

Mid-year 2024 closes with slow leasing activity as absorption dips into negative territory.

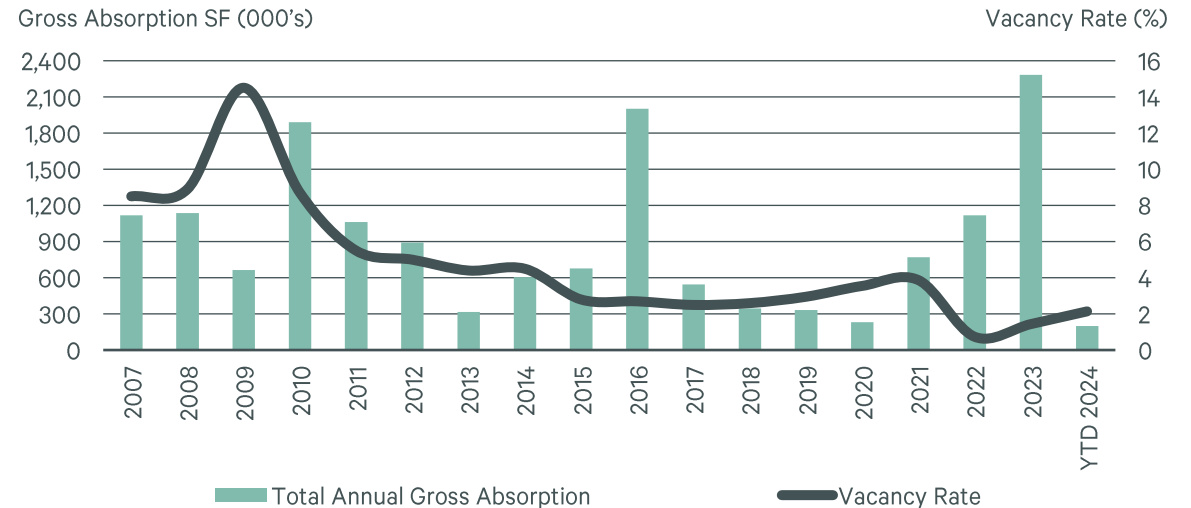
▲ 2.1% ▼ (85,477) ▼ 1,057,830
 Vacancy Rate SF Net Absorption SF Construction

Note: Arrows indicate change from same quarter in previous year.

MARKET OVERVIEW

- Q2 2024 net absorption was negative 85,477 sq. ft., the first quarter to register negative net absorption since Q2 2020. Year-to-date 2024 net absorption was negative 14,120 sq. ft.
- The market-wide vacancy rate saw a quarter-over-quarter increase of 30 basis point (bps) following the vacancy of a Class B space in the North submarket. Year-over-year, the market-wide vacancy rate increased by 110 bps. Class A vacancy was up 230 bps compared to Q2 2023 when the rate was 1.8%.
- Activity in the market was somewhat sluggish with only a handful of transactions registered year-to-date. However, availability remained relatively low. At the close of Q2 2024, only nine industrial spaces, including two subleases, spread between the North, South, and Southeast submarkets were available for lease.
- At the end of Q2 2024, 1,057,830 sq. ft. of industrial space remained under construction. Space under construction consisted of a 180,000 sq. ft. build-to-suit project and seven speculative projects ranging in size from 67,000 sq. ft. to 246,000 sq. ft. Six of the projects are in the North submarket and two projects, including a Q1 2024 start, are in the Southeast submarket. A 180,000 sq. ft. speculative development was delivered to the South submarket in Q1 2024.

FIGURE 1: Gross Absorption and Vacancy



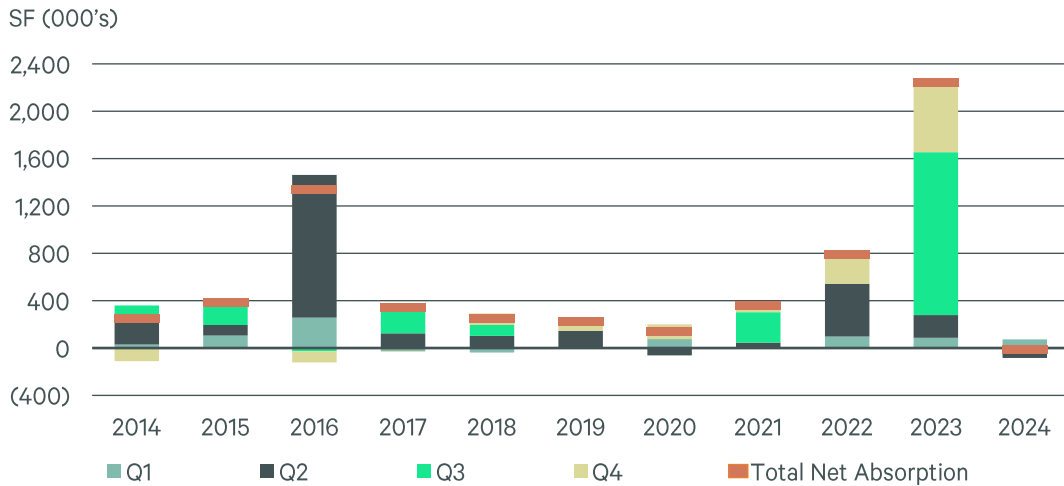
Source: CBRE Research, Q2 2024.

