

FIGURES | EL PASO INDUSTRIAL | Q3 2026

# Net absorption stumbles around turn three but still running strong headed towards the finish.

▲11.5%

Vacancy Rate

▼(122.5)

KSF Net Absorption

▼1,387.2

KSF Construction Delivered

▼5,186.4

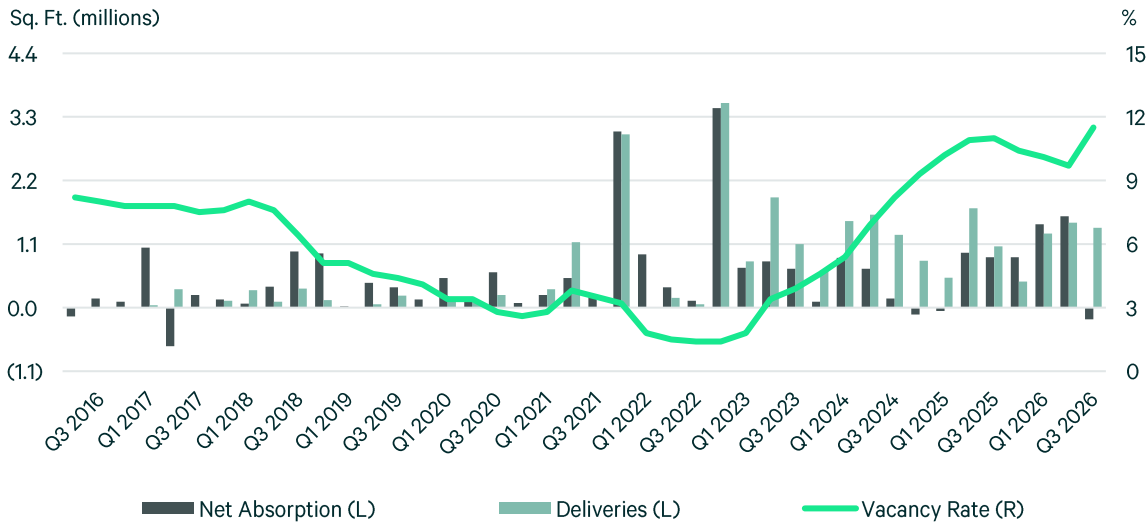
KSF Under Construction

Note: Arrows indicate change from previous quarter.

## Market Overview

While Q3 2026 net absorption fell into negative territory, Q3 2026 year-to-date net and gross absorption were the largest Q3 year-to-date figures recorded since CBRE began tracking the market. The market-wide vacancy rate increased by 180 bps quarter-over-quarter and 80 bps year-over-year. This increase was caused by the GSA putting 854,000 sq. ft. back on the market as well as the delivery of vacant speculative projects. However, the market remained healthy with steady leasing and renewal activity. The first half of 2026 was one of the strongest the market has seen and the remainder of the year is likely to be just as strong as demand for industrial space reached a market high of over 5.0 million sq. ft.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

### Net Absorption

Q3 2026 closed with negative 122,499 sq. ft. of net absorption, dipping far below the record setting previous two quarters. Q3 2026 gross absorption was 1.2 million sq. ft. Despite the negative net absorption, Q3 2026 year-to-date net and gross absorption were the largest figures recorded since CBRE began tracking the market. Q3 2026 year-to-date net absorption outpaced the previous record set in 2023 by 250,000 sq. ft. while gross absorption of 5.1 million sq. ft. outpaced the previous record set in 2024 by 1.5 million sq. ft. The largest share of absorption, 600,000 sq. ft., was through the delivery of two build-to-suit (BTS) projects.

Net absorption fell into negative territory due to three buildings purchased in Q1 2026 by the General Service Administration becoming available for sale and are currently unoccupied. The three buildings total just under 854,000 sq. ft. and are in the Horizon East submarket.

### Leasing Activity

Although slower than the previous quarters, the market remained active. Q3 2026 registered 7 new leases and 16 renewals totaling 1.7 million sq. ft. of activity. Like absorption, activity was concentrated in the East and Lower Valley submarkets. The East submarket saw a total of 985,000 sq. ft. of activity through 11 renewals and one new lease. The Lower Valley submarket registered 483,000 sq. ft. of activity through four renewals and three new leases. 563,000 sq. ft. 30% of the quarter's activity was through the Logistics / 3PL.

### Vacancy Rate

With over 800,000 sq. ft. of vacant speculative (spec) space delivered in Q3 2026 and a handful of spaces over 100,000 sq. ft. coming back on the market, the market-wide vacancy rate was up 180 basis points (bps) quarter-over quarter and 80 bps year-over-year. The Class A vacancy rate, the product class of the delivered vacant spec and the large vacancies, was up 270 bps quarter-over-quarter but is down by 30 bps year-over-year.

### Construction Activity

Total space under construction fell by 1.4 million sq. ft. quarter-over-quarter and 68,0000 sq. ft. year-over-year. No new construction started during Q3 2026. The quarter closed with 16 projects and 5.2 million sq. ft. of industrial space under way of which 3.7 million sq. ft. is spec. The Lower Valley submarket holds the largest share of construction activity, almost 2.7 million sq. ft. through six spec projects and two BTS projects.

