



**Mesilla Valley Economic Development Alliance
June 2017 Luncheon Presentation**

Santa Teresa, New Mexico



Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

Marketbeat

El Paso, Texas – Industrial Q1 2017



MARKETBEAT
El Paso, Texas
 Industrial Q1 2017

EL PASO, TEXAS INDUSTRIAL

Economic Indicators

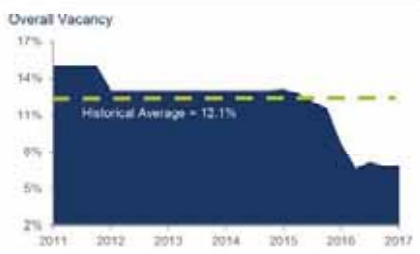
	Q1 16	Q1 17	12 Month Forecast
El Paso Employment	206k	216.5k	▲
El Paso Unemployment	5.1%	5.1%	▲
U.S. Unemployment	4.9%	4.9%	▼

Market Indicators (Overall, All Property Types)

	Q1 16	Q1 17	12 Month Forecast
Vacancy	6.7%	6.8%	▼
Net Absorption (sf)	1.6M	7M	▲
Under Construction (sf)	0	104k	▲
Average Asking Rent*	\$3.80	\$3.95	▲

*Source: data sources not using full-time

Overall Net Absorption/Overall Asking Rent 4-QUARTER TRAILING AVERAGE



Economy
 The regional economy for El Paso and Juarez finished 2016 on a very high note. Employment rose from 306k in Q4 2016 to 315.5k Q1 2017. Unemployment rate remained unchanged from Q4 2016 at 5.1%, which is above the Q1 2017 national unemployment rate of 4.8%. El Paso's economic growth remains solid and partially attributed to the strong maquiladora activity in Juarez.

According to the Federal Reserve Bank of Dallas, early Q1 2017 job growth in El Paso was mixed. Professional and business services, financial activities and other services posted employment gains, equalizing declines in the other nonfarm employment sectors. Overall, El Paso posted an annualized growth rate of 0.9%.

Mexico's employment numbers continue to impress and according to Mexico's IMEX, Juarez manufacturing employment now totals over 200,000 in December of 2016, which reflects an increase of 7.5% over 2015.

Market Overview
 El Paso continues their strong industrial leasing results and there is still no speculative building announced. This has driven down Class A vacancies to unprecedented levels below 2% with average asking rents at \$4.00+ per square foot per year. Q1 2017 overall industrial vacancy rate is 6.8% compared to 8.7% in Q1 2016. In Q1 2017 the average asking rents remain \$3.95 per square foot (SF) per year, while "street quotes" continue to increase by about \$0.05/SF per quarter.

Outlook
 2017 brought in a new United States presidential administration that has promised to change the special relationship (NAFTA) which exists between the U.S., Mexico and Canada. In fact, trade relationships for every country are likely under review. The prognosis for NAFTA, while far from certain, is expected to change market dynamics only slightly and slowly, at that. Nonetheless, Mexico offers manufacturers distinct advantages which would offset the proposed "border tax". We expect that manufacturing in Mexico will remain globally competitive. Recent reports indicate that comparable savings to U.S. based operations are near 82%* less. Also, foreign-direct investment (FDI) continues to increase at a healthy pace throughout Mexico.

With over a half-billion dollars per year of trade between Mexico and the U.S., the bilateral economic partnership has rightly stressed secure and free trade between the two countries with good results. Chihuahua, Mexico has now continued to develop a growing educated middle class. The economy has shifted to include high-skilled manufacturing as evident with the strength and breadth of the automotive and aviation industries.

[*] Federal Reserve Reports, Wilson Institute, trade journals, shelter operators and other sources.

MARKETBEAT
El Paso, Texas
 Industrial Q1 2017

PROPERTY TYPE	WAREHOUSE (SF)	LEASE ACTIVITY (SF)	YTD OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD OVERALL COMPLETION (SF)	OVERALL WEIGHTED AVERAGE NET RENT
Warehouse/Distribution	44,313,788	76,000	6.8%	76,000	104,000	0	\$4.00
Manufacturing	8,633,307	0	12.3%	0	0	0	\$2.80
Office/Service/Flex	1,790,182	0	6.9%	0	0	0	\$5.25
High Tech	310,000	0	51.6%	0	0	0	\$12.00
El Paso Total	55,017,277	76,000	6.8%	76,000	104,000	0	\$3.85

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Manufacturing	187,300	Harviguard Inc	Renewal	East
Warehouse/Distribution	95,000	Harvest Bender	Renewal	East
Warehouse/Distribution	80,000	Morison Express	Renewal	East
Warehouse/Distribution	48,000	APTEX Diversified Solutions	Renewal	East
Warehouse/Distribution	48,000	Exotic U.S. Customs Brokers	Renewal	Lower Valley
Warehouse/Distribution	42,000	Ligita Export Logistics	Sublease	East
Manufacturing	40,000	Flowers Baking Company	New	Lower Valley
Manufacturing	40,000	PSC Fabricating	Renewal	Central
Warehouse/Distribution	39,154	EMO Trans	Renewal	Northwest
Warehouse/Distribution	38,000	Arise Global Logistics	New	Northwest
Warehouse/Distribution	34,000	IDCA Logistics	Renewal	East
Warehouse/Service Center	30,000	Not disclosed	New	Central
Warehouse/Distribution	18,000	Not disclosed	New	East

Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$/SF	SUBMARKET
Warehouse/Distribution	370,846	Lanham/Pineau	Not disclosed	Northwestern
Warehouse/Distribution	173,662	Royal St John LLC / Durango Real Estate Investments	Not disclosed	East
Warehouse/Distribution	100,580	Sumatek Capital Partners/RHOC	Not disclosed	Northwest
Service Center	83,023	1878 North Ruston Drive LLC/Pineau	Not disclosed	Northwestern

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About Cushman & Wakefield
 Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop and live. Our 10,000 professionals in more than 60 countries help investors and occupiers optimize the value of their real estate by leveraging our global perspective and deep local knowledge with an integrated portfolio of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across 100 divisions of agency leasing, asset services, capital markets, facility services (FM), services, global developer services, investment & asset management (I&AM), research & development services, tenant representation and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushmanWakefield.

