

FIGURES | EL PASO INDUSTRIAL | Q2 2026

Hot weather, hotter market; Back-to-Back record quarters set El Paso off to a strong 1H 2026.

▼ 9.7%

Vacancy Rate

▲ 1.6M

SF Net Absorption

▲ 1.5M

SF Construction Delivered

▲ 6.6M

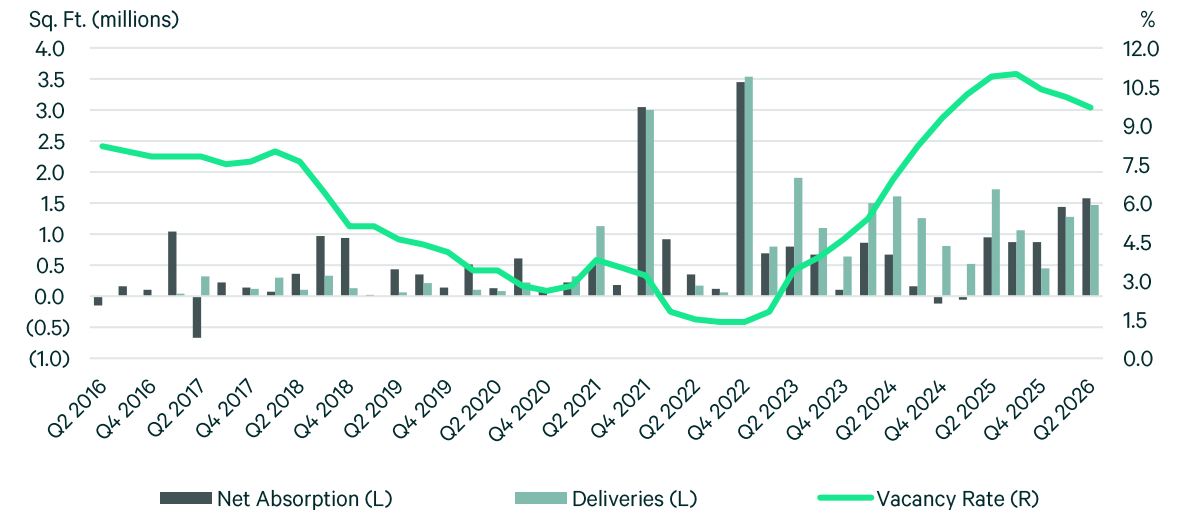
SF Under Construction

Note: Arrows indicate change from previous quarter.

Market Overview

The market posted net absorption of 1.6 million sq. ft. in Q2 2026, a record high. Mid-year net absorption and gross absorption marked new highs as well. Although a large amount of new, vacant speculative space hit the market during the quarter, the vacancy rate declined due to very strong leasing and user sale activity. Vacancy declined by 30 basis points quarter-over-quarter and by 100 basis points year-over-year. Construction activity remains robust, with 6.6 million sq. ft. under construction across 20 projects. There were over 1.9 million sq. ft. in new starts during the quarter. Deliveries totaled 1.5 million sq. ft. in Q2 2026, slightly above the 1.3 million sq. ft. delivered in Q1 2026. In Q2 2026, activity is characterized by several large transactions across the market. More than two-thirds of the quarters leasing and user sale activity was through transactions above 100,000 sq. ft.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Net Absorption

Total net absorption in Q2 2026 reached 1.6 million sq. ft., exceeding the prior quarter by 9.6% and the same quarter in 2025 by 65.2%. Excluding Q4 2021 and Q4 2022 when two large build-to-suits of over 2.5 million sq. ft. were delivered, Q2 2026 was the largest quarter of net absorption recorded since CBRE began tracking the market. 2026 mid-year absorption of 3.0 million sq. ft., the largest mid-year figure recorded for the market, is slightly higher than the 2025 total annual net absorption of 2.9 million sq. ft. Year-to-date gross absorption was 3.9 million sq. ft., the highest mid-year figure recorded for the market. The East submarket recorded the highest net absorption in Q2 2026 at almost 1.2 million sq. ft., followed by the West submarket at 240,000 sq. ft. The Northeast submarket was the only submarket with negative net absorption, recording a 7,000 sq. ft. decline for the quarter.

