Tijuana Industrial Market



Market Analysis



- New tariffs disrupted the region's manufacturing sector, which relies on seamless _ trade with the US, causing businesses to halt investments and creating a complex economic landscape for Tijuana in early 2025.
- During the first quarter of 2025, Tijuana's economy encountered substantial challenges. Business leaders forecasted double-digit inflation driven by rising fuel prices and an increase in the minimum wage.

Transactions

- Vesta has leased over 580 thousand SF in Vesta Park El Florido and Vesta Park Lagoeste.
- Luxshare Precision signed over 70 thousand SF in Otay submarket. —

Market Trends

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Total Inventory (SF)	85.7 M	84.1 M	82.3 M	1
Vacancy Rate	5.91%	3.0%	1.4%	\rightarrow
Gross Absorption (SF)	222,286	453,063	181,615	1
Net Absorption (SF)	-557,665	186,786	110,315	1
Asking Rate (USD/SF/month)	\$9.12	\$9.24	\$9.48	\rightarrow
Under construction (SF)	4,357,987	2,497,774	3,090,092	\rightarrow



- industrial spaces..
- It is reasonable to expect that the asking prices will remain stable, at least for the upcoming quarters.

We anticipate an increase in absorption due to the previously unaccounted supply of

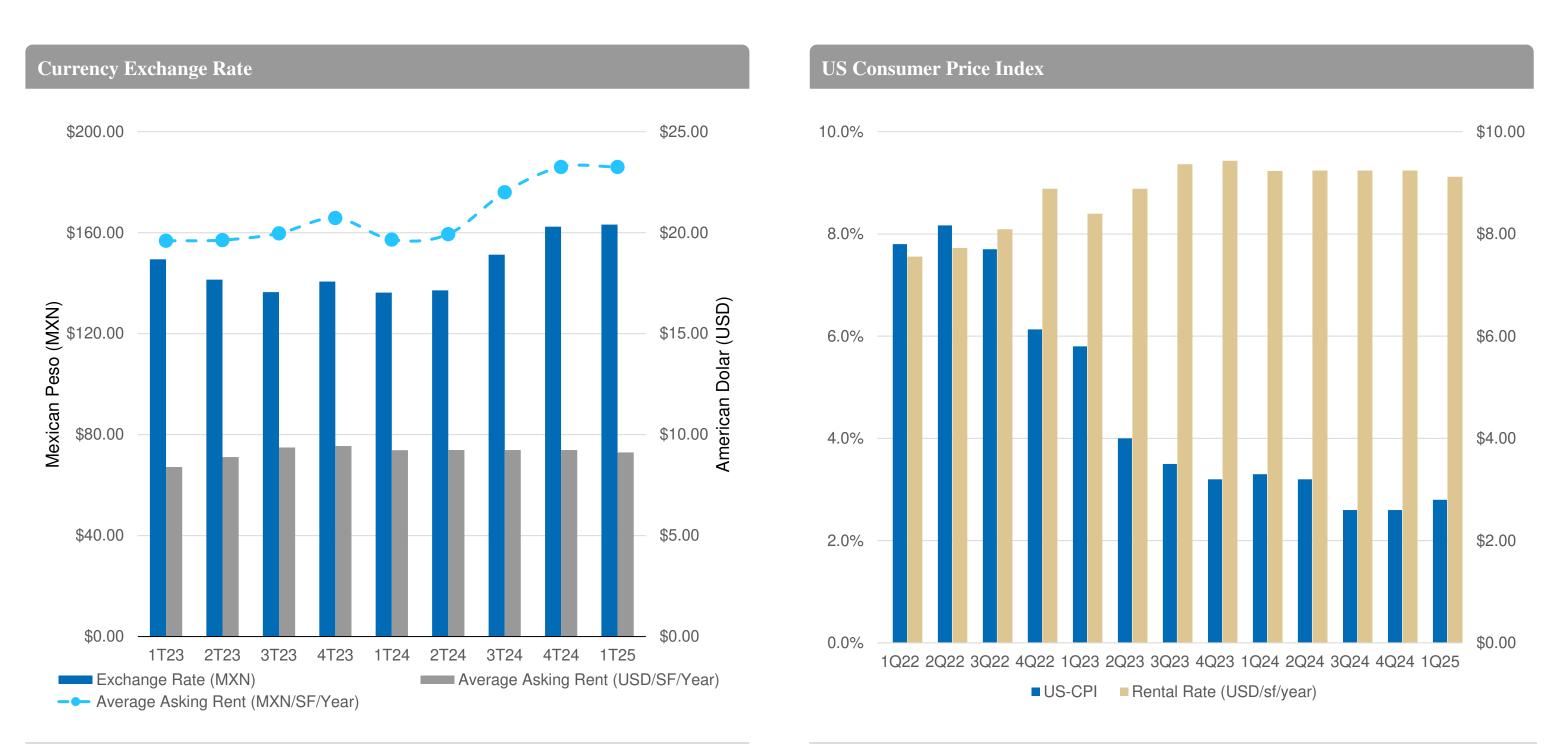
1Q25

Economy



Economy

The exchange rate continues to rise due to uncertainties in the trade relationship between Mexico and the United States. Concurrently, the asking rate has stabilized as a result of the growth in supply.



