



## MARKET FUNDAMENTALS

	YOY Chg	Outlook
<b>12.8%</b> Vacancy Rate	▲	▬
<b>3.3M</b> YTD Net Absorption, SF	▼	▲
<b>\$8.25</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

## ECONOMIC INDICATORS

	YOY Chg	Outlook
<b>357K</b> El Paso Employment	▲	▲
<b>4.4%</b> El Paso Unemployment Rate	▬	▲
<b>4.6%</b> United States Unemployment Rate	▲	▲

*Source: BLS*

## ECONOMY OR SUPPLY

El Paso's unemployment rate remains below 5% and just above State and National rates. Home sales and prices haven't changed, at \$275,000 (existing) to \$315,000 (new construction). A healthy four-month supply of inventory in the resale market and a six-month supply for new construction exists presently. \*Borderplex Business Barometer, BLS, Federal Reserve of Dallas and the Texas Real Estate Center.

## SUPPLY OR DEMAND

The El Paso market delivered strong momentum in the fourth quarter. Inventory rose by 920,820 square feet (sf), with 6.4 million square feet (msf) under construction. New leasing activity showed a surprising 1.8 msf, an increase of more than 1 msf from third quarter. Overall vacancy fell by 290 basis points from 15.7% to 12.8%. Overall net absorption for the quarter registered 3.1 msf, underscoring unexpected growth and suggesting more consumption of available space.

As reported in the past quarter, new building deliveries will suppress rental rates from rising. New construction lease rates are expected to remain in the low \$9.00 per square foot per year range.

We project major manufacturers, who operate in Juarez and Chihuahua, Mexico will be forced to remain hesitant to commit to long-term warehouse contracts until third quarter 2026 when the direction on the U.S. mid-term elections and the results of the anticipated renegotiation of the USMCA agreements have been completed.

Related to the USMCA renegotiation, the El Paso-Juarez Economy functions best with clear policies and firm trade agreements. Consumer demand has improved considerably and the U.S. stock-market supports that our economy is on a solid footing. This quarter brought some relief to the manufacturing sectors; however, the corporate offices remain paused as they wait for reports on the trade agreement.

Cushman and Wakefield | PIRES closely monitors events on a daily basis while actively participating with businesses, trade groups and political leaders on both sides of the U.S. / Mexico border to remain in a position to provide current, relevant information to our customers and clients.

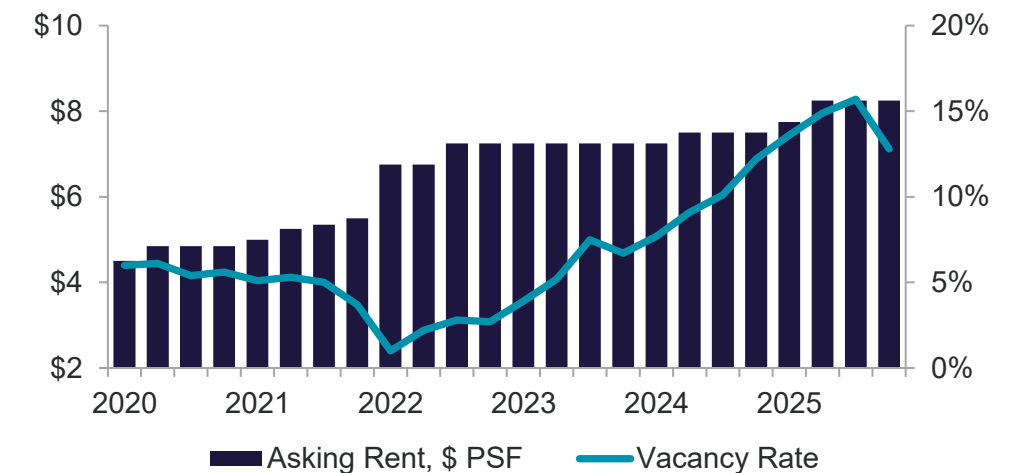
## PRICING

Lease rates are expected to not decrease further and will remain competitive in a narrow band until existing and soon-to-be-delivered stock is significantly absorbed. Stubbornly high construction costs and high inventories will discourage speculative building construction and will continue to do so until stocks are reduced. The only active construction has been for special purpose buildings such as specialized manufacturing space and data-center buildings.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	QTR CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	65,912,770	9,874,023	15.0%	2,961,034	3,164,343	5,461,064	875,220	\$8.50
Manufacturing	5,706,290	8,480	0.1%	0	0	873,442	0	\$9.00
Office Service / Flex	7,746,752	310,652	4.0%	103,209	147,464	67,600	45,600	\$9.00
<b>EL PASO TOTALS</b>	<b>79,365,812</b>	<b>10,193,155</b>	<b>12.8%</b>	<b>3,064,243</b>	<b>3,311,807</b>	<b>6,402,106</b>	<b>920,820</b>	<b>\$8.25</b>

\*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
11320 Gateway West Blvd.	Far East	Bastion	254,136	Direct-New Lease
13100 Pellicano Dr.	Far East	Faith Technologies, Inc	253,128	Direct-New Lease
6750 N. Desert Blvd.	West	IDC	222,219	Expansion
490 Bill Burnett Dr.	Far East	Kuehne + Nagel	218,134	Direct-New Lease
6750 N. Desert Blvd.	West	IDC	216,619	Renewal
9600 Pan American Dr.	Southeast	RL Jones	210,277	Direct-New Lease
12100 Emerald Pass	Far East	Unis	209,153	Direct-New Lease
11750 Gateway East Blvd.	Far East	Not Disclosed	78,480	Direct-New Lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
9900 Railroad Dr.	Northeast	485 Fall Creek LL & ASP Inc & 29/ Fleeman Family LP III & Bart Wayne Fleeman El Paso DE LLC & 30	322,175	Not Disclosed
3465 Lee Blvd.	East	3465 Lee Blvd. LLC/ Franics Properties I Ltd	76,790	Not Disclosed

KEY CONSTRUCTION COMPLETIONS Q4 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
855 Industrial Ave.	Santa Teresa, NM	First Brands	415,220	Blue Road Investments
1200 Burgundy Dr.	Southwest	L & F Distributors	225,000	N.M. Edificios LLC
505 Industrial Ave.	Santa Teresa, NM	Valley Cold Storage - Expansion	135,000	City of Anthony, NM
1600 E. Fourth Ave.	S. Downtown	Grupo Bafar	60,000	Nova Management LLC

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