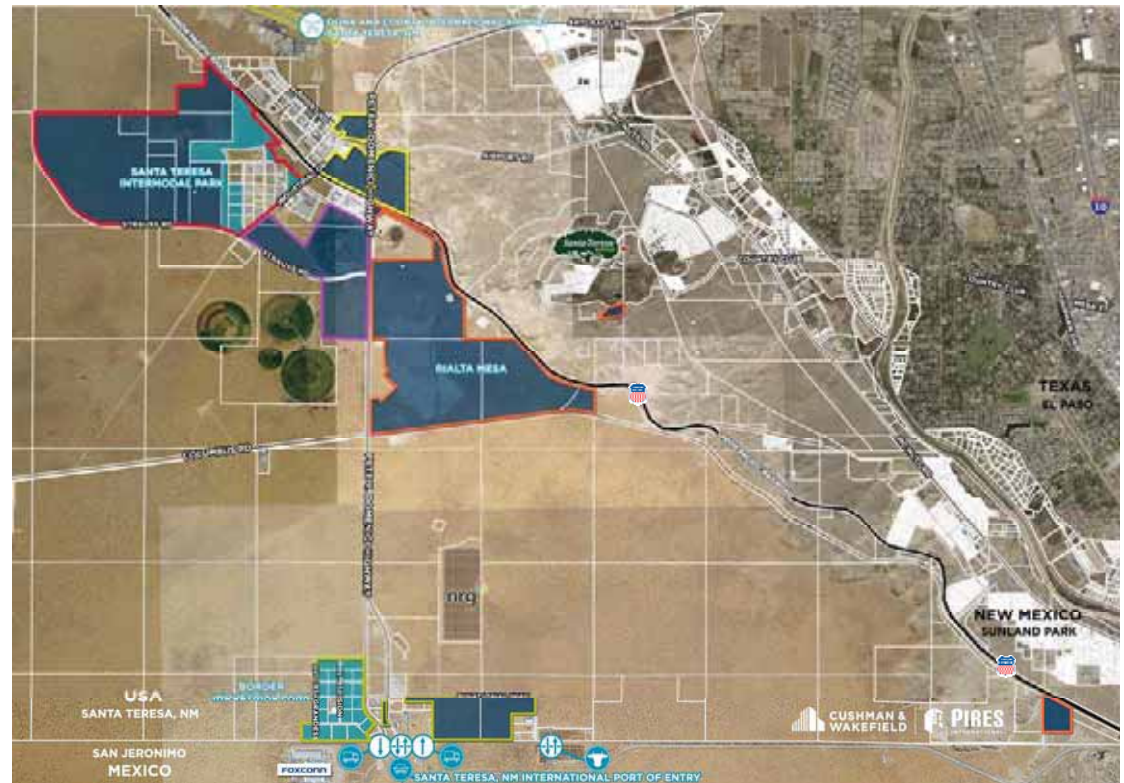
Overview

Santa Teresa, New Mexico



Competitive Strengths

- Dona Ana County International Airport (Santa Teresa, NM)
- Santa Teresa, NM International Port of Entry
- Union Pacific Railroad Rail Yard
- Interstate 10
- Central location
- Adjacent to El Paso, TX, Cd. Juarez, MX and San Jeronimo, MX

