



Tijuana Industrial Market

Movement in Land and Construction

The focus remains on construction and buying land in the city. Construction is growing in Rosarito and Valle Redondo, as the price for land soars. To the east, new players are building. To the south, IAMSA explores new horizons with its first park in Rosarito. Supply will likely continue growing, although demand keeps ensuring that vacancy does not grow too much. Out of the 931,143 square feet leased during this quarter, 44% were constructions or build-to-suit projects, while 56% were Class A and B vacancies.

Despite such a low availability and pre-leasing, we still observe high vacancy among the subletting supply. Sources such as DATOZ show the subletting supply has been 0.2% so far this year.

Good news is that inventory is expected to continue growing. Considering the projects in store at Tijuana, Rosarito, and Tecate, we could reach 100 million square feet before 2025. It is possible that this growth will lead to the creation of new submarkets in the east and south of the city: Valle Redondo and Santa Fe.

Current Conditions

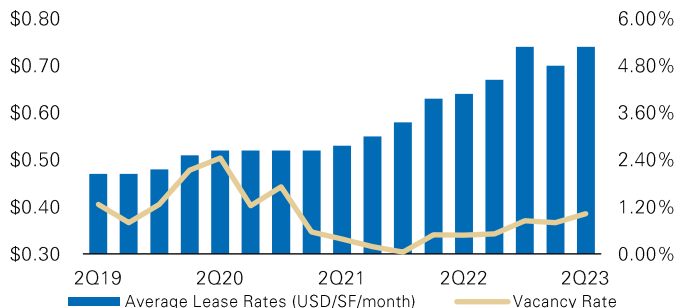
- Asking prices are continuously inching closer to \$0.80 USD per square feet.
- The vacancy rate remains at a low point, right below 1%.
- The developers continue growing in the East and South areas of the city. This could represent the emergence of new submarkets in later reports.

Market Summary

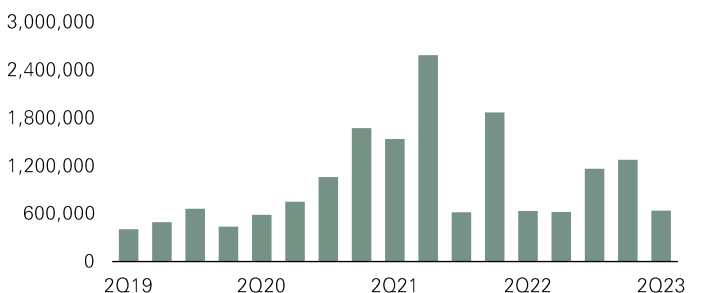
	Current Quarter	Prior Quarter	Year Ago Period	12-month Forecast
Total Inventory (SF)	79.6M	78.7M	74.3M	↑
Vacancy Rate	0.7%	0.8%	0.5%	→
Quarter Net Absorption (SF)	931,143	1,273,541	632,228	↑
Avg. Asking Rent (USD/SF/Year)	\$0.74	\$0.72	\$0.64	→
Under Construction (SF)	2,612,366	2,896,450	3,184,185	↑

Market Analysis

ASKING LEASE RATES AND VACANCY RATES



NET ABSORPTION (SF)



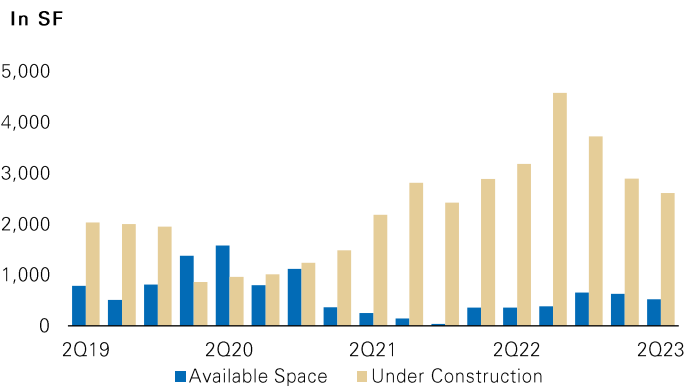
Available vs Sublease

Vacancy will not exceed 1% for the remainder of 2023. Nonetheless, we could be close to seeing a new indicator on the horizon. So far this year, we have detected more supply of spaces for subletting. There have been fluctuations, considering that the terms for this type of leasing tend to be considerably shorter than for a traditional contract. Yet, we could see a supply of over 50,000 meters for subletting in the next quarter.

