



Tijuana Industrial Market

New Year, New Norm

The Tijuana industrial market is beginning to return to its growth pace from before the shifts experienced in 2020. Construction has started on new projects throughout the city and given entrance to outside developers to get a foothold in what used to be a very closed market until recently.

The largest land offer is concentrated in the Florido - Blvd 2000 due to the growth of Tijuana being towards the southeast of the city. This industrial zone is home to various world-class companies such as Samsung, Jacuzzi, Becton Dickinson, Allegion, among others, and has seen the most focus on new construction with the entrance of new developers in the area.

The expansion of the Via Alamar road allowed the Otay - Alamar submarket to continue growing and allowed focus of operations closest to the commercial US border crossing to maintain a steady rise. As well, the repaving of the Pacifico industrial zone has allowed the industrial submarket of Libramiento to regain the interest that had been lacking due to the neglect of its infrastructure.

Current Conditions

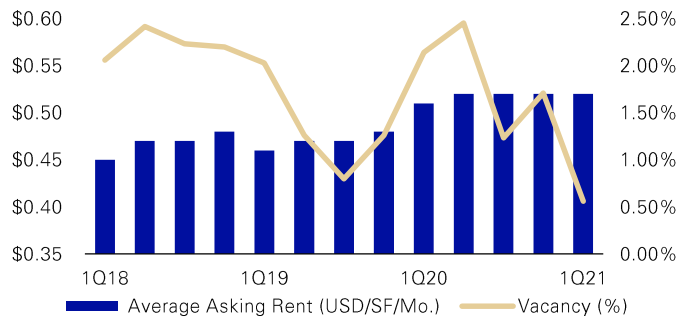
- Class A industrial inventory currently has 33 million SF and increasing due to construction..
- Asking lease rates have started to increase steadily again, reaching the \$0.60 USD/SF/Mo. mark in the Otay area.
- Vacancy rate for Tijuana is at 0.6%, due to the shift to sublease availability in the city.

Market Summary

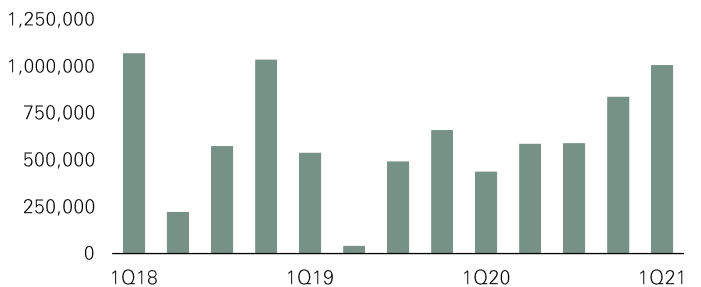
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	65.7M	65.5M	64.4M	↑
Vacancy Rate	0.6%	1.8%	0.7%	↑
Quarterly Net Absorption (SF)	1.0M	835,507	888,297	↓
Average Asking Rent/SF	\$0.52	\$0.52	\$0.48	↑
Under Construction (SF)	1.71M	1.52M	2.08M	→

Market Analysis

ASKING LEASE RATE AND VACANCY RATE



NET ABSORPTION



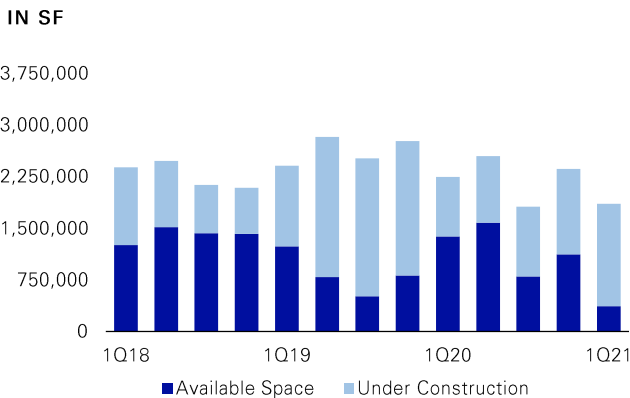
Available Space and Under Construction

Industrial inventory in absolute terms shows the Otay - Alamar submarket as the city's area with the largest square footage at more than 21 million SF, and a vacancy rate of only 0.4%. The highest vacancy rate is in the Libramiento industrial area at 1.6% of the total 12 million SF inventory, of which only a third in Class A. Construction is starting to increase once more with new developments by non-conventional developers beginning in the Nordika (Libramiento) and Blvd 2000 (Florida - Blvd 2000) industrial zones.

