

FIGURES | EL PASO INDUSTRIAL | Q1 2026

Powering Up! Record quarterly absorption driven up by data center industry activity; Vacancy starts a downward trend.

▼ 10.0%
Vacancy Rate

▲ 1,439,612
SF Net Absorption

▲ 6,109,901
SF Construction

▲ 1,275,676
SF Delivered Construction

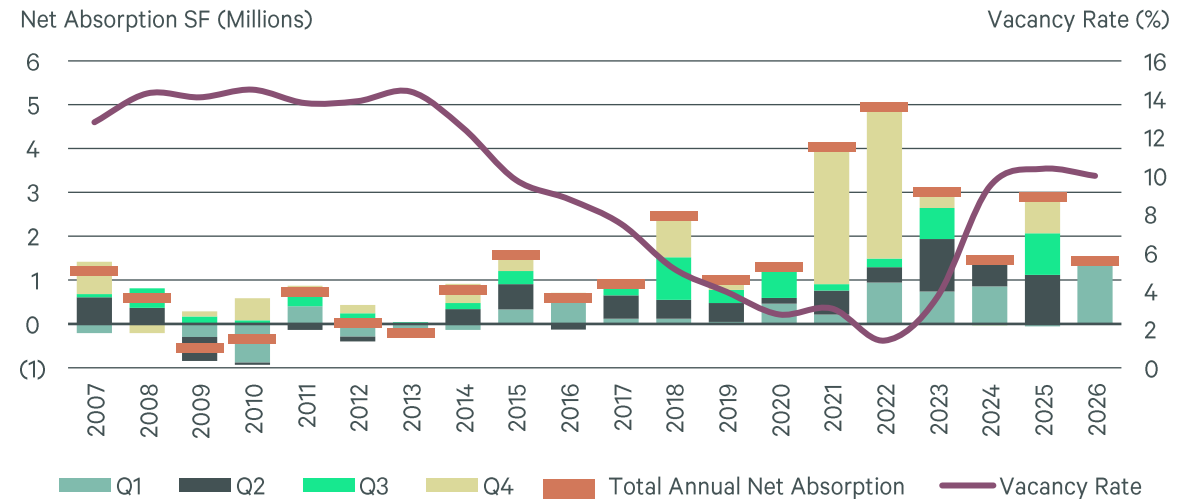
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- Q1 2026 net absorption of 1.4 million sq. ft. and gross absorption of 2.0 million sq. ft. were the largest quarterly figures recorded for the El Paso Industrial Market. *[note this does not account for two unusual BTS projects in Q4 2021 and Q4 2022]*
- 1.6 million sq. ft. of gross absorption was in new, previously unoccupied Class A space that was delivered vacant between 2023 and 2025.
- The market-wide vacancy rate fell 40 bps quarter-over quarter, marking two consecutive quarters of decline following an uninterrupted upward trend that began in Q3 2022.
- 6.1 million sq. ft. of industrial space, of which 5.0 million sq. ft. is speculative, was under construction at the end of Q1 2026.

After falling just short of record annual net absorption last year, the El Paso Industrial Market kicked off 2026 with record setting quarterly net and gross absorption. Although a large amount of new, vacant product hit the market during the quarter, the vacancy rate declined due to very strong leasing activity. Activity related to data center construction and supply chains continues to be a dominate theme across the market representing 40% of absorption.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research, Q1 2026.

Absorption and Leasing Activity

Q1 2026 closed with 1,439,612 sq. ft. of net absorption, a quarter-over-quarter increase of 565,900 sq. ft. and a significant improvement compared to Q1 2025 when absorption was negative 57,3000 sq. ft. Gross absorption for the quarter was 2.0 million sq. ft. Excluding Q4 2021 and Q4 2022 when build-to-suits of over 2.5 million sq. ft. were delivered, Q1 2026 was the largest quarter of net and gross absorption recorded since CBRE began tracking the market. The largest share of absorption, 1.6 million sq. ft. of gross absorption, was in new, previously unoccupied Class A space that was delivered vacant between 2023 and 2025.

