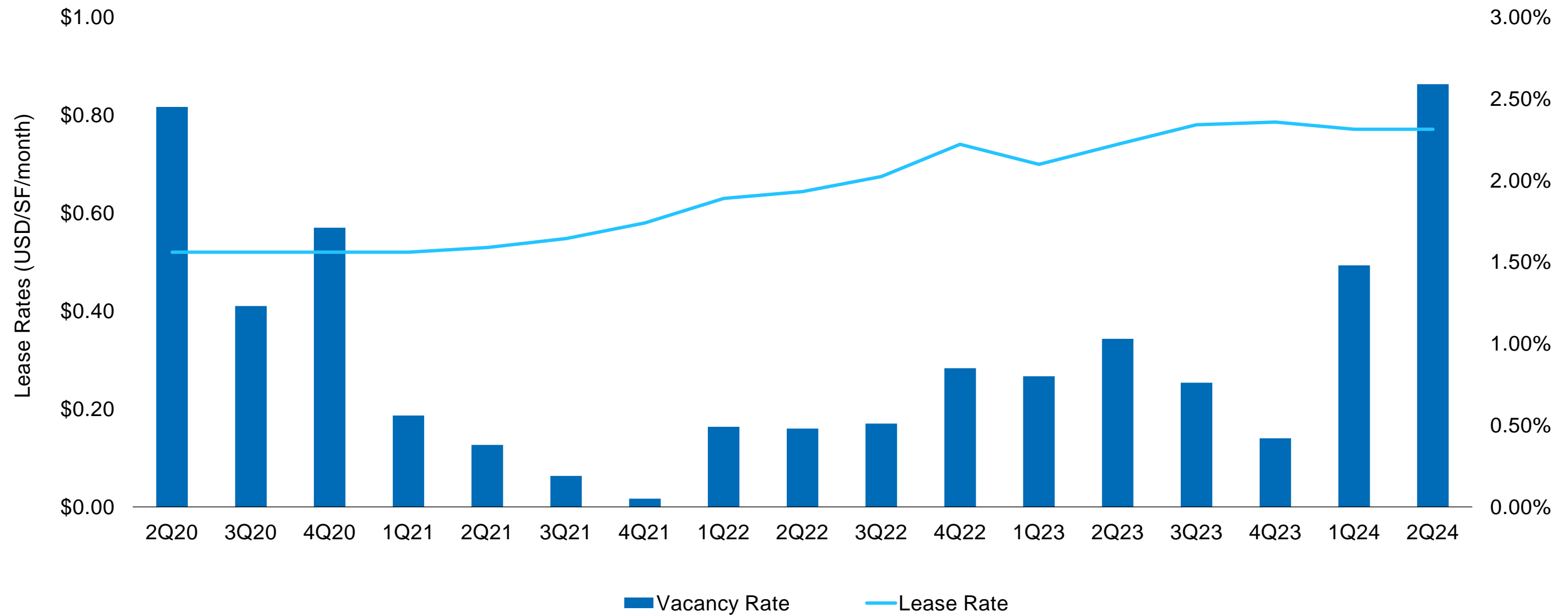


Source: Newmark Research

Lease Rates

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

Lease Rates and Vacancy Rate

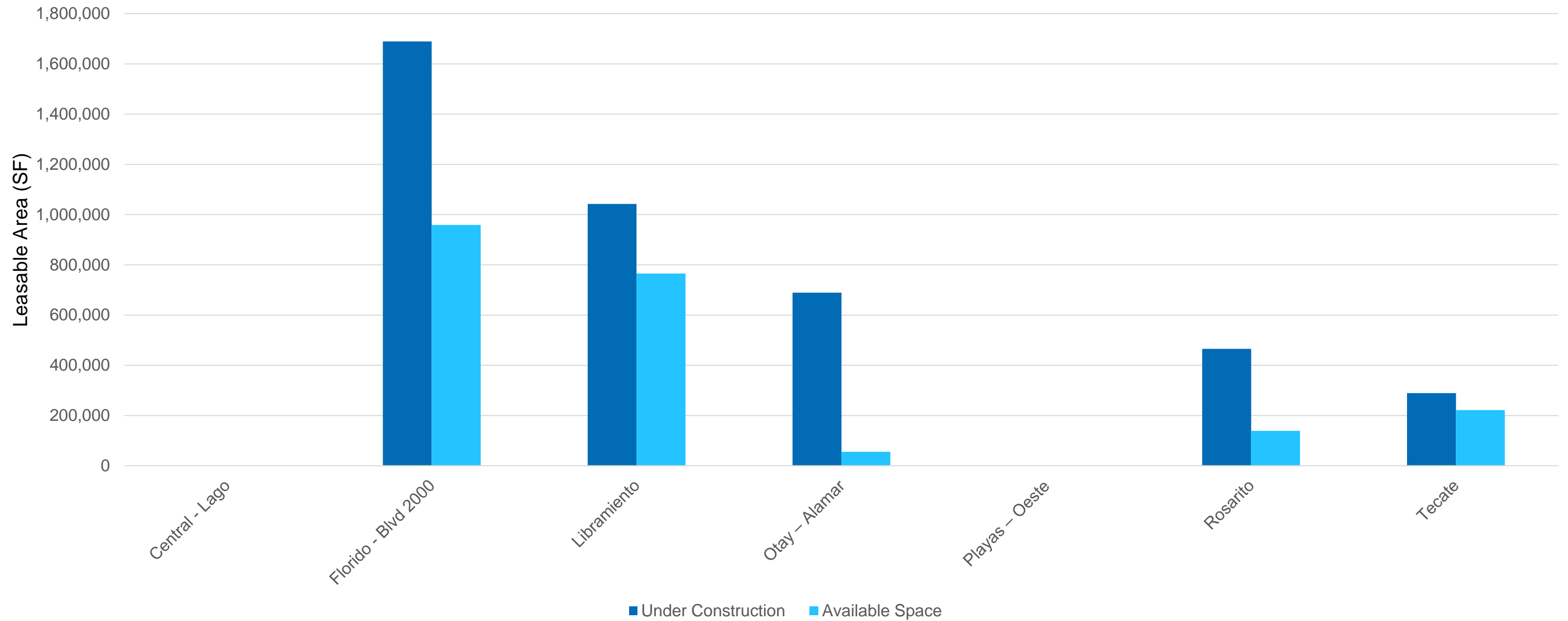