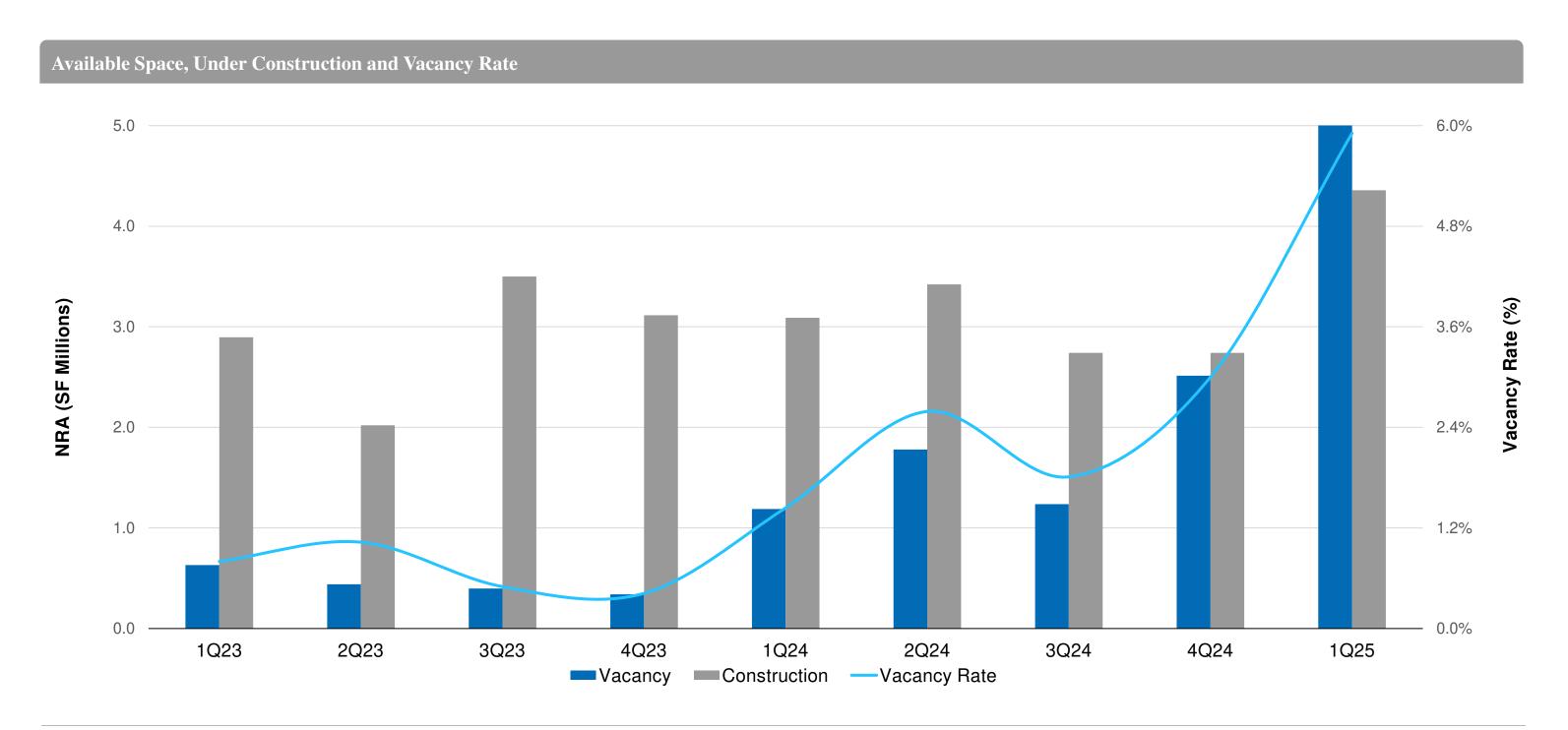


^{1Q25} Leasing Market Fundamentals