Q1 2026 registered nine new leases, a user sale of three buildings, and four renewals totaling 2.3 million sq. ft. of activity, higher than the previous quarter’s activity and nearly double the Q1 2025 activity. 40% of the quarter’s activity and absorption was related to data centers. Electrical equipment manufacturers and distributors, and construction companies leased space in the West and East submarket where two data centers are under construction.

The market-wide vacancy rate was down 40 basis points (bps) quarter-over quarter, continuing the downward trend from Q4 2025. Previously, the vacancy rate had increased every quarter since Q3 2022. The 1.3 million sq. ft. of vacant Class A spec product delivered in Q1 2026, and a 415,000 sq. ft. Class A vacancy was balanced out by strong leasing activity. The Class A vacancy rate was down 100 bps quarter-over-quarter and 190 bps year-over-year.

FIGURE 2: El Paso Industrial Market Statistics

Submarket	Vacancy	Availability	Construction (SF)		Net Absorption (SF)
	(%)	(%)	Active	Delivered	Q1 2026
West	5.9	8.6	667,442	-	41,413
Northeast	4.1	5.6	636,465	-	(20,400)
Central	1.1	3.7	-	-	-
East	16.1	17.4	1,206,955	995,604	564,819
Lower Valley	14.8	18.9	1,087,324	280,072	-
Horizon East	7.4	11.3	2,511,715	-	853,780
El Paso Total	10.0	12.2	6,109,901	1,275,676	1,439,612
Class A	15.8	17.6	6,109,901	1,275,676	1,503,852
Class B	4.7	6.1	-	-	(64,240)

Source: CBRE Research, Q1 2026.

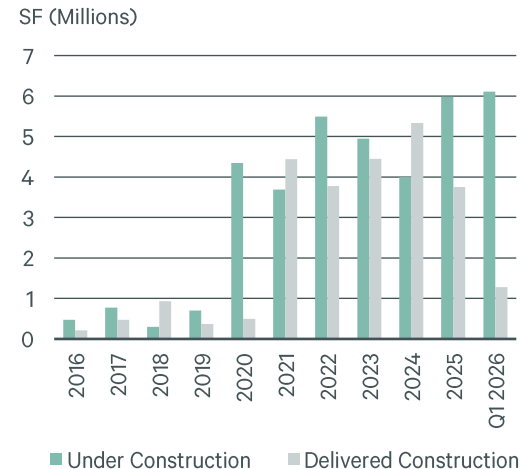
Construction

Total space under construction saw increases of 127,900 sq. ft. quarter-over-quarter and 1.2 million sq. ft. year-over-year. An 817,000 sq. ft. spec in the East submarket, a 503,000 sq. ft. spec in the Lower Valley submarket, and an 84,000 sq. ft. BTS project in the West submarket began moving dirt during the quarter. The quarter closed with 18 projects and 6.1 million sq. ft. of industrial space under way of which 5.0 million sq. ft. is spec. The Horizon East submarket holds the largest share of construction activity, 2.5 million sq. ft. through seven spec projects.

Future Activity

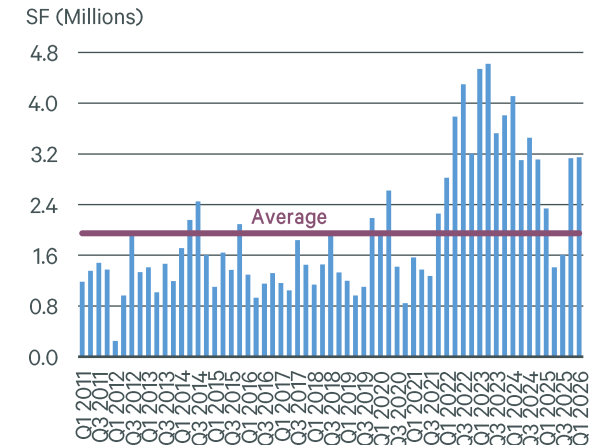
CBRE tracks user demand for space in the El Paso Industrial Market. Q1 2026 closed with users seeking 3.1 million sq. ft., flat with the previous quarter, 1.3 million sq. ft. of those requirements were converted to deals in Q1 2026. Demand for industrial space ranged in size from 15,000 sq. ft. to over 400,000 sq. ft. Users seeking between 50,000 sq. ft. and 100,000 sq. ft. were the most active. 57% of current demand is through the data center industry as suppliers, manufacturers, and distributors. Logistics / 3PL accounts for 10% of the quarters demand, the second largest share.