FIGURE 2: Chihuahua City Industrial Market Statistics

Submarket	Vacancy (%)	Availability (%)	Construction (SF)		Net Absorption (SF)	
			Active	Delivered	Q2 2024	YTD 2024
North	0.5	5.8	692,155	0	(85,477)	(14,120)
Central	-	-	0	0	-	-
Southeast	6.5	18.6	365,675	0	-	-
South	20.4	20.4	0	0	-	-
Off-Park	-	-	0	0	-	-
Chihuahua	2.1	3.7	1,057,830	0	(85,477)	(14,120)
Class A	4.1	6.7	1,057,830	0	0	0
Class B	0.9	1.9	0	0	(85,477)	(85,477)

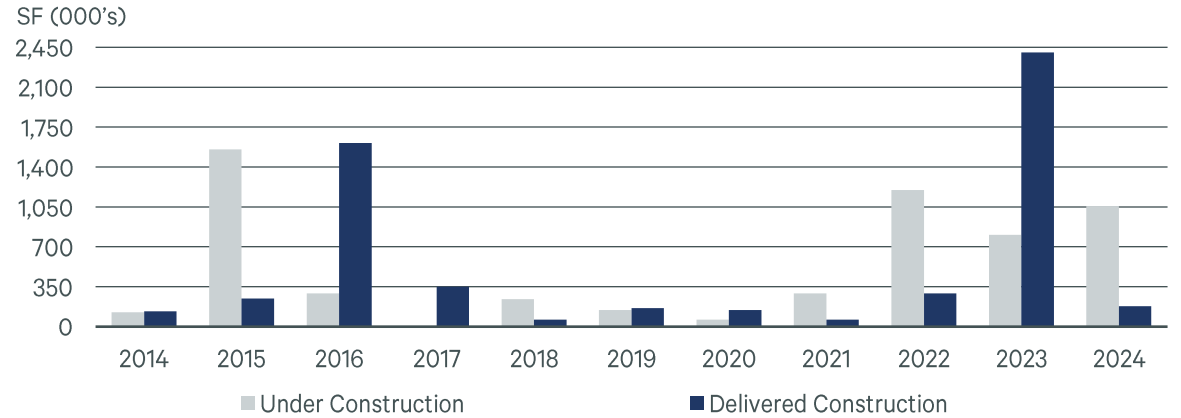
Source: CBRE Research, Q2 2024.

FIGURE 4: Net Absorption



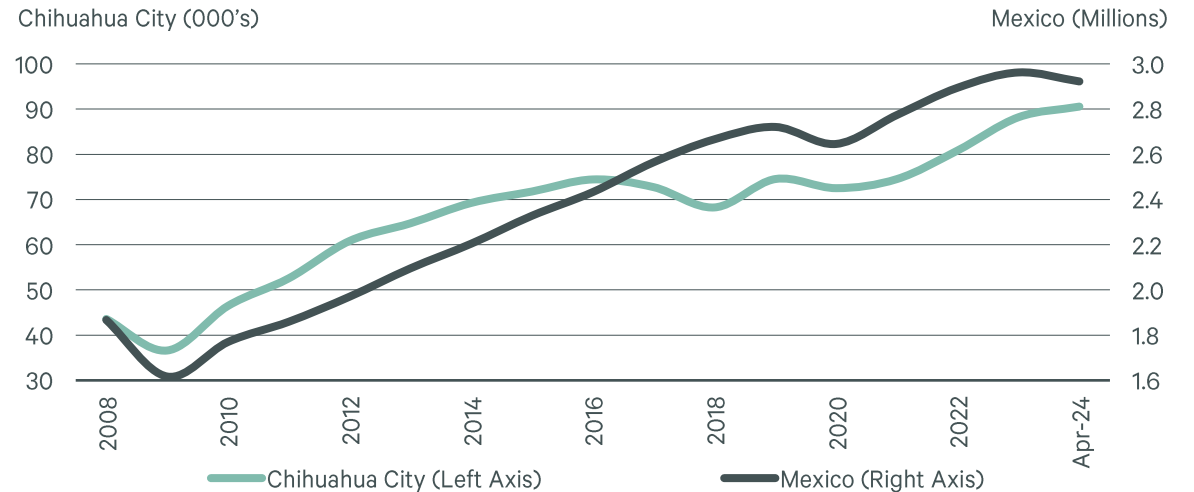
Source: CBRE Research, Q2 2024.

FIGURE 3: Construction



Source: CBRE Research, Q2 2024.

FIGURE 5: Maquiladora (IMMEX) Employment



Source: INEGI, July 2024.

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 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. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Triple Net Lease Rate: Rent excludes 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 immediately.

Survey Criteria

Includes all industrial buildings 30,000 sq. ft. and greater in size in greater metropolitan area of Chihuahua City, CHIH. Buildings which have begun construction as evidenced by site excavation or foundation work.

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