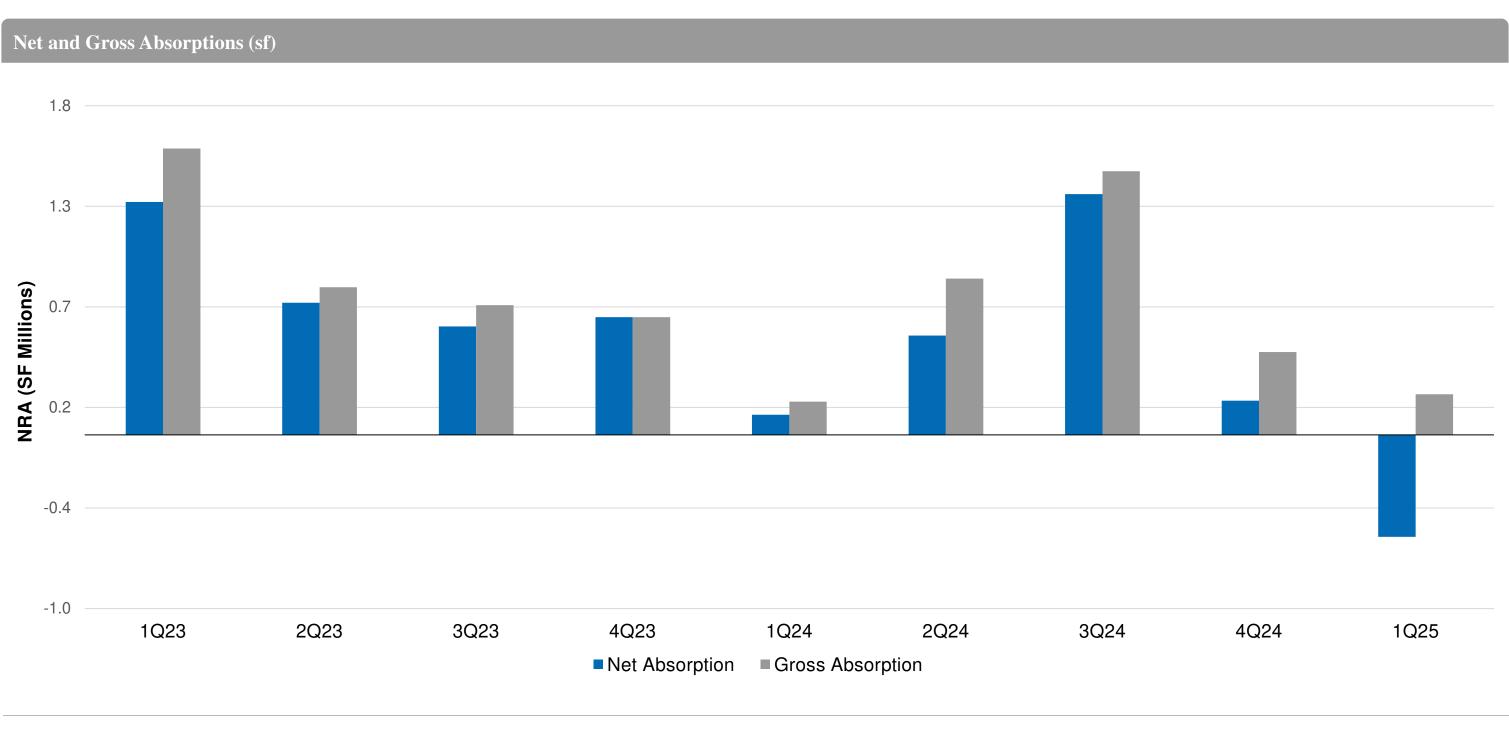
The vacancy rate has surpassed 5%.

