

Industrial Snapshot Fourth Quarter 2011

North West Mexico - Tijuana, Mexicali, Nogales



At the end of 2011, companies new to Mexico transitioned into the Tijuana and Mexicali markets, indicating signs of recovery for the largest bi-national community along the International border. Market conditions have stabilized and over the past year and Tijuana experienced increased absorption which has been absent since 2008, the most notable increase has been since August. Baja Norte's current "in recovery" position is reassured by the mounting volume of interest for the industrial sector, verified both by the number of tours by potential occupiers and ultimately actual occupancy. An increase in acquisitions over leasing is another indicator supporting corporate confidence in the region. This confidence is based on the ability to locate well-positioned assets at current market values thereby ensuring long-term profitability. This increased confidence is enabling some industrial submarkets to show indications that a single digit vacancy rate could be the reality sometime next year.

Another positive trend is a recent decline in the incidence of violent crime and a return to levels similar to the years prior to the period of high profile criminal activity. Such a decline has allowed authorities to move focus from the high to low profile crime. As a result, the industrial corridor witnessed new global transitions into marketplace from corporations such as Sunpower and Inzi Display. Investment fund confidence was evident through acquisitions of asset totaling 1.1 million square feet for 2011 in Tijuana alone. This includes vacant buildings in addition to income producing assets. The strongest inflection point is the resurgence of vertical development this year for approximately 670,000 square feet combined between Tijuana and Nogales.

Furthermore, the upcoming Mexican elections are another pivotal point that will bring further stability and volume to the business friendly environment along Northwest Mexico.

Tijuana Market Data Fourth Quarter 2011							
Total Stock	Vacancy	Net Absorption	YTD Net Absorption	Gross Absorption	YTD New Construction	Average Annual Asking Lease Rate*	Average Asking Land Sale Price**
56,170,162 sf	13%	-7,875 sf	715,993 sf	590,519	676,221 sf	\$4.44 - \$4.92 sf/year	\$9.00/sf

*Class "A" industrial space **Improved Land

Mexicali Market Data Fourth Quarter 2011							
Total Stock	Vacancy	Net Absorption	YTD Net Absorption	Gross Absorption	YTD New Construction	Average Annual Asking Lease Rate*	Average Asking Land Sale Price**
17,500,000 sf	14%	x	395,660 sf	x	50,000 sf	\$3.10 - \$4.32 sf/year	\$4.00 - \$5.60/sf

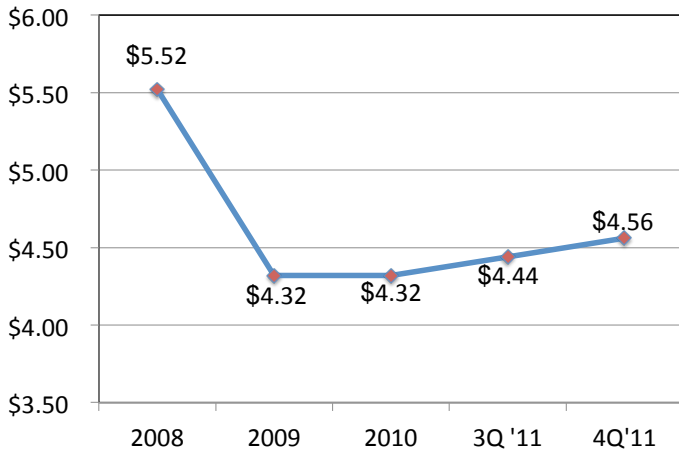
*Class "A" industrial space **Improved Land

Nogales Market Data Fourth Quarter 2011							
Total Stock	Vacancy	Net Absorption	YTD Net Absorption	Gross Absorption	YTD New Construction	Average Annual Asking Lease Rate*	Average Asking Land Sale Price**
9,771,750 sf	6%	x	x	x	100,000 sf	\$3.75 - \$4.75 sf/year	\$5.00 - \$7.00/sf