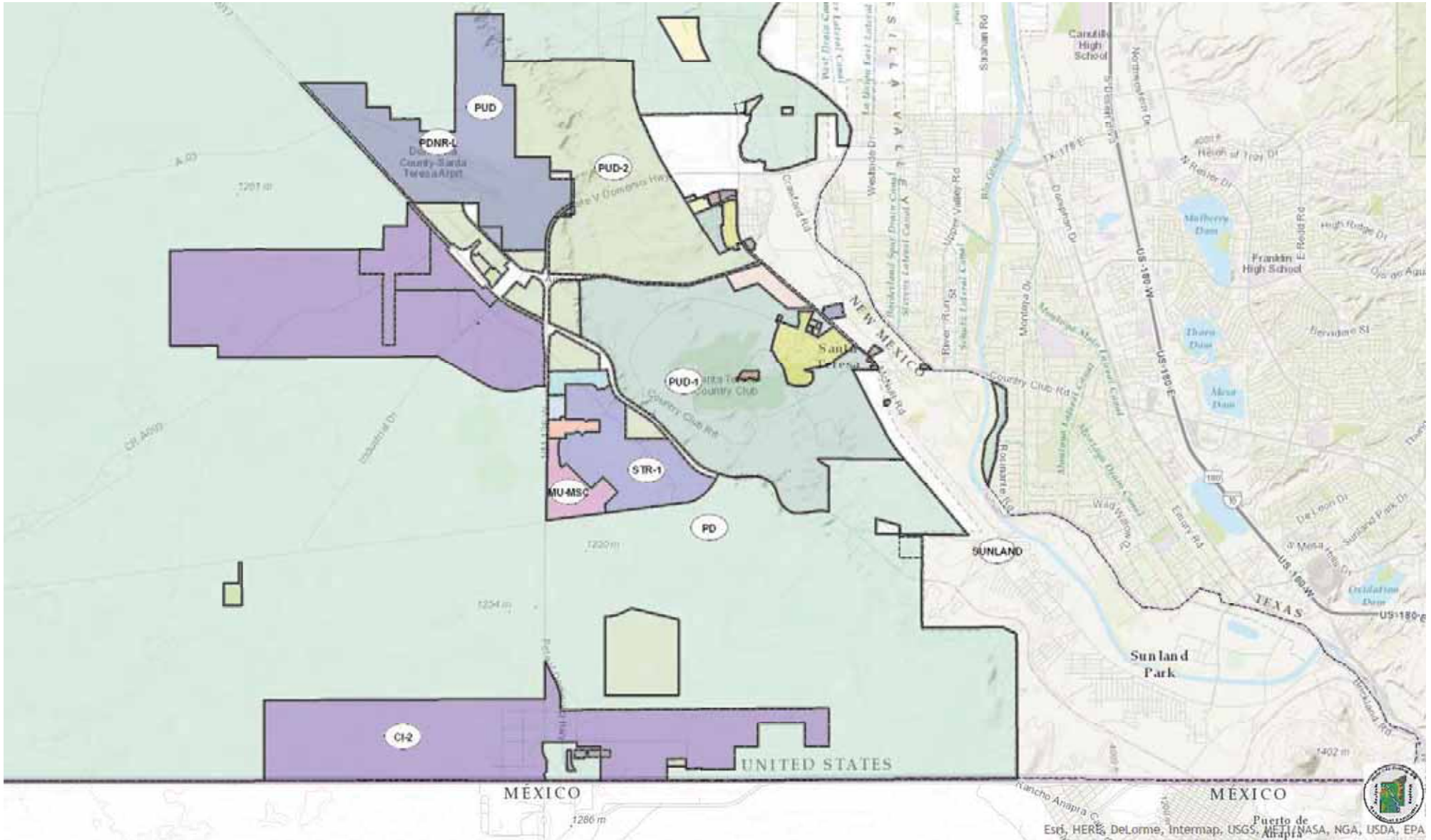


Weaknesses Relative to Competition

- Distance from workforce supply
- Supplier base

Zoning Map

Santa Teresa, New Mexico



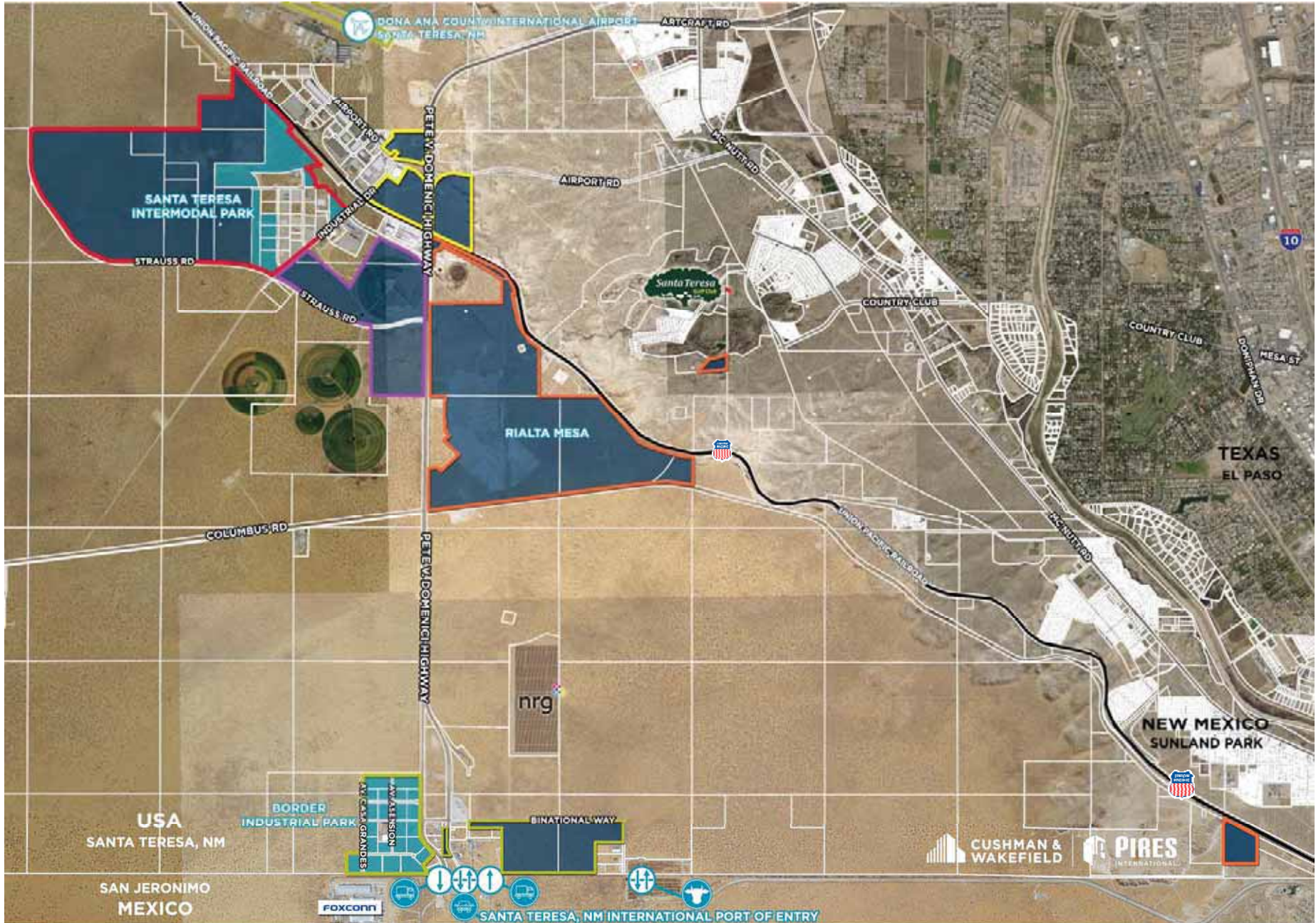
Airport Park & Santa Teresa Business Park