Taking into account the increase in vacancy of both delivered and under-construction spaces, the vacancy rate has risen to 5.91%, the highest level recorded in recent years.



Market Absorption

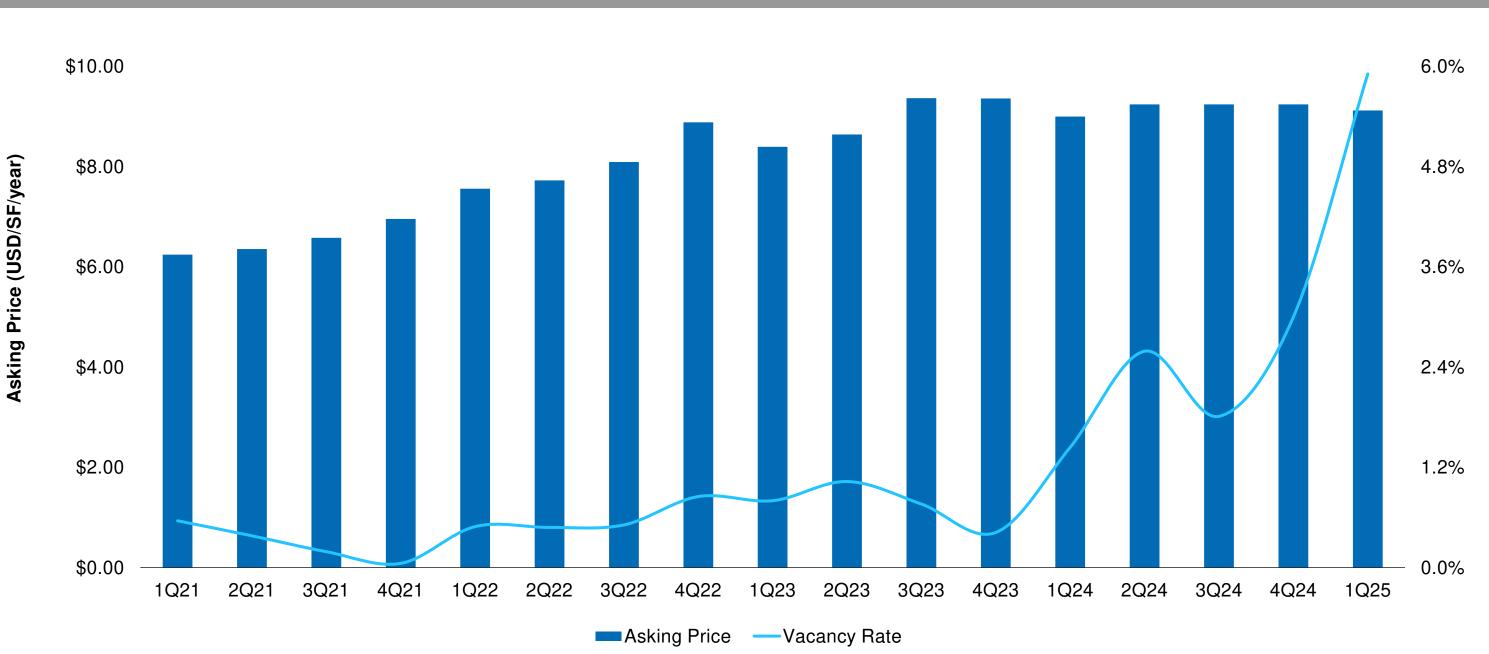
The expansion of industrial inventory in Tijuana during the first quarter of 2025, particularly in the Florido submarket, is directly associated with negative net absorption values.