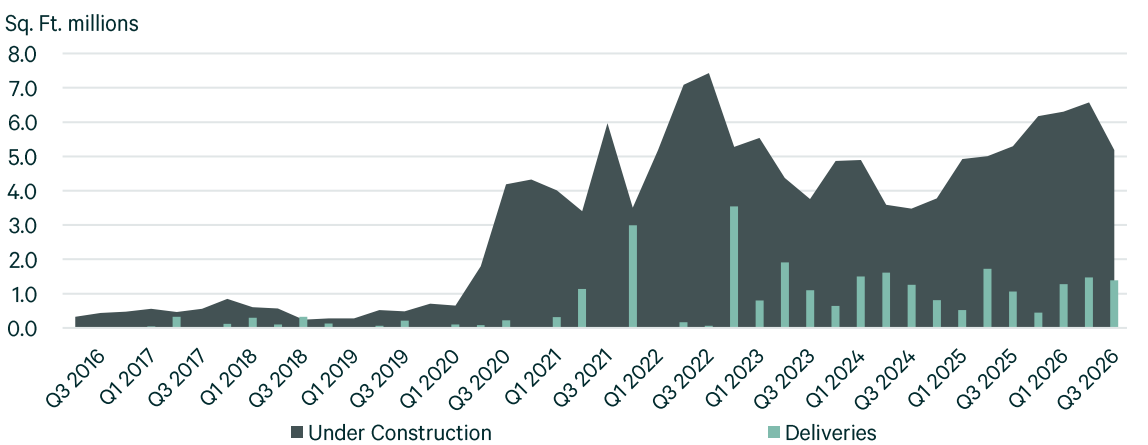
### Market Statistics by Submarket

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                 | -               | -                       |
| East         | 12.6              | 14.0                   | 267,000                             | 2.00M                   | 390,000         | 872,000                 |
| Horizon East | 95.5              | 95.5                   | (854,000)                           | -                       | 804,000         | 501,000                 |
| Lower Valley | 13.3              | 17.5                   | 408,500                             | 433,000                 | 193,000         | 2.67M                   |
| Northeast    | 3.9               | 6.8                    | 24,000                              | (3,000)                 | -               | 636,000                 |
| West         | 6.0               | 7.6                    | 32,000                              | 313,000                 | -               | 507,000                 |
| Total        | 11.5              | 13.6                   | (122,500)                           | 2.89M                   | 1.39M           | 5.19M                   |

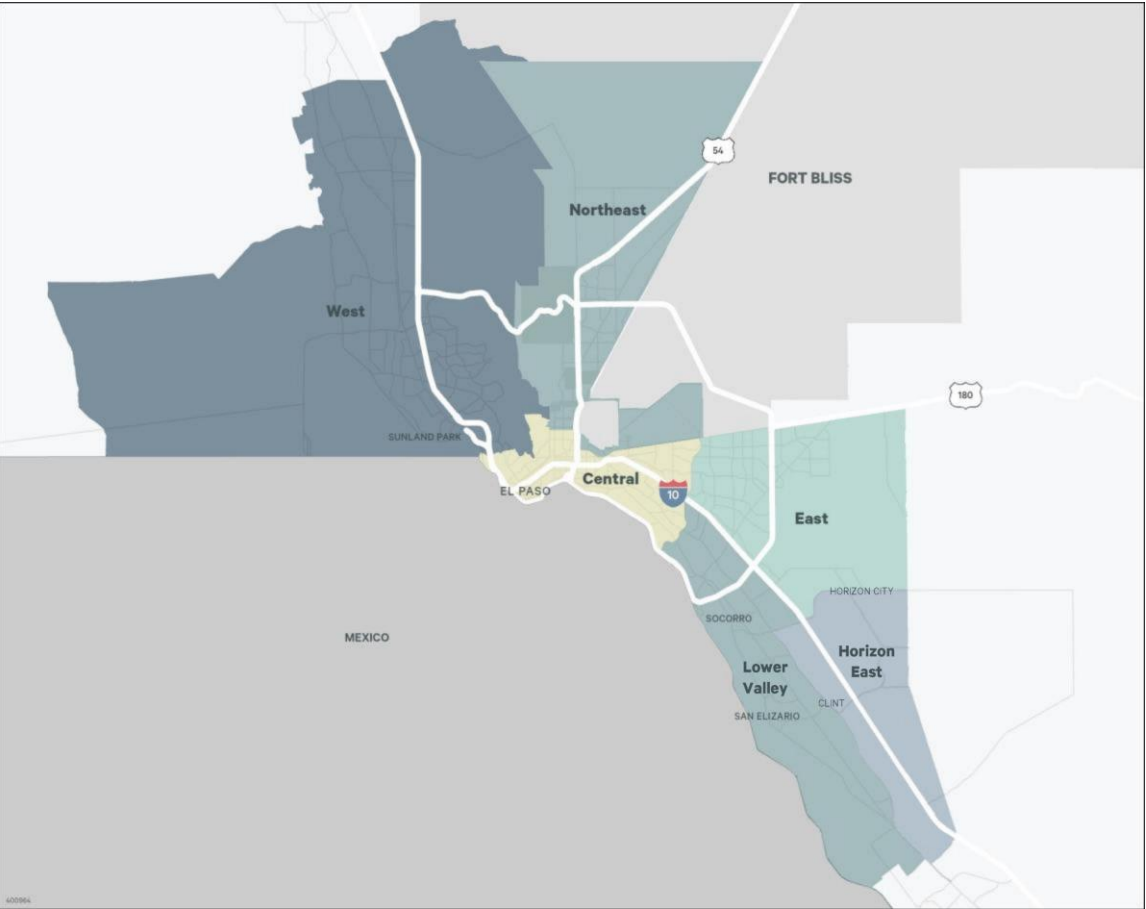
Source: CBRE Research, Q3 2026

Figure 3: Construction Activity



Source: CBRE Research, Q3 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]

Contacts

Marc L. Miller  
Research Director  
+1 305 381 6428  
marc.miller1@cbre.com

Jeremy Bock  
Research Manager  
  
jeremy.bock@cbre.com

Elisabeth Downs  
Senior Field Research Analyst  
  
elisabeth.downs@cbre.com