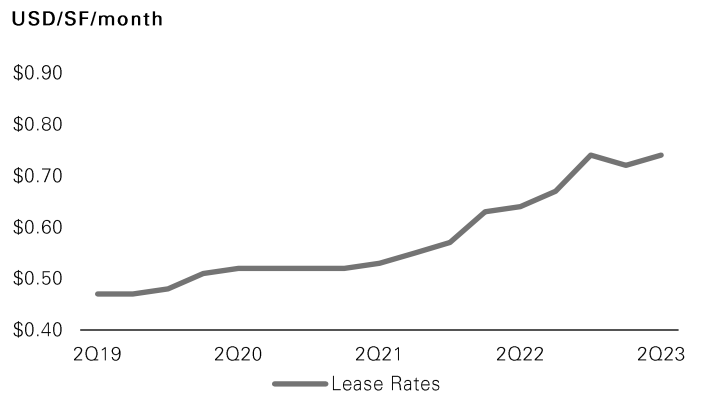
Prices wil Continue to Increase

With the emergence of new investors and the speed of leases enabled by pre-leasing, prices continue raising in various submarkets. Libramiento and Central, which used to be “less coveted” areas, now have lease prices above what can be observed in El Florido. Some contracts are closing with prices above those for spaces in Otay. This suggests that there will be increases in the other submarkets as well, as they usually stay at the top of such trends.

Vacancy and Construction



Asking Lease Rates 2019-2023



Submarket Statistics

	Inventory (Million SF)	Under Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	YTD Net Absorption (SF)	Asking Lease Rate (USD/SF/month)	Under Construction Asking Rate (USD/SF/month)
Central – Lago	14.3	52,644	0	0.00%	87,411	87,411	294,079	\$0.00	\$0.90
Florido – Blvd. 2000	23.9	887,120	281,799	1.18%	84,384	0	248,785	\$0.70	\$0.75
Libramiento	17.1	1,081,370	157,713	0.92%	635,259	635,259	1,391,240	\$0.74	\$0.73
Otay – Alamar	23.4	0	0	0.00%	0	0	0	\$0.00	\$0.00
Playas - Oeste	0.8	0	0	0.00%	0	0	0	\$0.00	\$0.00
Tijuana	79.6	2,021,134	439,512	0.66%	807,054	722,670	1,934,104	\$0.72	\$0.74

Important Transactions				
Building	Industrial Park	Submarket	Type	Square Feet
Diamond Electronics	Pacifico	Libramiento	Sale	137,200
Prisma X	Pacifico	Libramiento	BTS	87,500
Intermerk F2A	Florido	Florido – Blvd 2000	Lease	84,400
Vinventions	Real de Rosarito	Rosarito	Lease	77,500

Under Construction				
Building	Developer	Submarket	Type	Square Feet
Scantibodies	FINSA	Florido – Blvd 2000	BTS	446,200
Prisma IV	ATISA	Libramiento	Spec	432,300
FINSA Rosarito	FINSA	Rosarito	Spec	366,083
MegaRegion 4	VESTA	Libramiento	Spec	222,974
Hubs NW1	MEOR	Florido – Blvd 2000	Spec	210,972
N5	RMSG	Libramiento	Spec	150,047
Topacio	ATISA	Libramiento	Spec	140,968
GF5 Santa Fe	Privado	Libramiento	Spec	127,719
Pamprica	Privado	Tecate	Spec	95,300
Mercurio II	ATISA	Libramiento	Spec	94,898
Zircon	ATISA	Libramiento	Spec	77,500
Meseta IV	TYG	Florido – Blvd 2000	Spec	77,101
Realito II	TYG	Florido – Blvd 2000	Spec	75,347
Real de Rosarito 2	Privado	Rosarito	Spec	67,692
Grenache	Cadena	Rosarito	Spec	62,157
Misiones 3	TYG	Florido – Blvd 2000	Spec	52,644
MegaRegion 2B	VESTA	Libramiento	Spec	50,652