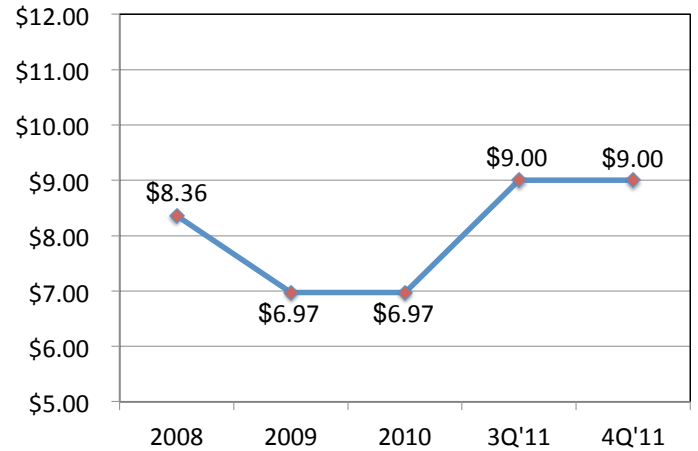
*Class "A" industrial space **Improved Land

Major Transactions of 2011				
Transaction Type	Buyer/Lessee	Seller/Lessor	Size	Location
Portfolio Sale	LIM	El Florido	(6 buildings) 750,321 sf	El Florido
Lease	Sun Power	Cambridge	320,000 sf	Mexicali
Sale	Energy Labs	JVC	287,639 sf 10.4 Acres	La Frontera
New Construction	Samsung	Samsung	225,000 sf	El Florido
Sale	Prudential/ HSBC	Sares Regis Group/ AIG	400,000 sf	Alamar
Sale	Grupo Reyma	Dabdoub	100000 sf	Nogales

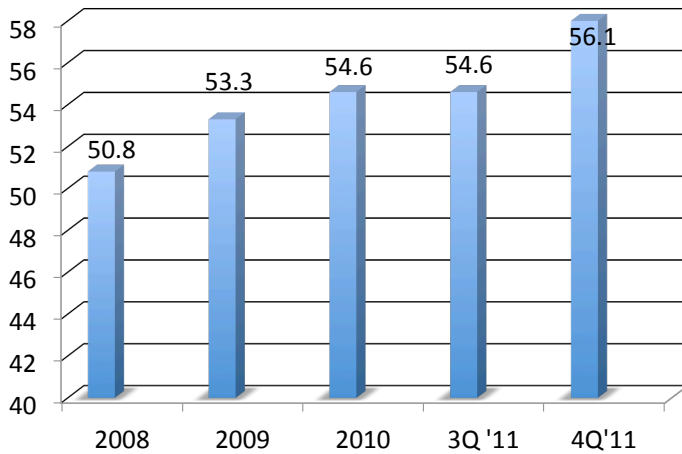
Average Asking Lease Rate – Class “A” Space
US Dollars/ SF/ Year



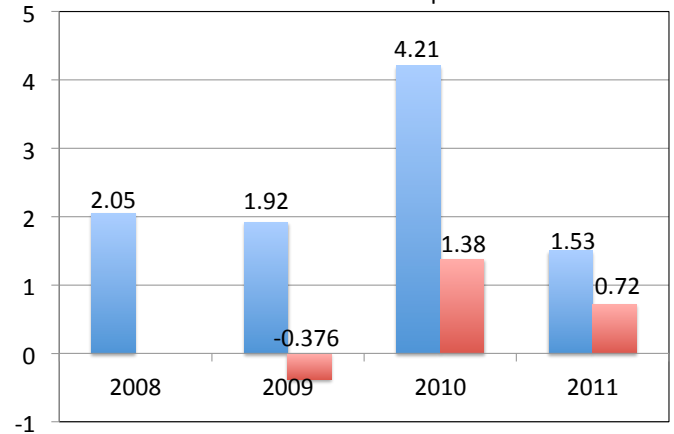
Average Asking Land Sale Price – Improved
US Dollars/ SF



Industrial Supply
Shown in Millions of Square Feet



Gross Absorption vs. Net Absorption
Shown in Millions of Square Feet



For a list of available properties with Jones Lang LaSalle in Tijuana and Mexico please view the link below .

[“See Jones Lang LaSalle Mexico’s Property Page”](#)

For further information regarding the Northwest region and throughout Mexico, please feel free to contact US directly

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