Santa Teresa, New Mexico



Overview

Santa Teresa, New Mexico



Westpark

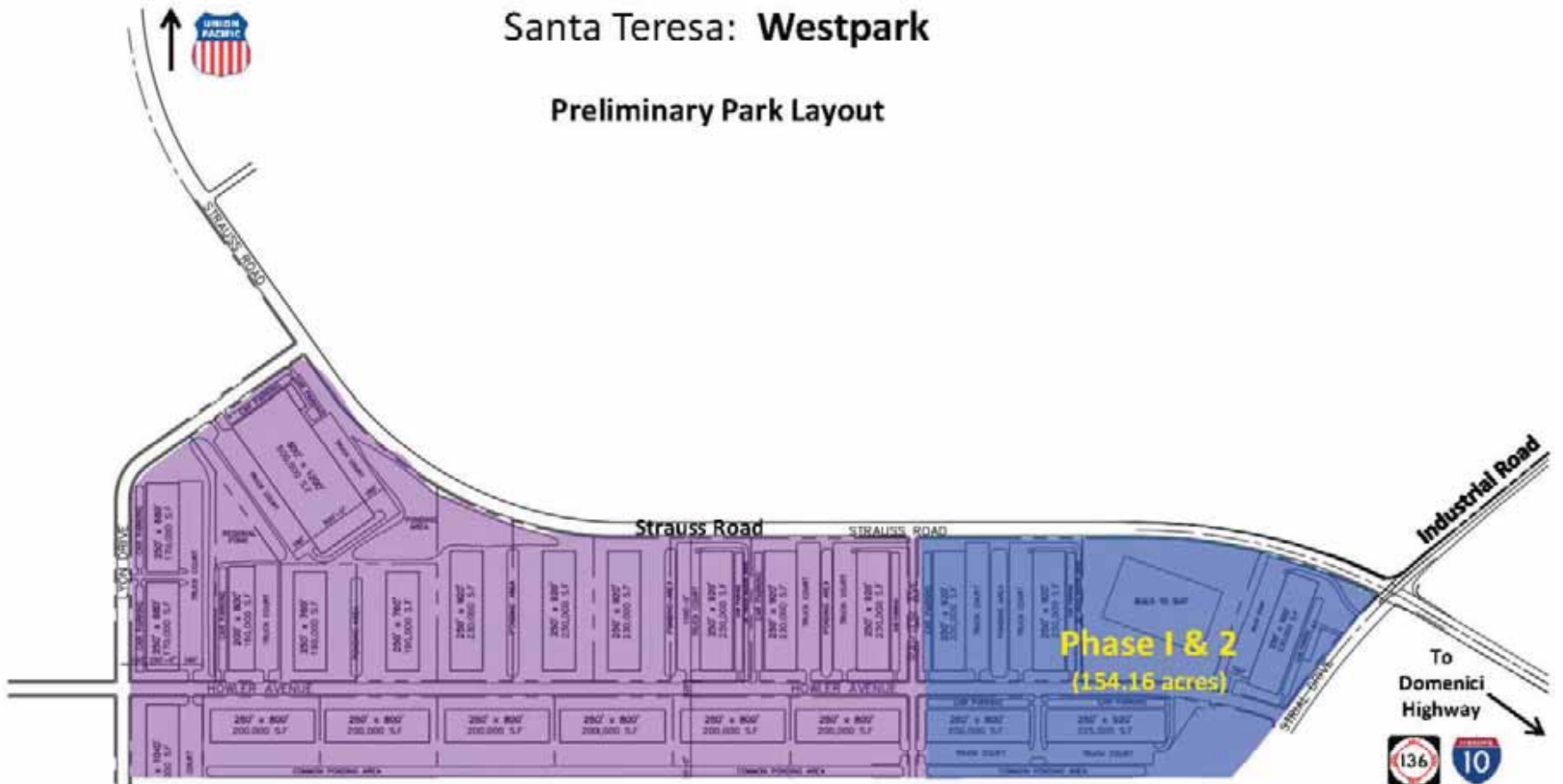
Santa Teresa, New Mexico



Draft Concept Plan. Not to scale. For Discussion Purposes Only

Westpark Preliminary Plan

Santa Teresa, New Mexico



PSRBB
INDUSTRIAL GROUP, INC.

1845 NORTHWESTERN SUITE "A"
EL PASO, TEXAS 79912

PH: (915) 877-2020
F: (915) 877-2998



PROPOSED SANTA TERESA MASTER SITE PLAN

SCALE: 1" = 800'-0"

Success Stories

Santa Teresa, New Mexico



MCS Frames
215,000 sf
(West Park)



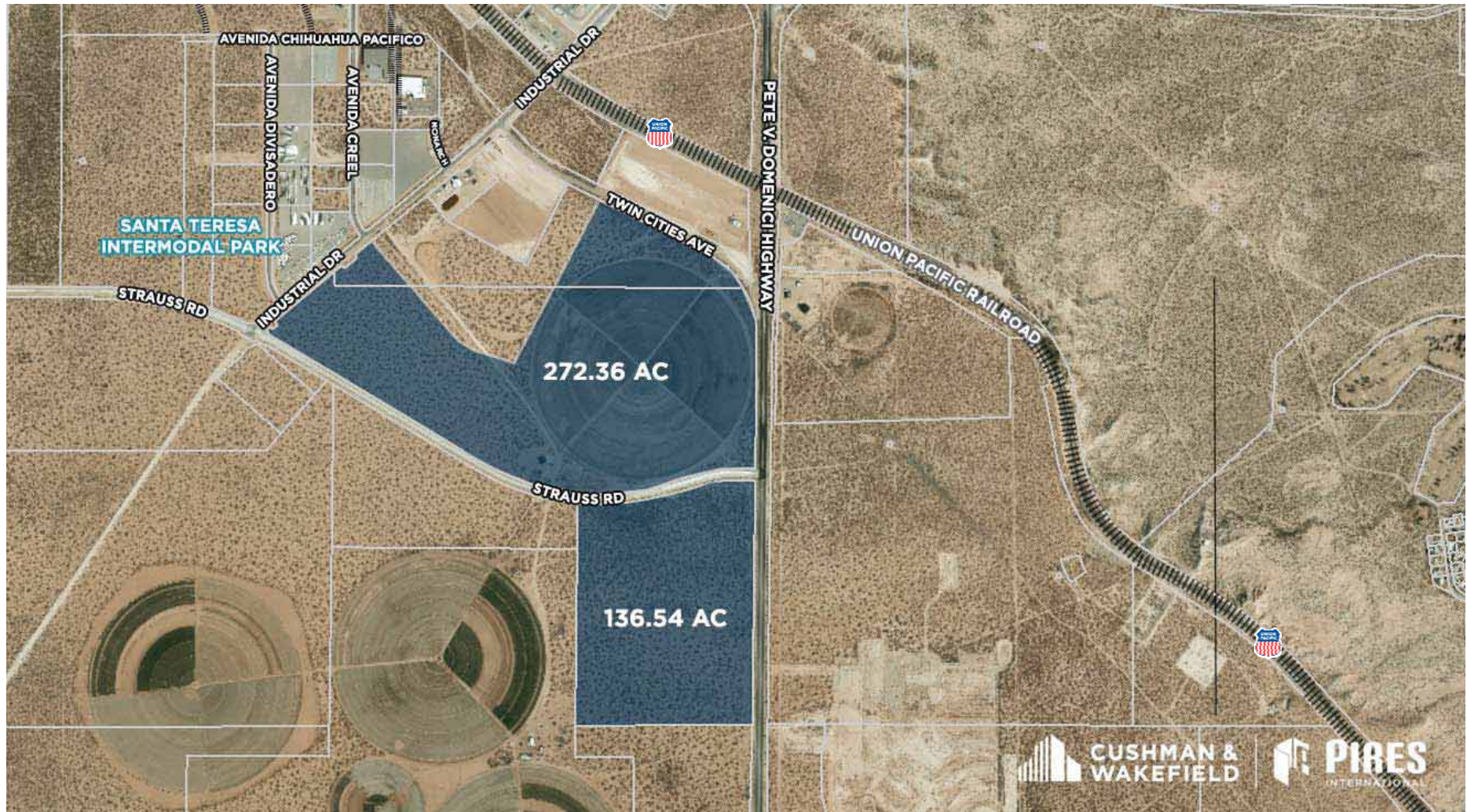
Omega Trucking
Logistics Terminal
(Intermodal Park)



6,400 New Linear Feet
Of Rail (Intermodal Park)