Source: Newmark Research

Under Construction and Available Developments

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

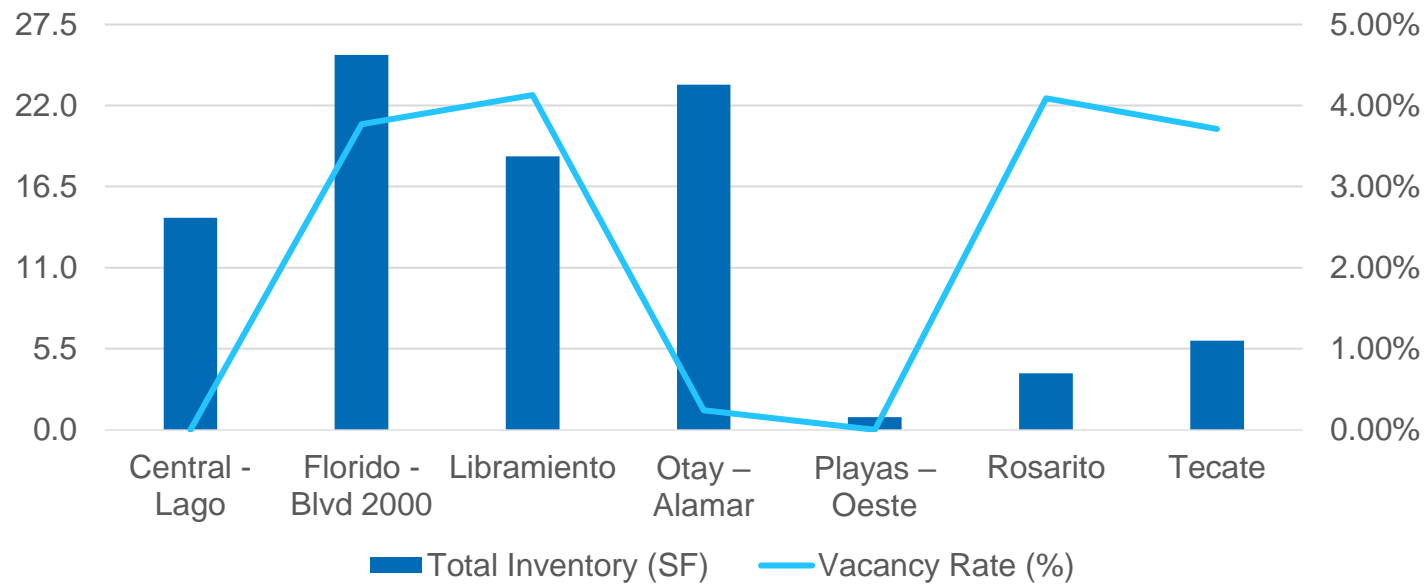
Available Space vs Construction per Submarket (SF)