Submarket Statistics									
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Tijuana	79.6	1,970,482	439,512	0.66%	807,054	722,670	1,934,104	\$0.72	\$0.74
Rosarito	3.4	433,775	0	0.00%	77,500	77,500	145,192	\$0.00	\$0.71
Tecate	5.8	157,457	0	0.00%	130,973	130,973	130,973	\$0.00	\$0.74
Market Total	88.8	2,561,714	439,512	0.49%	1,015,527	931,143	2,210,269	\$0.72	\$0.74

For further information:

Tijuana

Diego Rivera 2311, Suite 501
Zona Urbana Rio Tijuana,
Tijuana, BC, México 22010
t 664-375-1446

Genaro Lopez

Market Analyst
genaro.lopez@nrmk.com

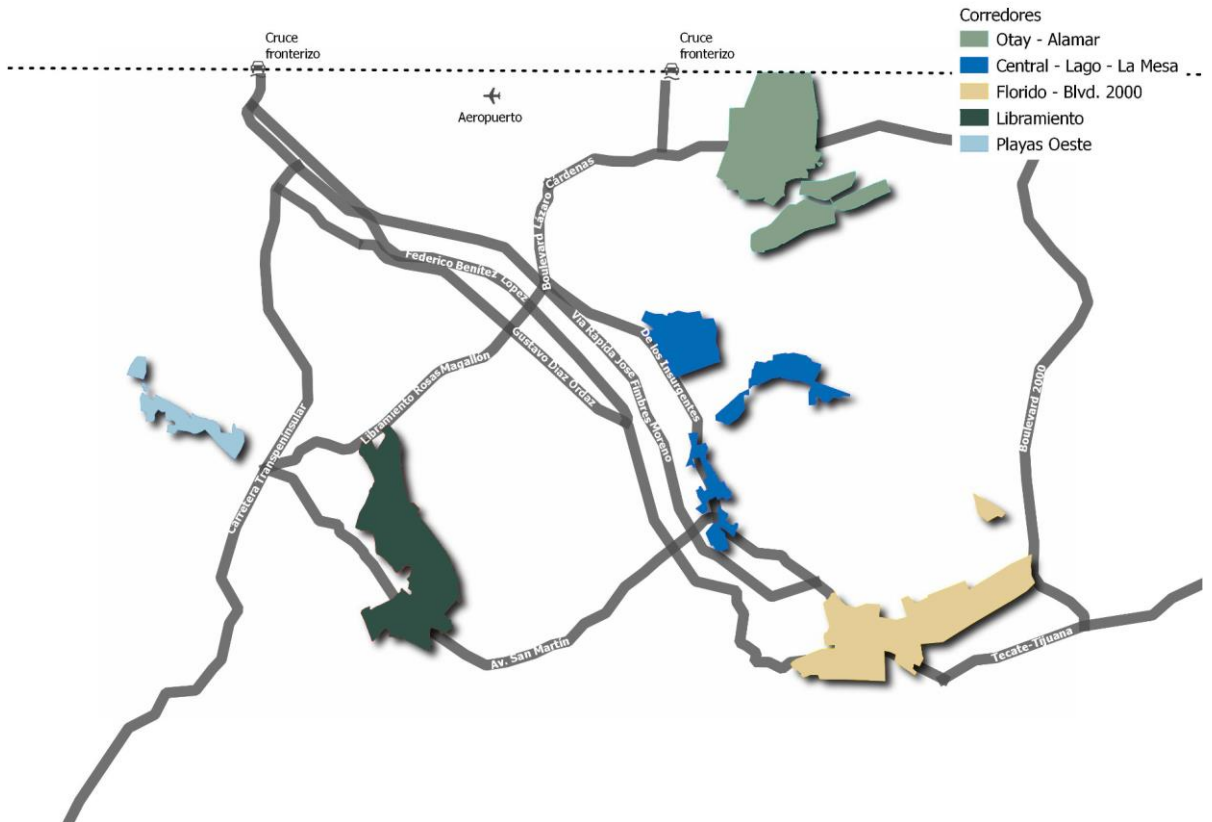
Ciudad de Mexico

Corporativo Espacio Santa Fe
Carr. Mexico-Toluca 5420-PH1
Santa Fe, CDMX 05230

Juan Flores

Market Research Director Latam
juan.flores@nrmk.com

newmark.mx



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