Lease Rates

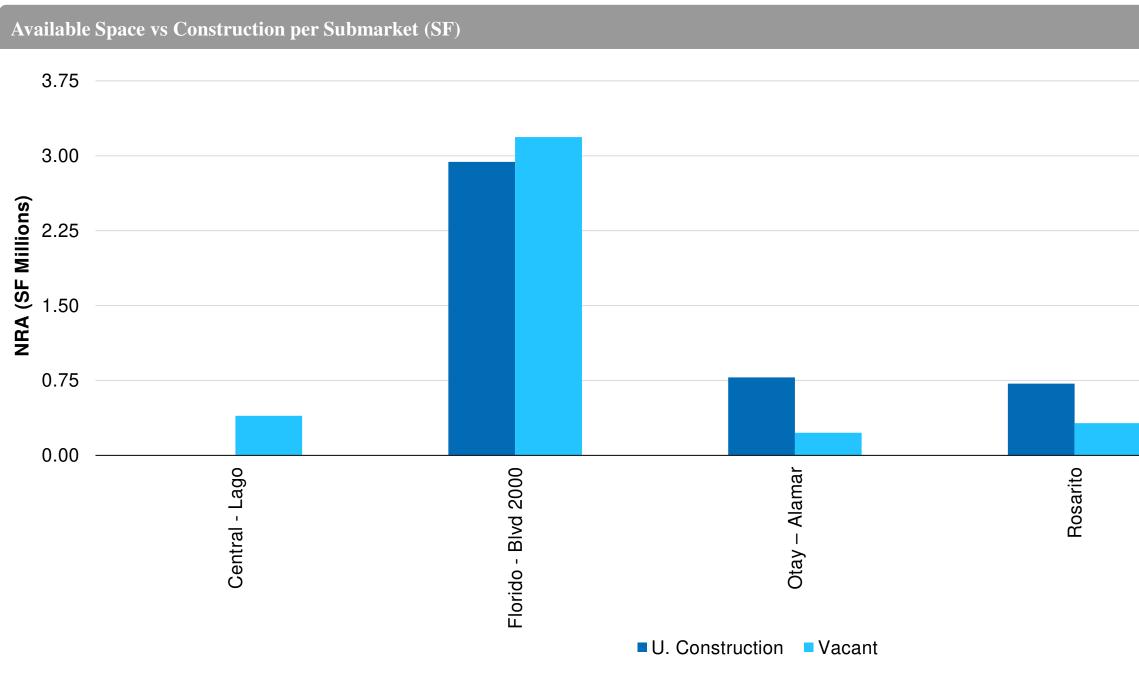
A marked increase in vacancy rates has resulted in the stabilization of average asking prices below \$9.30 USD/SF/Year over the past few quarters.





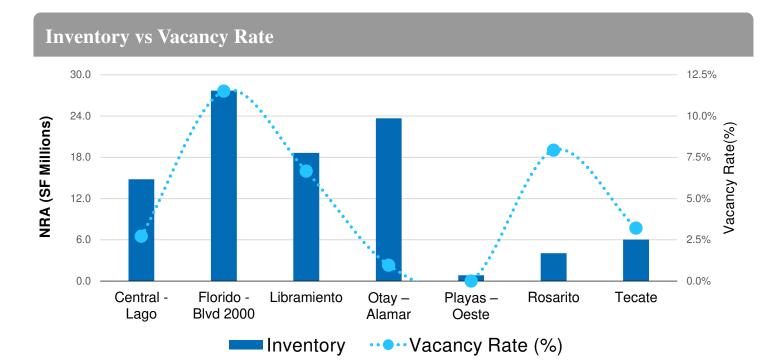
Under Construction and Available Developments

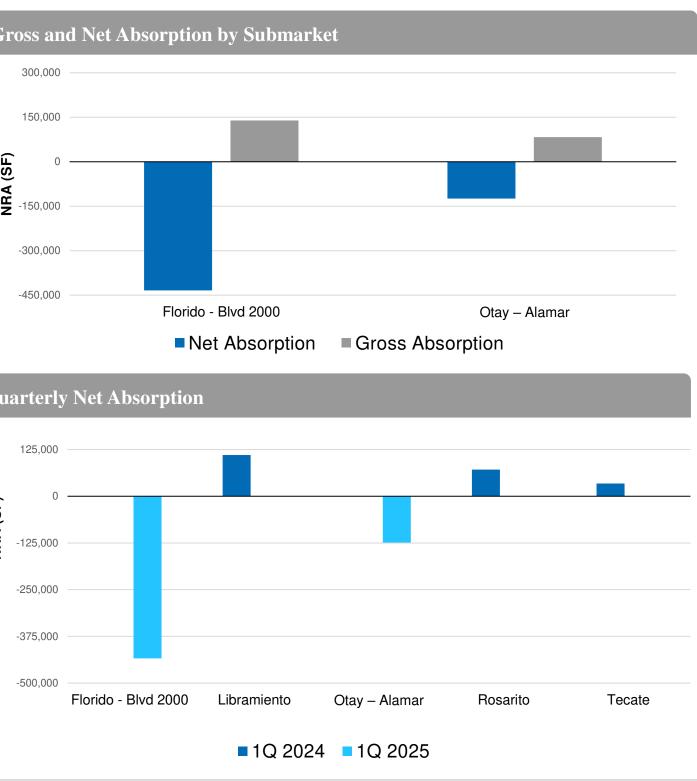
Projects are currently under construction in six of the seven submarkets that comprise Tijuana's industrial market. The vacancy has responded to the influx of new spaces added in the first quarter of 2025.