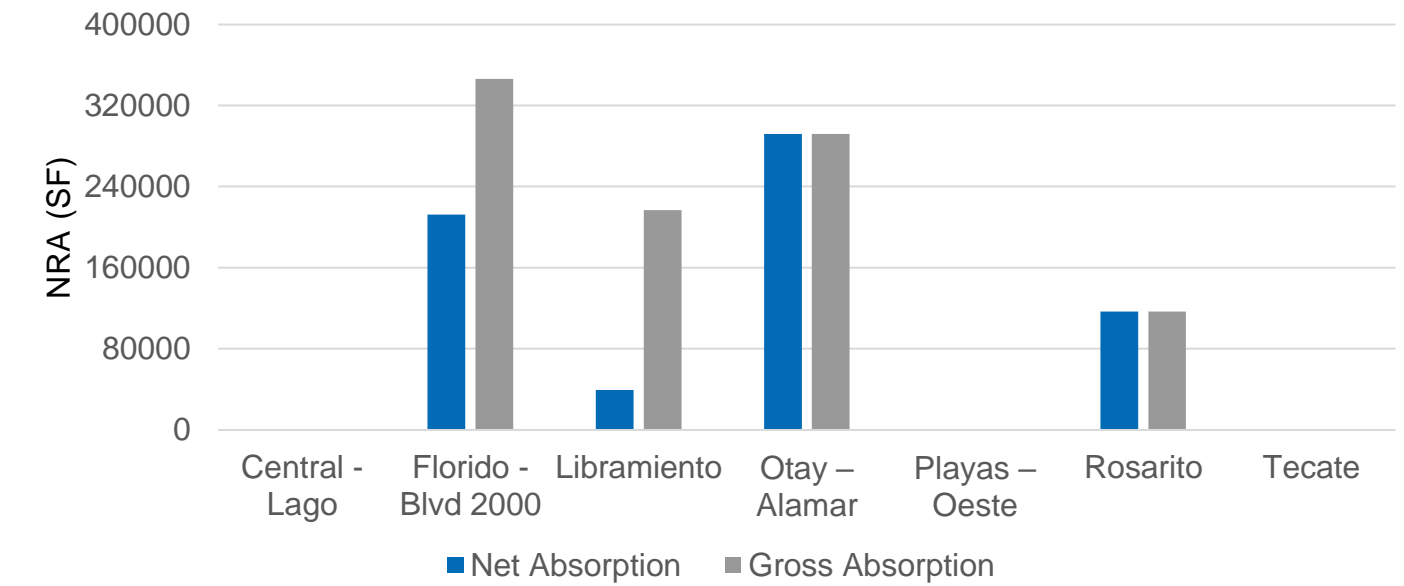
Source: Newmark Research

Submarket Comparatives

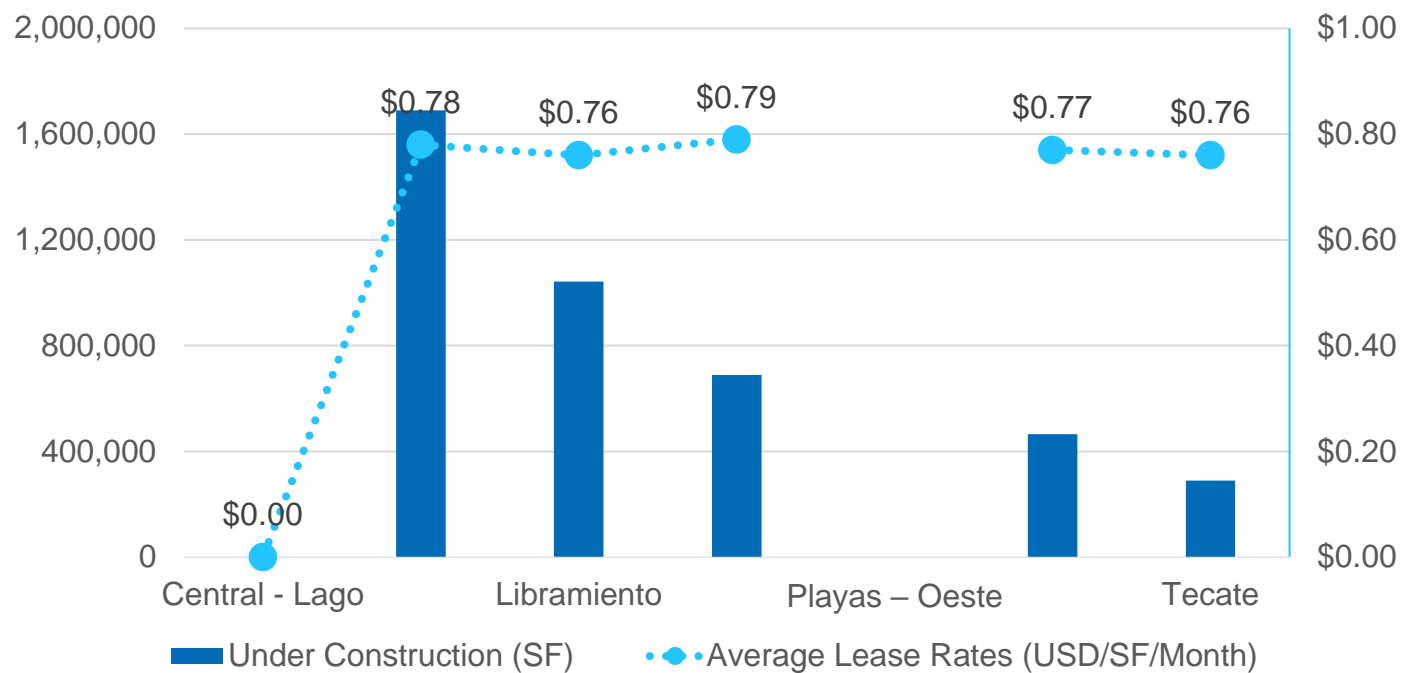
Inventory vs Vacancy Rate



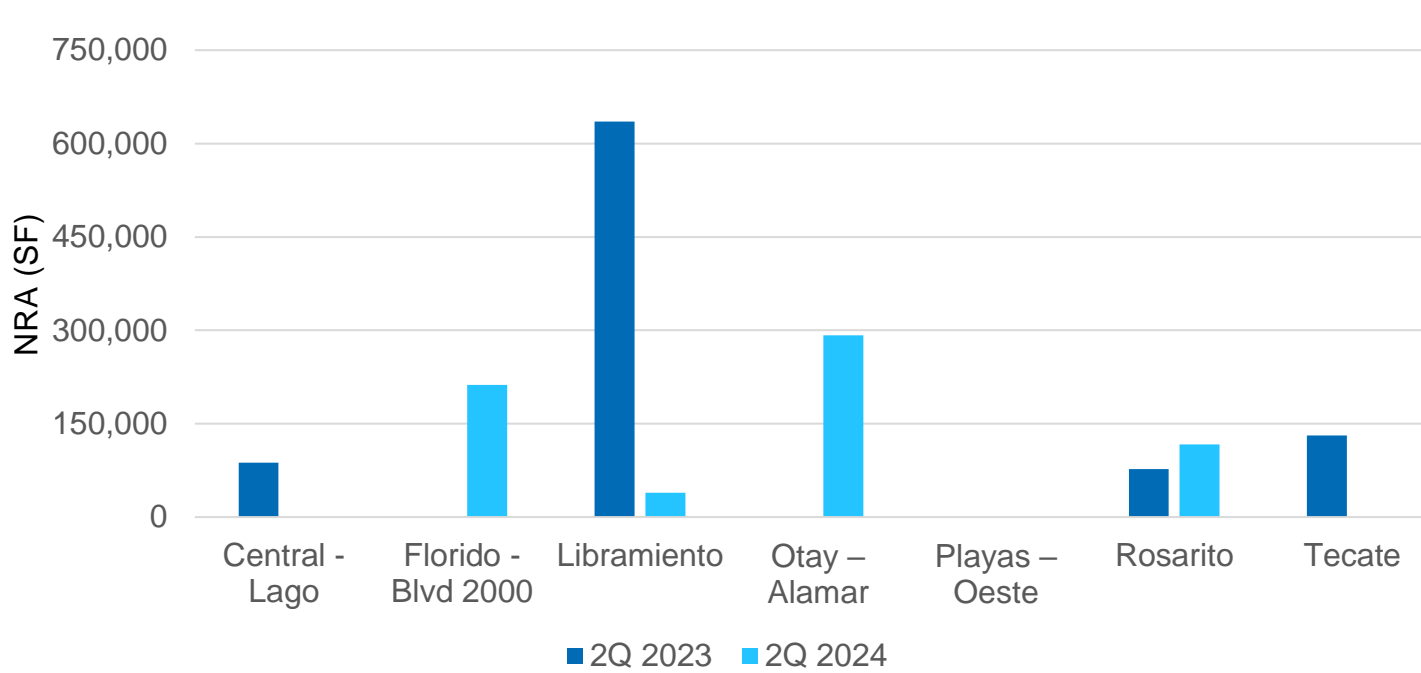
Gross and Net Absorption per Submarket



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



Quarterly Net Absorption



Source: Newmark Research

Construction Projects in Tijuana

Building	Developer	Submarket	Type	NRA (SF)
Macquarie Santa Fe 1	FIBRA Macquarie	Libramiento	Spec	37,721
FRASA Otay II	FRASA	Otay - Alamar	BTS	26,063
FINSA NE	FINSA	Florido - Blvd 2000	Spec	26,059
MEOR Del Valle	MEOR	Florido - Blvd 2000	Spec	25,880
Maquarie Santa Fe 2	FIBRA Macquarie	Libramiento	Spec	24,879
Tijuana Tech 1	HINES	Florido - Blvd 2000	Spec	24,459
UL Deer Park	UL Baja	Florido - Blvd 2000	Spec	23,510
VOLEX Musa	MUSA	Otay - Alamar	BTS	22,117
Tijuana Tech 2	HINES	Florido - Blvd 2000	Spec	21,787
Tijuana Tech 3	HINES	Florido - Blvd 2000	Spec	21,787