FIGURE 3: Construction



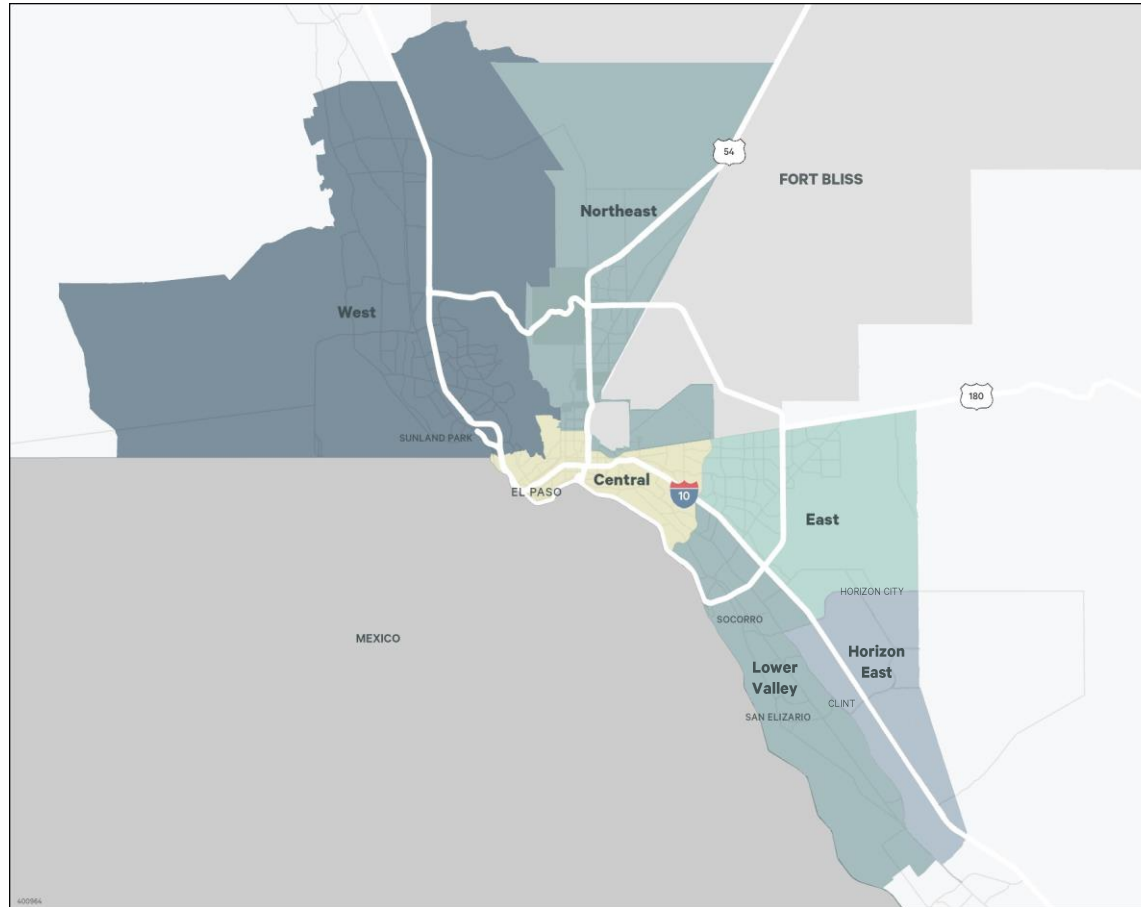
Source: CBRE Research, Q1 2026.

FIGURE 4: Active Users in the Market



Source: CBRE Research, Q1 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 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.

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