PLATTED LOTS

NON PLATTED PARCELS



PLATTED LOTS

NON PLATTED PARCELS



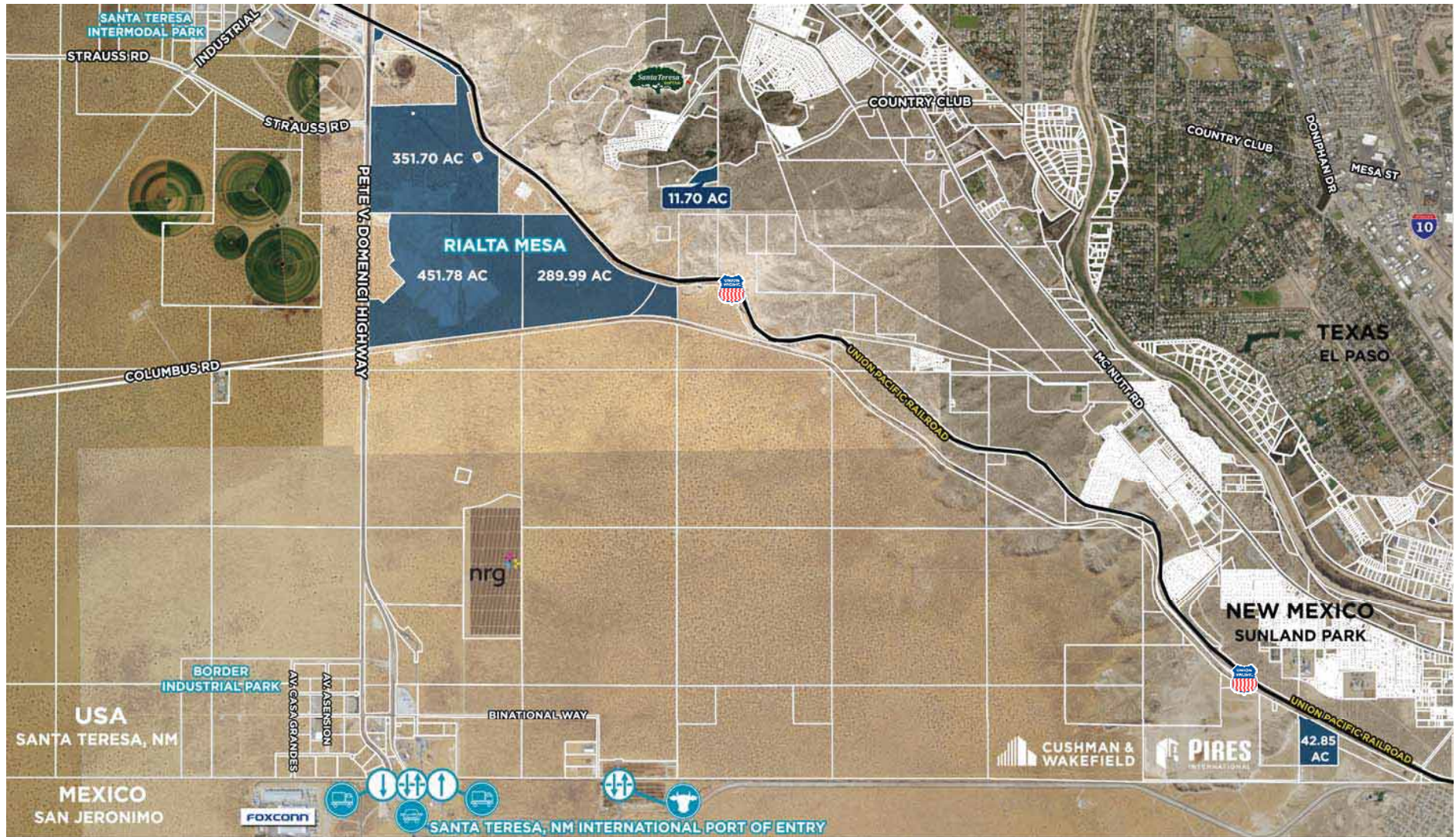
Rialta Mesa

Santa Teresa, New Mexico



PLATTED LOTS

NON PLATTED PARCELS



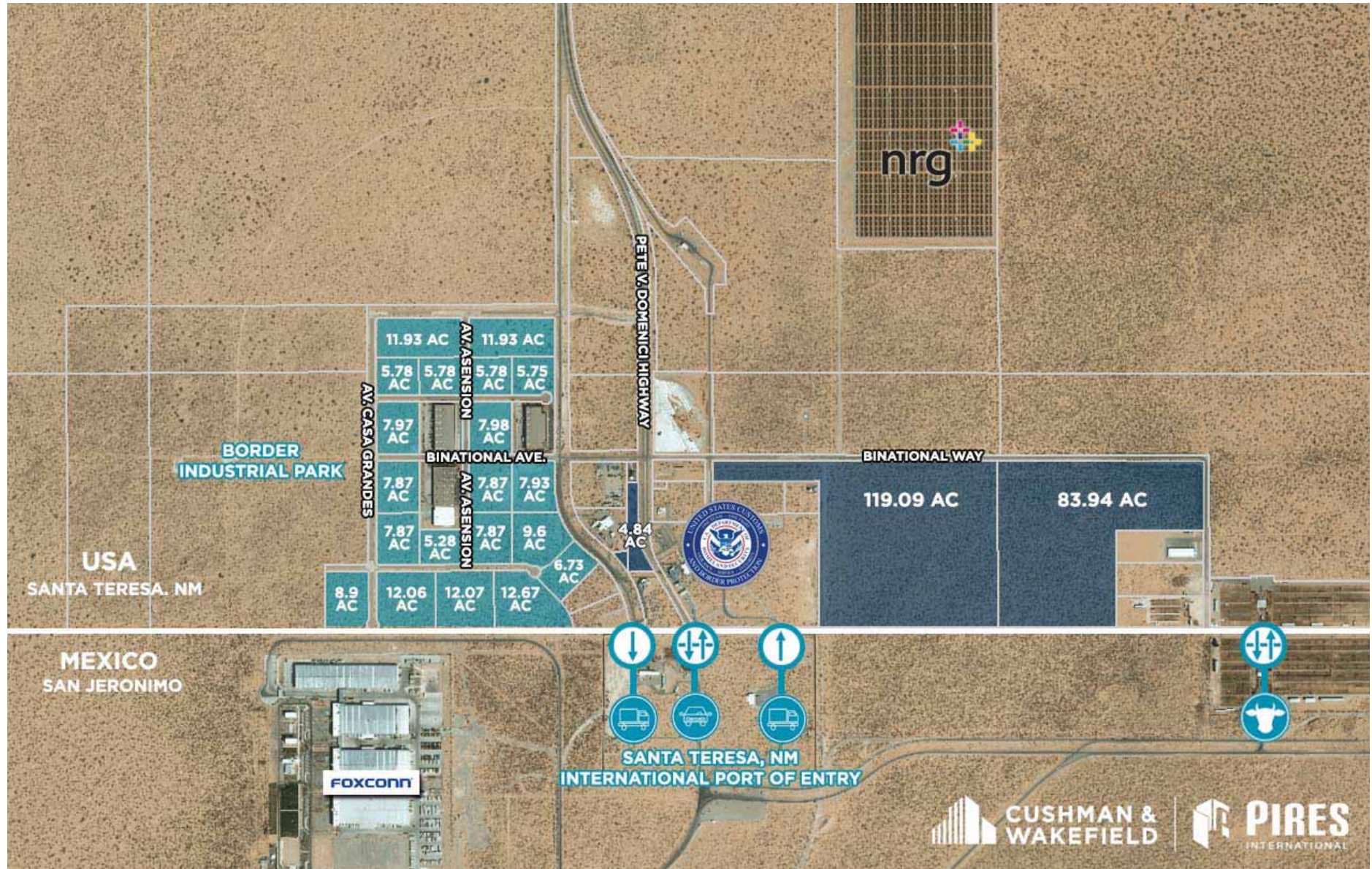
Border Industrial Park & Bi-National Industrial Park

