

FIGURES | EL PASO INDUSTRIAL | Q4 2025

# Strong finish leaves net absorption just shy of record high. Market fundamentals are strong, but breadth remains limited.

▼ 10.4%  
Vacancy Rate

▼ 873,696  
SF Net Absorption

▲ 5,982,014  
SF Construction

▼ 449,150  
SF Delivered Construction

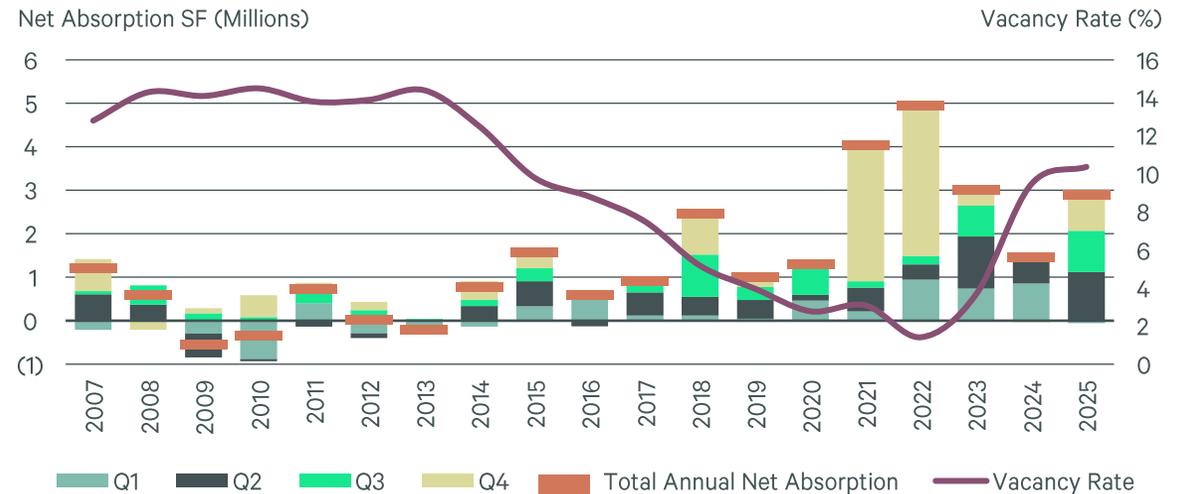
Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

- Q4 2025 net absorption remained strong after a solid Q3, easily outpacing H2 2024 by 1.8 million sq. ft.
- 2025 total annual net absorption of 2.9 million sq. ft. fell just short of the record-high set in 2023 while the 2025 total annual gross absorption of 4.7 million sq. ft. is the largest figure recorded for the El Paso Industrial market. *[note this does not account for two unusual BTS projects in 2021 and 2022]*
- The market-wide vacancy rate was down 30 basis bps quarter-over quarter, trending downward for the first time since Q3 2022.
- 6.0 million sq. ft. of industrial space, of which 5.0 million sq. ft. is speculative, is under construction at the end of Q4 2025.

The El Paso Industrial Market closed the year with near-record net absorption, declining vacancy, and a rebound in demand for industrial space. Despite continued uncertainties around tariffs and trade which directly affect the Borderplex region, leasing activity remained steady throughout the year and included several mega-deals. As these trends continue to strengthen, the El Paso Industrial Market is increasingly poised for a successful 2026.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research, Q4 2025.

## Absorption and Leasing Activity

Q4 2025 closed with 873,696 sq. ft. of net absorption, a quarter-over-quarter decline of 72,000 sq. ft. but a significant improvement compared to Q4 2024 when absorption was negative 5,172 sq. ft. Excluding 2021 and 2022 when build-to-suits of over 2.5 million sq. ft. were delivered, 2025 marked the second largest year of net absorption. 2025 fell just short of the 3.0 million sq. ft. record set in 2023. Also excluding 2021 and 2022, total annual gross absorption for 2025, 4.7 million sq. ft., is the largest figure recorded since CBRE began tracking the market.

Q4 2025 registered eight new leases, a sublease, and three renewals totaling 1.8 million sq. ft. of activity, higher than the previous quarter's activity and more than double the Q4 2024 activity. While overall activity for the year was solid, leasing activity lacked a robust industry mix and was carried by a few mega-deals. About 52% of the year's leasing activity came through the Logistics / 3PL industry. A single computer manufacturing lease accounted for 11% of activity. No other industry accounted for more than 10% of activity. Three deals, all above 400,000 sq. ft., accounted for 32% of all leasing activity for 2025 and occurred in the first half of the year.