Leasing Activity

Q2 2026 was one of the most active quarters recorded for the market. The market registered 18 new leases, three subleases, three user sales, and ten renewals totaling 3.0 million sq. ft. This was the most active quarter since Q2 2014 when the market registered 3.5 million sq. ft. of activity. 30% of the quarter's activity was through the Logistics / 3PL industry and 29% was through the Computer Manufacturing industry. Activity is heavily concentrated in the East and Lower Valley submarkets, which recorded 1.4 million sq. ft. and 958,000 sq. ft., respectively, together accounting for roughly 79% of all activity in the in Q2 2026.

Vacancy Rate

Despite over 1.3 million sq. ft. of vacant speculative space delivered in Q2 20226, the market-wide vacancy rate was down 30 basis points (bps) quarter-over quarter, continuing the downward trend from Q4 2025. Previously, the vacancy rate had increased every quarter since Q3 2022. Year-over-year, the vacancy rate was down 100 bps. The Class A vacancy rate was down 20 bps quarter-over-quarter and 320 bps year-over-year.

Construction Activity

In Q2 2026, the market had 6.6 million sq. ft. under construction and 1.5 million sq. ft. delivered. Under construction volume increased 463,600 quarter-over-quarter and 1.5 million sq. ft. year-over-year. The Lower Valley is the most active submarket, with 2.9 million sq. ft. underway while the Horizon East submarket follows with 1.3 million sq. ft. Four new speculative projects and two build-to-suit projects totaling 1.7 million sq. ft., began moving dirt in the Lower Valley submarket during Q2 2026.

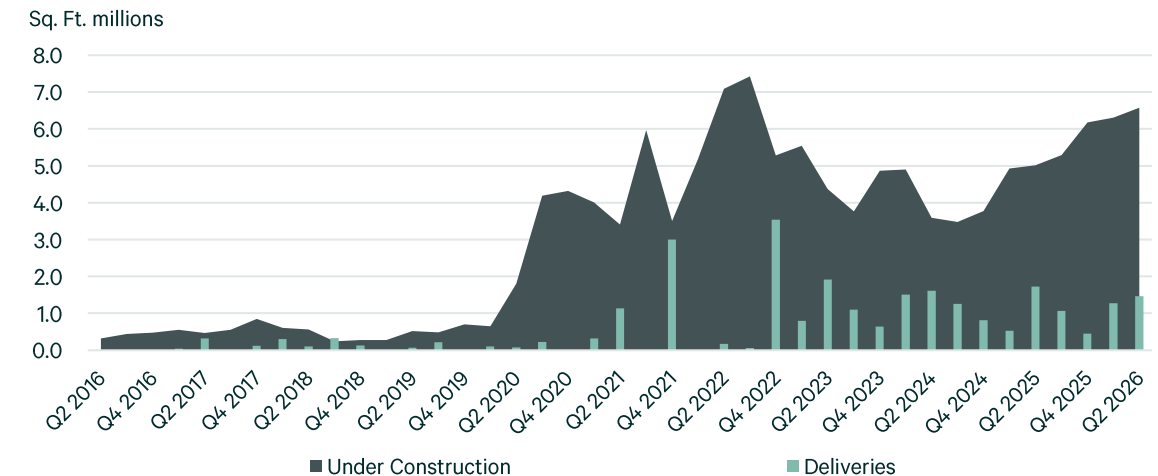
Market Statistics by Submarket

Figure 2

Submarket	Total Vacancy (%)	Total Availability (%)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Central	-	1.9	151,000	151,000	-	-
East	13.2	14.9	897,000	1.46M	-	1.26M
Horizon East	56.4	56.4	-	854,000	1.21M	1.30M
Lower Valley	13.4	17.0	296,000	296,000	101,000	2.86M
Northeast	4.1	6.6	(7,000)	(27,000)	-	636,000
West	5.1	6.7	240,000	281,000	160,000	507,000
Total	9.7	11.8	1.58M	3.02M	1.47M	6.57M