Santa Teresa, New Mexico



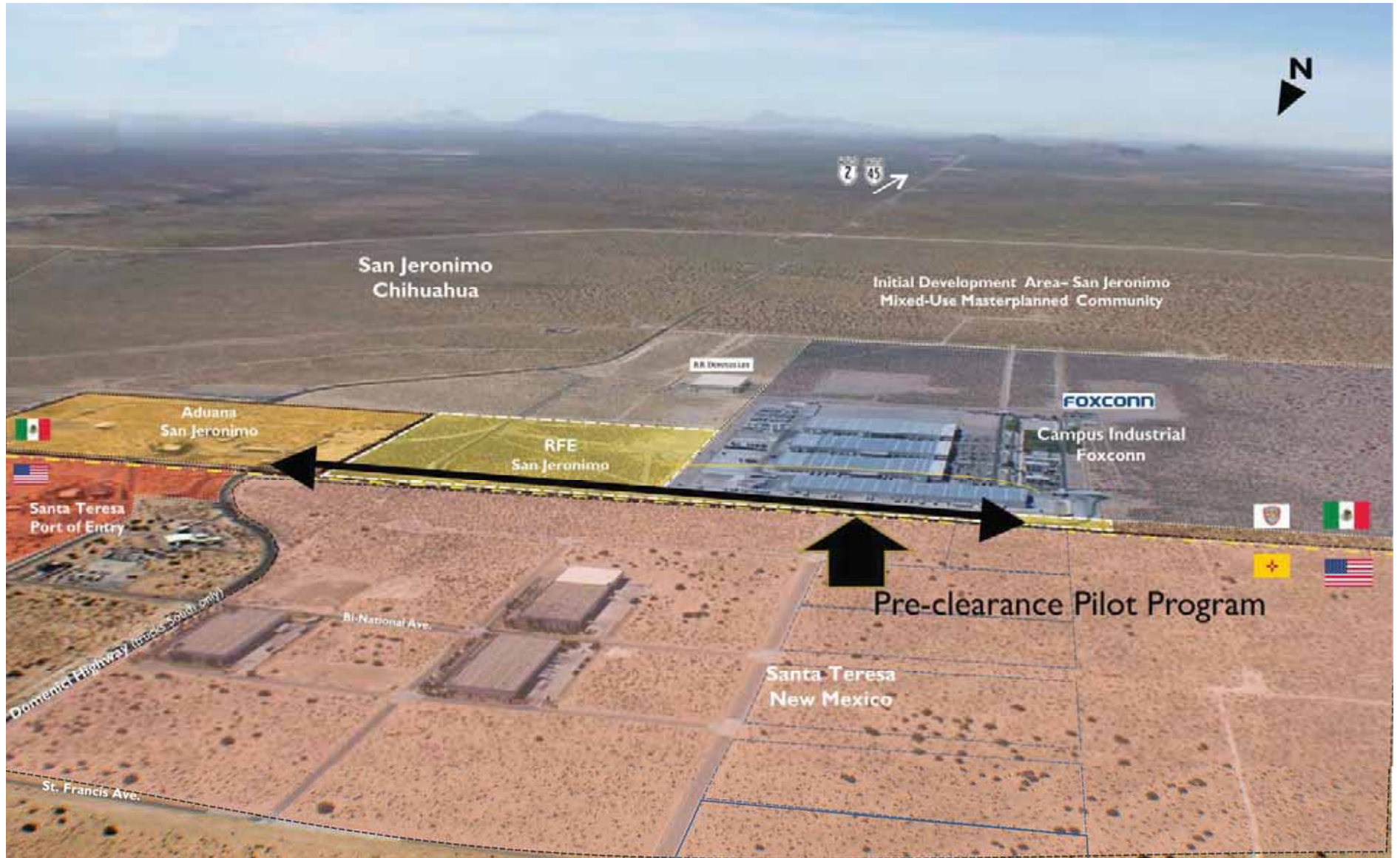
PLATTED LOTS

NON PLATTED PARCELS



San Jeronimo Industrial Park

San Jeronimo, Chihuahua Mexico




Union Pacific Intermodal Facility

Santa Teresa, New Mexico



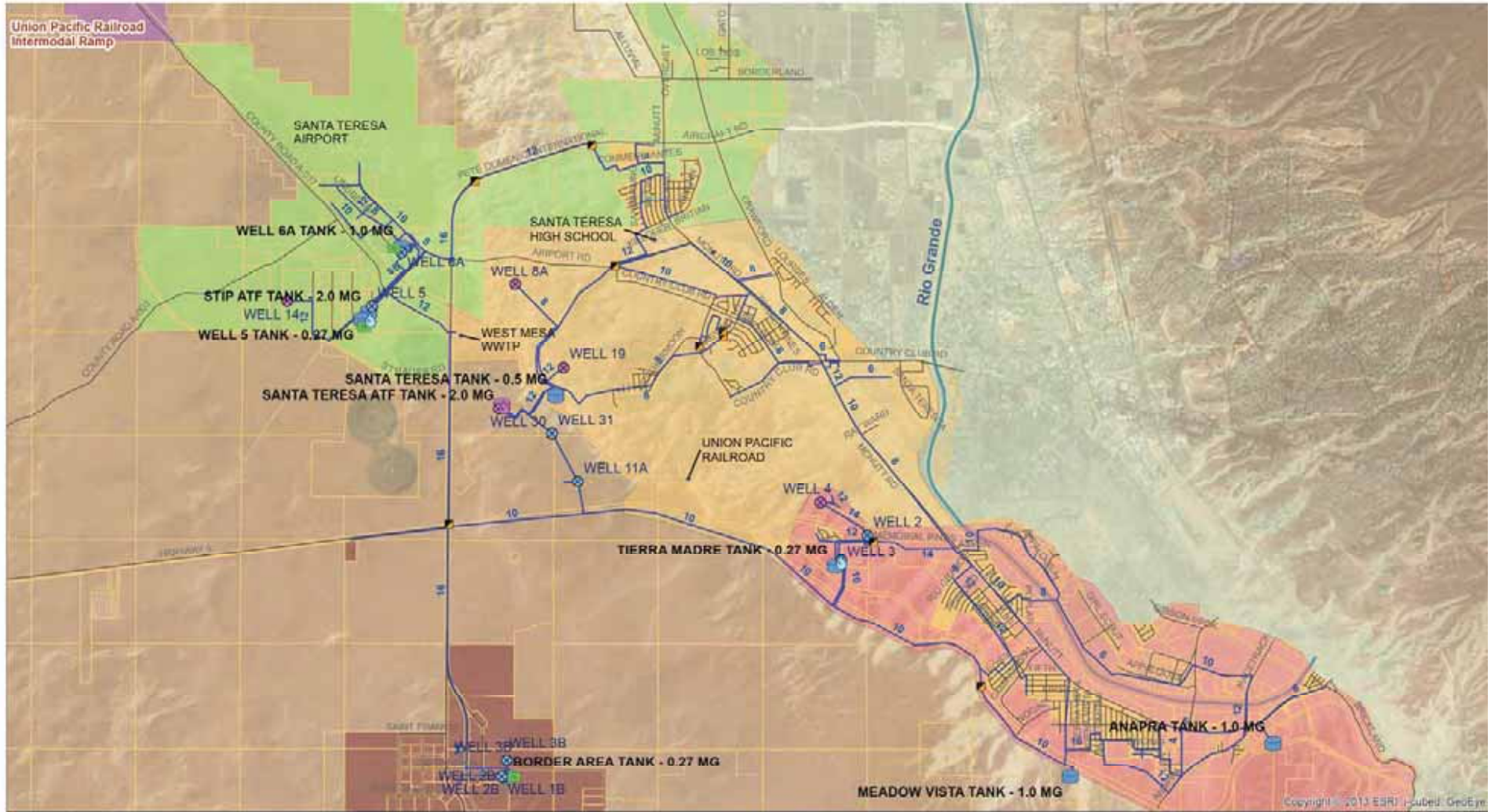
Santa Teresa Facility - Key Metrics:
Site Acreage: 2,200 acres (11.5 miles long by 1 mile wide)
Trackage: 74,000 ft, expandable to 145,000 feet
Intermodal Lift Capacity: 225,000 units expandable to 700,000 units
Container and Trailer Parking: 1,266 stalls expandable to 4,380 stalls
Automated Gate System: 8 lanes expandable to 12 lanes