The market-wide vacancy rate was down 30 basis points (bps) quarter-over quarter, trending downward for the first time since Q3 2022. Class A vacancy was down 170 bps quarter-over-quarter. This was caused mostly by the reclassification of inventory from Class A to Class B. As the market grows and new, higher quality product is delivered, existing inventory is reevaluated as it becomes available for lease or sale. However, even without these reclassifications, the Class A vacancy rate would still have seen a 40 bps quarter-over-quarter decrease, marking its second quarter-over-quarter decline since Q3 2022. The first decline was in the previous quarter.

FIGURE 2: El Paso Industrial Market Statistics

Submarket	Vacancy (%)	Availability (%)	Construction (SF)		Net Absorption (SF)	
			Active	Delivered	Q4 2025	Total 2025
West	6.3	8.7	583,442	-	190,488	526,026
Northeast	3.9	5.6	636,465	-	(133,521)	91,238
Central	1.1	3.8	-	-	(34,500)	(128,939)
East	15.2	16.0	1,385,604	449,150	856,169	1,394,888
Lower Valley	12.8	15.1	864,788	-	(4,940)	923,354
Horizon East	88.5	88.5	2,511,715	-	-	78,151
<b>El Paso Total</b>	<b>10.4</b>	<b>12.1</b>	<b>5,982,014</b>	<b>449,150</b>	<b>873,696</b>	<b>2,884,718</b>
<b>Class A</b>	<b>16.9</b>	<b>18.2</b>	<b>5,982,014</b>	<b>449,150</b>	<b>824,498</b>	<b>2,968,190</b>
<b>Class B</b>	<b>4.4</b>	<b>5.4</b>	<b>-</b>	<b>-</b>	<b>83,698</b>	<b>(48,972)</b>

Source: CBRE Research, Q4 2025.

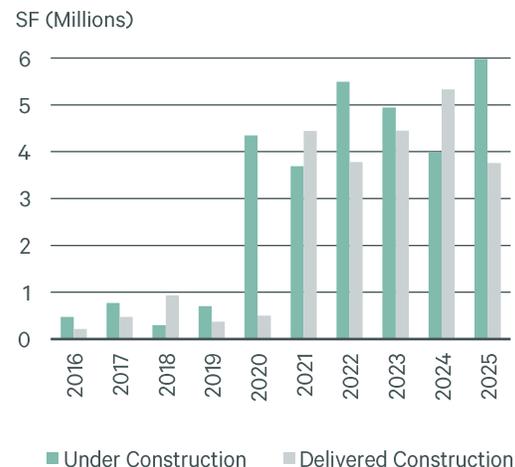
## Construction

Total space under construction increased by 727,800 sq. ft. quarter-over-quarter and by 1.3 million sq. ft. year-over-year. Two spec projects in the Northeast submarket and one in the Horizon East submarket, totaling over 1.1 million sq. ft., began moving dirt during the quarter. New spec starts between 2021 to 2024 averaged in size from 234,000 sq. ft. to 267,000 sq. ft. Spec starts in 2025 have exceeded that average with Q4 2025 averaging 380,000 sq. ft. The quarter closed with 24 projects and just under 6.0 million sq. ft. of industrial space under way. 5.0 million sq. ft. of the space under construction is spec.

## Future Activity

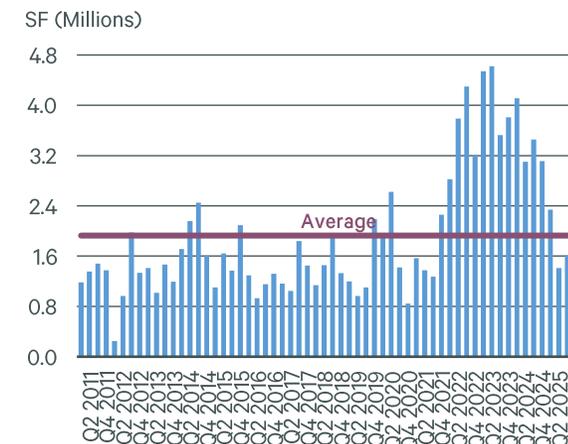
CBRE tracks user demand for space in the El Paso Industrial Market. Q4 2025 closed with users seeking 3.1 million sq. ft., an increase of 1.5 million sq. ft. compared to Q3 2025 and equal to demand from a year ago. Industrial users are seeking space ranging in size from 10,000 sq. ft. to 500,000 sq. ft. with a median size of 100,000 sq. ft. Current demand for space reflects the leasing activity seen in 2025. About 40% of current demand is through Logistics / 3PL users. Computer and parts manufacturing and related industries account for 30% of demand. Four users, two Logistics / 3PL and two computer and parts manufacturers, make up close to 45% of demand for industrial space.