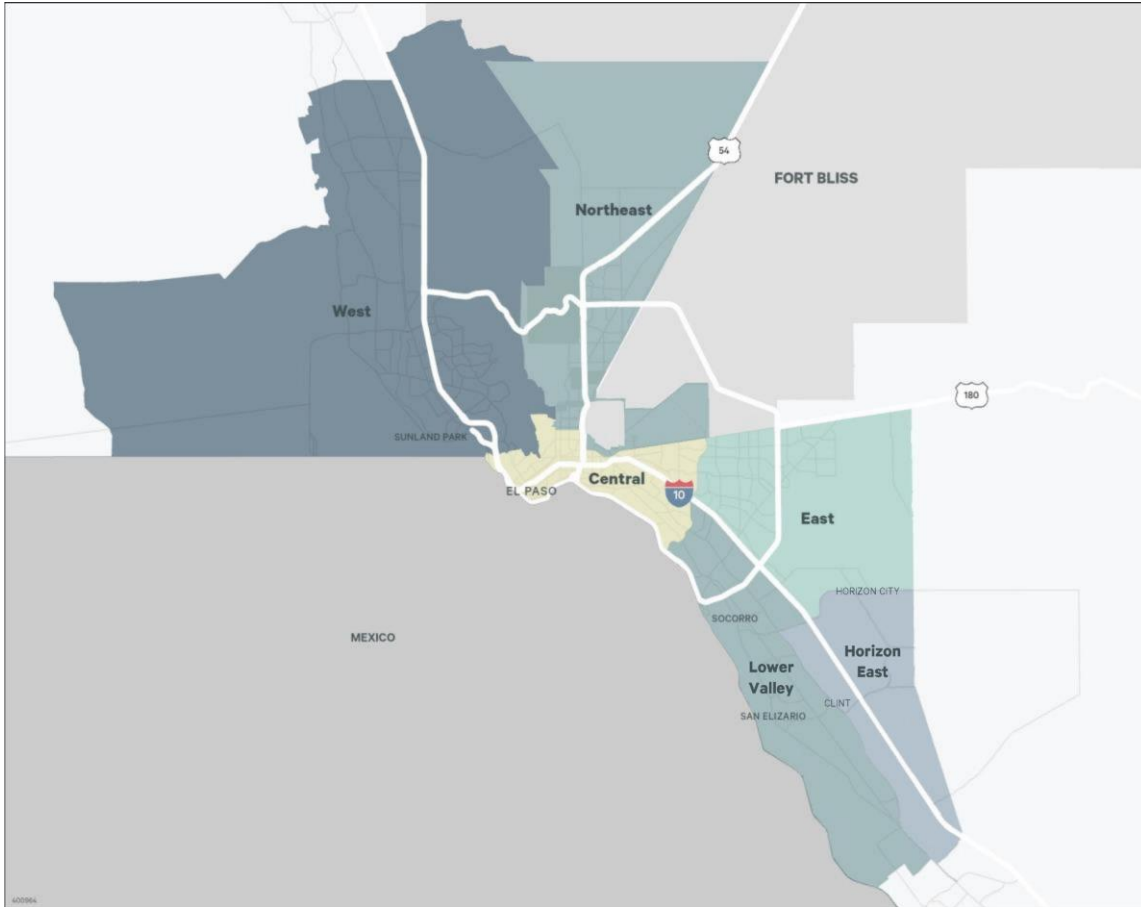
Source: CBRE Research, Q2 2026

Figure 3: Construction Activity



Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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