Refueling: First 'run-through' locomotive refueling facility
Refrigerated Container and Trailer refueling
Initial Phase Opening: April 2014

Santa Teresa Intermodal Facility
\$418 Million Investment
(Phase I completed May 2014)

"Santa Teresa is the future of our company"

John J. Koraleski
Chairman and CEO
Union Pacific Corporation
CNBC Interview: May 28, 2014

Water Infrastructure Plan

Santa Teresa, New Mexico



LEGEND

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Camino Real Regional Utility Authority Water Infrastructure Plan



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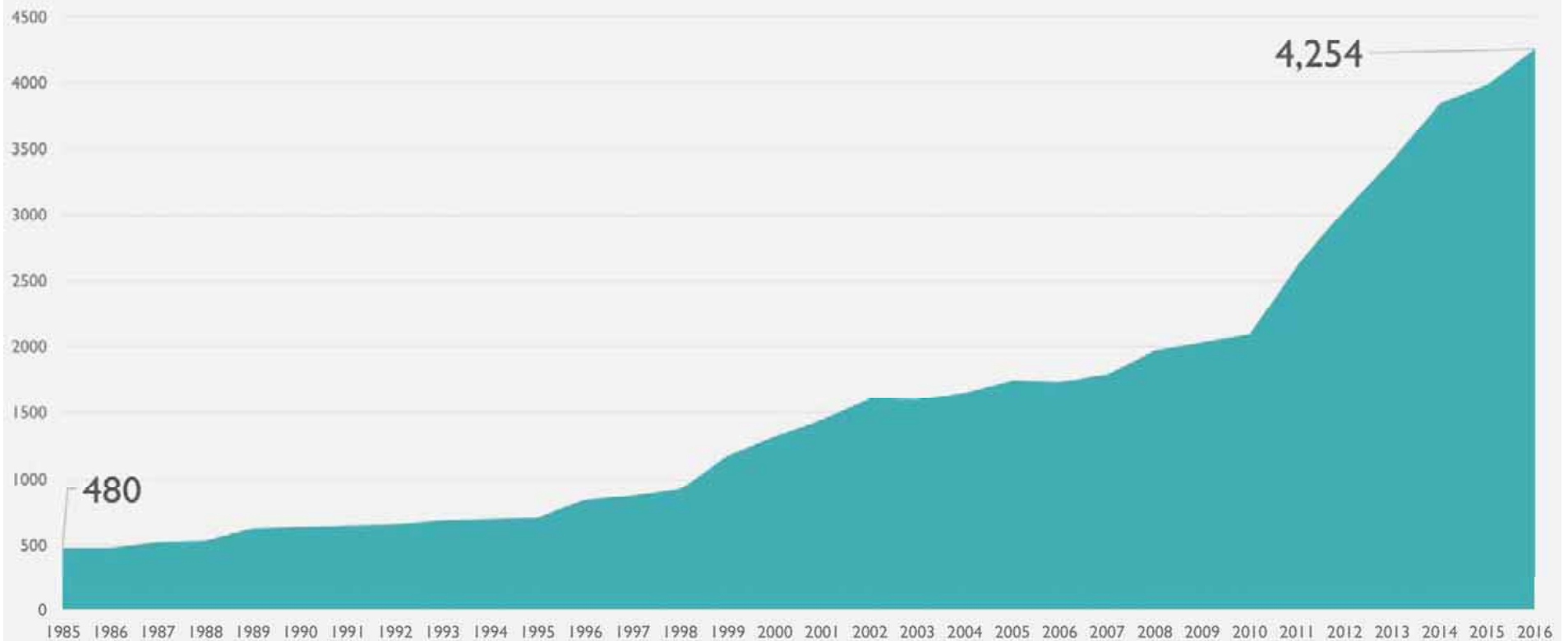
Industrial Job Creation