FIGURE 3: Construction



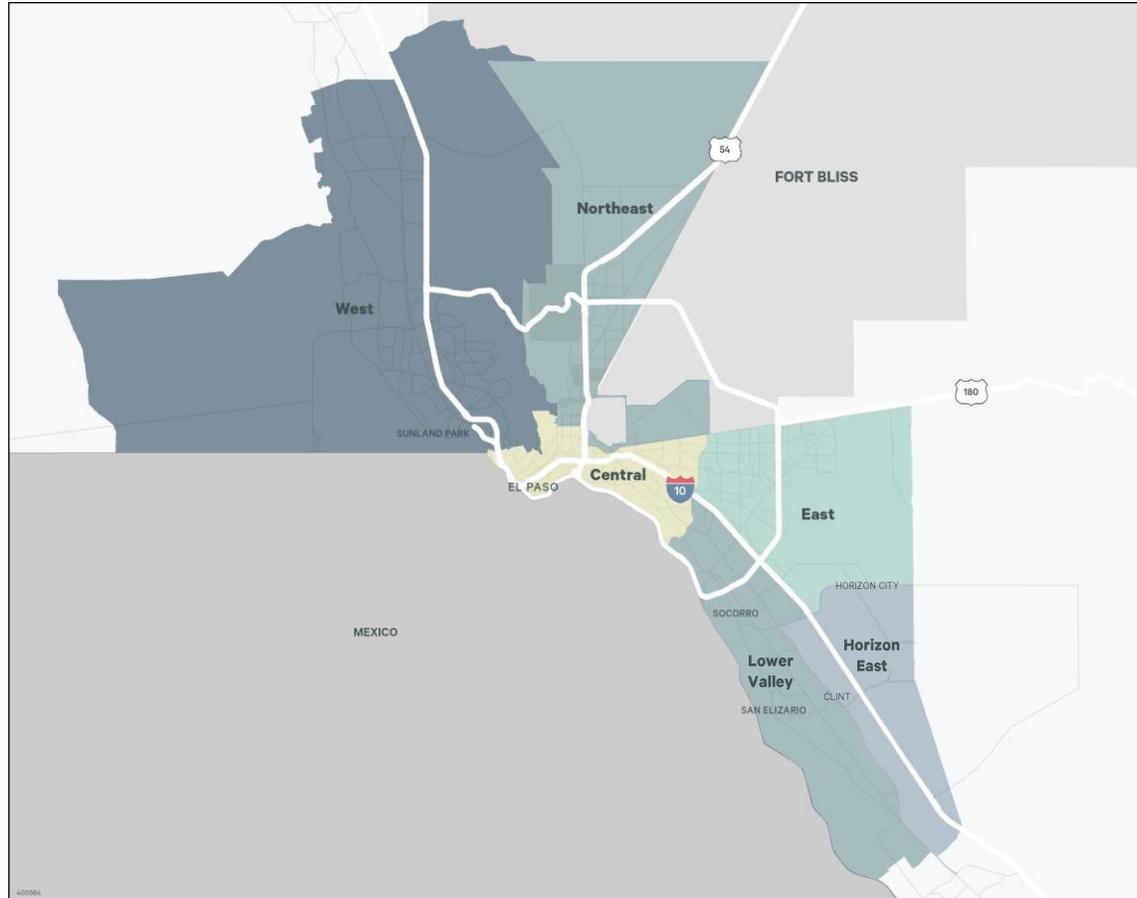
Source: CBRE Research, Q4 2025.

FIGURE 4: Active Users in the Market



Source: CBRE Research, Q4 2025.

## 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 El Paso, TX and Santa Teresa, NM. Buildings which have begun construction as evidenced by site excavation or foundation work.

### Contacts

**Elisabeth Downs**

Senior Field Research Analyst  
elisabeth.downs@cbre.com

**Marc Miller**

Research Director  
marc.miller1@cbre.com

### CBRE EL PASO OFFICE

221 N. Kansas, Suite 2100  
El Paso, TX 79936

© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE’s current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE’s control. In addition, many of CBRE’s views are opinion and/or projections based on CBRE’s subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE’s current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE’s securities or of the performance of any other company’s securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