Maquarie Santa Fe 3	FIBRA Macquarie	Libramiento	Spec	18,669
N18 San Pablo	Privado	Tecate	Spec	18,019
COSTA Rosarito	IAMSA	Rosarito	Spec	17,281
FRASA Otay I	FRASA	Otay - Alamar	Spec	15,846
AQUA Rosarito	IAMSA	Rosarito	Spec	15,120
Real de Rosarito 3	Privado	Rosarito	Spec	10,830
Prisma IX	ATISA	Libramiento	Spec	9,803
Pamprica	Privado	Tecate	Spec	8,854
LINK ATISA	Privado	Florido - Blvd 2000	Spec	7,437
Piedras Blancas 1	IMMM	Florido - Blvd 2000	Spec	6,030
PS07	VIA Capital	Florido - Blvd 2000	Spec	5,217

Tijuana Submarket Statistics 2Q24

Tijuana Submarket Statistics

	Inventory (million SF)	Under Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Gross Absorption YTD (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Lease Rate (USD/SF/Month)	U. Construction Asking Rent (USD/SF/Month)
Central – Lago	14.4	0	0	0.00%	0	71,300	0	0	\$0.00	\$0.00
Florida – Blvd 2000	25.4	1,689,381	958,742	3.77%	346,274	346,274	212,350	212,350	\$0.78	\$0.76
Libramiento	18.6	1,042,431	765,261	4.13%	216,792	327,107	39,394	149,709	\$0.76	\$0.76
Otay – Alamar	23.4	689,169	55,582	0.24%	291,791	291,791	291,791	291,709	\$0.79	\$1.00
Playas – Oeste	0.8	0	0	0.00%	0		0	0	\$0.00	\$0.00
Total	82.6	3,420,981	1,779,585	2.59%	854,857	1,036,472	543,535	653,850	\$0.77	\$0.77

Statistics by Municipality

	Inventory (million SF)	Under Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Gross Absorption YTD (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Lease Rate (USD/SF/Month)	U. Construction Asking Rent (USD/SF/Month)
Tijuana	82.6	3,420,981	1,779,585	2.59%	854,857	1,036,472	543,535	543,535	\$0.77	\$0.77
Rosarito	3.4	465,337	138,883	4.09%	116,571	188,038	116,571	188,036	\$0.77	\$0.75
Tecate	6.0	289,256	222,006	3.71%	0	34,107	0	34,107	\$0.76	\$0.63
Total	92.0	4,175,574	2,140,474	2.31%	971,428	1,258,615	660,106	875,993	\$0.77	\$0.75

Source: Newmark Research

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.lat/reportes-de-mercado/.

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