Santa Teresa, New Mexico



SANTA TERESA INDUSTRIAL JOB CREATION

1985 - 2016



Courtesy of:  **BORDER
INDUSTRIAL
ASSOCIATION**

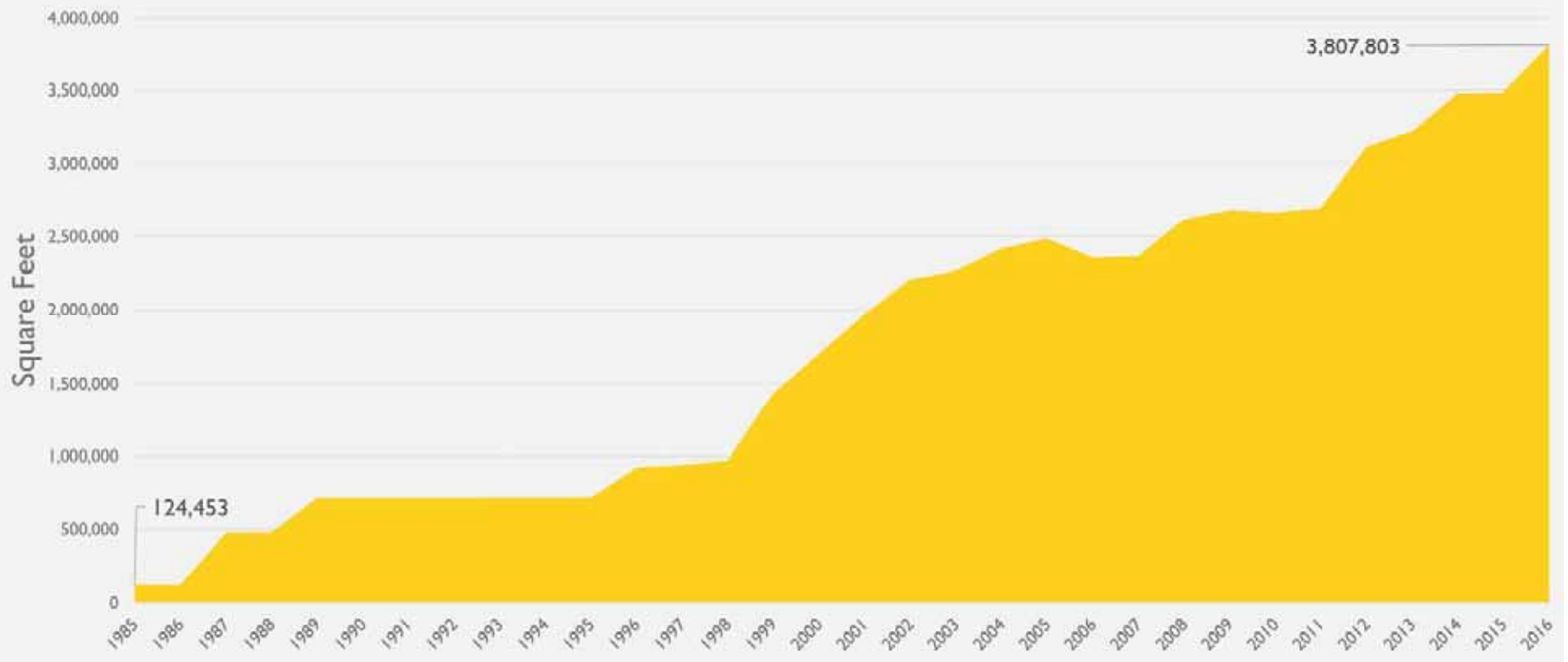
Total Occupied Space

Santa Teresa, New Mexico



SANTA TERESA TOTAL OCCUPIED SPACE

1985 - 2016



Courtesy of:  **BORDER
INDUSTRIAL
ASSOCIATION**

Why Cushman & Wakefield | PIREs

Cushman & Wakefield Background and Experience



About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 43,000 employees in more than 60 countries help investors and occupiers optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

The Cushman & Wakefield Alliance is a fully integrated extension of the C&W global platform. It consists of specially-selected independent firms, who provide clients with extended geographic reach through elite commercial real estate professionals and high quality, comprehensive services. PIREs International is proud to be Cushman & Wakefield's Alliance member for the El Paso, Texas and Ciudad Juárez, Mexico market.

PIREs International is an independently owned and operated member of the Cushman & Wakefield Alliance. Formed in 2002, the Alliance program was designed to expand service capabilities for clients in U.S. markets where C&W offices were not maintained. Operating as a unified team, C&W and the Alliance firms integrate the strength of local talent, relationships, and market intelligence with the full capacity of C&W's resources and platform.

ALLIANCE value-add:

- Committed to their respective markets, relationships, and community
- Utilizes an entrepreneurial approach in responding to client needs
- Leverages C&W platform to advance and support local relationships, talent, and market knowledge

CUSHMAN & WAKEFIELD ALLIANCE value-add:

- Delivers an exceptional suite of specialized services and systems.
- Provides a deep brokerage bench and broad geographic reach
- Enables multi-market clients to gain savings and efficiencies via single provider service structure

CLIENT ADVANTAGE:

- Confidence - that we'll deliver meaningful value by providing the most creative and innovative services
- Consistency – in our business approach of putting client's needs first and delivering what we promise
- Culture – mutual cultures that value integrity, respect, collaboration & trust

Why Cushman & Wakefield | PIREs

Office Locations



124

Offices Nationwide

● Cushman & Wakefield Office

* Denotes Cushman & Wakefield Alliance / Affiliate Offices



Cushman & Wakefield | PIREs Office Locations

AMERICAS UNITED STATES

ALABAMA

Birmingham*

ARIZONA

Peoria
Phoenix
Tempe
Tucson

CALIFORNIA

Bakersfield*
Burlingame
Carlsbad
Costa Mesa
East Palo Alto
Diamond Bar
Fresno*
Inland Empire
Irvine
Los Altos
Los Angeles
Marin / Sonoma
Monterey
Oakland
Orange County
Palo Alto
Pasadena
Pleasanton
Sacramento
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San Francisco
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San Rafael
Santa Cruz
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Ft. Myers*
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HAWAII

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Greenwood
Village

CONNECTICUT

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Hartford
Stamford

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Wilmington

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Overland Park

KENTUCKY

Louisville

MAINE

South Portland

MARYLAND

Baltimore
Bethesda
Columbia

MASSACHUSETTS

Auburndale
Boston

MICHIGAN

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San Juan*

RHODE ISLAND

Providence*

SOUTH CAROLINA

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Lynchburg*
Newport News*
Norfolk/
Virginia Beach*
Roanoke*
Tysons Corner
Williamsburg

WASHINGTON

Bellevue*
Seattle

WISCONSIN

Milwaukee

THANK YOU!

QUESTIONS & ANSWERS





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