Tarata	

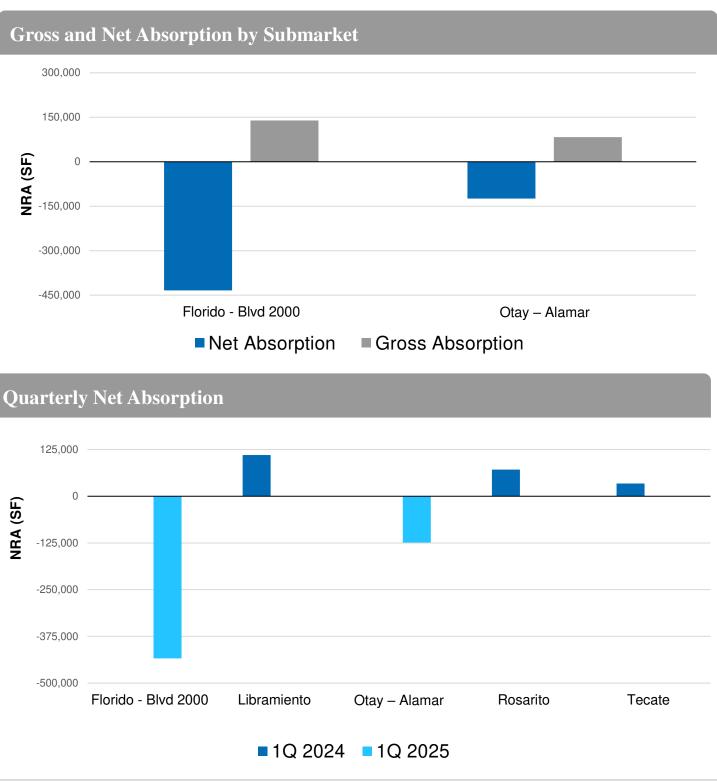
Submarket Comparatives







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



Submarket Statistics 1Q25

Tijuana Submarket Statistics

	Inventory (million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross (SF) Absorption	Net (SF) Absorption	Asking Lease Rate (USD/SF/Month)	Construction Asking Rent (USD/SF/Month)	
Central – Lago	14.8	-	395,808	2.7%	-	-	\$ 9.00	-	
Florido – Blvd 2000	27.7	2,938,851	3,186,921	11.5%	139,023	-433,709	\$ 9.00	\$ 9.96	
Libramiento	18.7	638,656	1,242,253	6.7%	-	-	\$ 9.12	\$ 9.60	
Otay – Alamar	23.7	780,480	226,722	1.0%	83,263	-123,956	\$ 10.68	\$ 10.08	
Playas – Oeste	0.9	-	-	0.0%	-	-	-	-	
Total	85.7	4,357,987	5,051,703	5.9%	222,286	-557,665	\$ 9.12	\$ 9.84	

Statistics by Municipality

Tijuana	Inventory (million SF) 85.7	Construction (SF)	Vacancy (SF) 5,051,703	Vacancy Rate 5.9%	Gross (SF) Absorption 222,286	Net (SF) Absorption -557,665	Asking Lease Rate (USD/SF/Month)		Construction Asking Rent (USD/SF/Month)	
		4,357,987					\$	9.12	\$	9.84
Rosarito	4.1	718,257	321,997	7.9%	-	-	\$	8.40	\$	9.48
Tecate	6.0	290,660	193,956	3.2%	-	-	\$	7.20	\$	9.24
Total	95.8	5,366,904	5,567,656	5.8%	222,286	-557,665	\$	9.00	\$	9.84

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y, asking rents, absorption and effective rents.