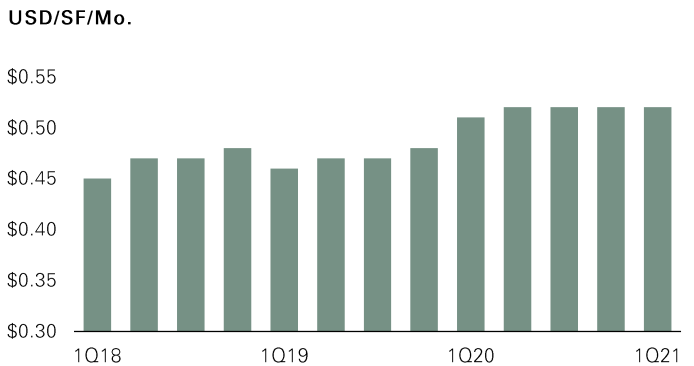
Lease Rates

Asking lease rates for the first quarter maintained an average of \$0.52 USD/SF/Mo. Even with the average maintained due to Class B offers being vacated and the low offer of new class A building being available, the asking rates in some submarkets have continued to increase, this being the most evident in the Otay - Alamar submarket. The Otay industrial area reached an all-time high with asking rates starting at the \$0.60 USD/SF/Mo. mark in small buildings.

Current and Upcoming Projects 2018 - 2021



Asking Lease Rates 2018 - 2021



Submarket Statistics

	Total Inventory (millions of SF)	Under Construction (thousands of SF)	Total Vacancy (thousands of SF)	Total Vacancy Rate	Average Asking Lease Rate (USD/SF/Mo.)
Central - Lago	13.8	108	70	0.5%	\$0.51
Florida - Blvd 2000	16.8	1133	85	0.5%	\$0.56
Libramiento	12.3	0	195	1.6%	\$0.50
Otay - Alamar	22.0	244	8	0.0%	\$0.60
Playas - Oeste	0.8	0	10	0.0%	\$0.45
Tijuana Total	65.7	1486	367	0.6%	\$0.52

Significant Transactions

Company	Submarket	Type	Square Feet
Confidential	Florido - Blvd 2000	Sale	536,000
West Modular Mfg	Florido - Blvd 2000	Lease	220,000
Living Spaces	Libramiento	Lease	194,000

New Offer

Building	Submarket	Type of Lease	Square Feet
Pacifico I	Libramiento	Lease	194,800
CPA 2000	Florido - Blvd 2000	Sublease	104,000
Atlas Lagoeste	Florido - Blvd 2000	Sublease	72,-000

Under Construction

Company	Submarket	Type	Square Feet
FIBRA Upsite	Florido - Blvd 2000	Spec	545,000
FRONTIER	Florido - Blvd 2000	Spec	467,000
MEOR	Florido - Blvd 2000	Spec	429,000

Tecate

The Tecate industrial market currently has an inventory of 4.79 million SF distributed in 3 industrial parks: Tecate Industrial Park, Bajio Industrial Park and Gateway Industrial Park. The growth of this was due to the construction of the new Vinedo Complex by PICSA development group right next to their own Bajio Industrial Park, currently there is only availability in the InQbate project of this industrial park..

Rosarito

The Rosarito industrial market currently has an inventory of 2.4 millions SF that is distributed in 18 properties, the largest operation in this municipality being the HISENSE campus. Currently there is one building under construction in the city with a footprint of 70,000 SF by a private developer.

Submarket Statistics

	Total Inventory (millions of SF)	Under Construction (thousands of SF)	Total Vacancy (thousands of SF)	Total Vacancy Rate	Average Asking Lease Rate (USD/SF/Mo.)
Central - Lago	65.7	1486	367	0.6%	\$0.52
Otay – Alamar	4.9	162	224	4.6%	\$0.44
Playas – Oeste	2.5	70	138	5.6%	\$0.00
Market Total	73.1	1718	729	1.0%	\$0.49

For more information:

Tijuana

Diego Rivera 2311, Suite 501
Zona Urbana Rio Tijuana,
Tijuana, BC, México
CP 22010
t 52-664-980-0480

Genaro Lopez

Market Analyst
genaro.lopez@ngkf.com

Eduardo Rojo

Executive Managing Director
erojo@ngkf.com

Oliver Rodriguez

Executive Managing Director
orodriguez@ngkf.com

Rodrigo Caballero

Associate
rodrigo.caballero@ngkf.com

Ciudad de México

Corporativo Espacio Santa Fe
Carr. México-Toluca 5420 – PH1
Santa Fe, CDMX. 05320
t 52 55-5980-2000

Juan Flores

Market Research Director LATAM
juan.flores@ngkf.com

newmark.mx

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MIDDLE EAST

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Emiratos Árabes

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