

2008

2008 THIRD QUARTER MARKET SUMMARY

EL PASO, TEXAS / CD. JUAREZ, MEXICO



Cd. Juarez Transaction Leader

State-of-the-Art Wind Blade Manufacturing Campus
198,000 Sq. Ft. Expansion

EL PASO, TEXAS / CD. JUAREZ, MEXICO

TEAMNAFTA COMMERCIAL REAL ESTATE MARKET SUMMARY

MARKET SUMMARY

EL PASO, TEXAS

Overall industrial real estate activity in El Paso was significantly down from the 2nd quarter based on total square feet leased or sold. However, the last three months saw the same number of transactions as the previous quarter. Activity in the 3rd quarter was above average for the past five years with more than 1,000,000 SF of total transactions resulting in 780,000 SF of positive absorption. Unfortunately, there was an equal amount of new vacancies, so the industrial vacancy rate remained unchanged at 9.8% for the city's 54,220,000 SF industrial base.

In the 3rd quarter there were only two deals over 100,000 SF. The largest transaction in the city was Mitsui-Soko's lease of 153,000 SF in the Pan American Park. This building will be used for warehouse operations supporting key clients in Juarez, Mexico. This building is now full as Electrolux expanded into the remaining 50,000 SF on a temporary basis.

Additionally Moduslink leased 150,000 SF of warehouse space on Don Haskins. This is the same space that MCS vacated earlier this year when they moved to Santa Teresa, NM. The Moduslink lease in El Paso is the Twin Plant to their facility currently under construction in Juarez.

The remainder of industrial activity in El Paso were generally leases of smaller spaces and often on shorter terms. Activity was spread out across the market. As the overall U.S. economy continues to show signs of a recession, we expect to see this trend toward more flexible lease terms continue well into next year, especially for third party companies associated with the maquila industry.

Our expectation is that activity and absorption in the 4th quarter will continue to fall off from what we saw during the first half of the year, but annual activity for 2008 will surpass what we experienced in 2007. With vacancy lingering just below the historical norm of 10.0%, lease rates should remain fairly stable and firms should have no difficulty finding space across town.

The only tight segment of the market continues to be in the Class "A" space, 100,000 SF and larger. If activity remains strong in Juarez heading into next year, this will create some problems for warehouse and logistics firms vying for distribution space on the US side of the border.



CD. JUAREZ, MEXICO

Industrial real estate activity in the 3rd quarter of 2008 was strong in Cd. Juarez and in line with quarterly activity over the past two years. Activity was a mixture of new investments for the city and expansion or relocation requirements from the existing industrial base. Overall there was 1,545,000 SF of total activity resulting in 1,200,000 SF of positive absorption. During the same three month period, 450,000 SF of space came back on the market through vacancies, resulting in 750,000 SF of net absorption.

During the 3rd quarter, Cd. Juarez saw 1,150,000 SF of new construction starts for both build-to-suit and speculative projects. This new construction increased the total industrial supply of industrial buildings over 30,000 SF to 56,380,000 SF. Due to 520,000 SF of speculative construction and the 750,000 SF of negative absorption the overall vacancy rate increased to 7.7%, up from 6.4% at the start of 2008.

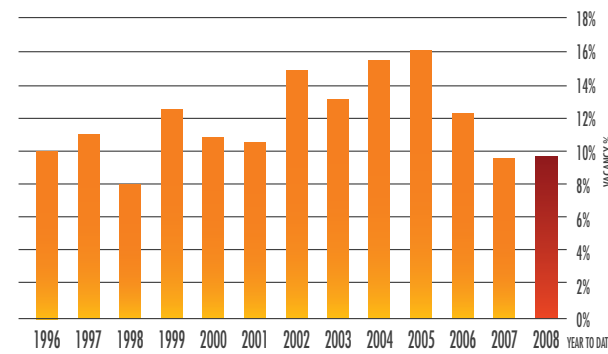
Affinia Brake Parts was one of the largest new companies entering Cd. Juarez during the 3rd quarter, leasing an existing spec building from American Industries. The 120,000 SF spec building will be expanded to 207,000 SF for Affinia by the end of the year. This transaction coupled with Orange County Container's expansion option for an additional 120,000 SF fills out the American Industries' Kimco Park in the Salvarcar Industrial Area.

ModusLink was another new company entering Cd. Juarez in the past quarter. ModusLink is a transportation and logistics company which leased 210,000 SF in Verde's Independecia II Park. This facility is being built next to the Intermatic facility that is currently under construction.

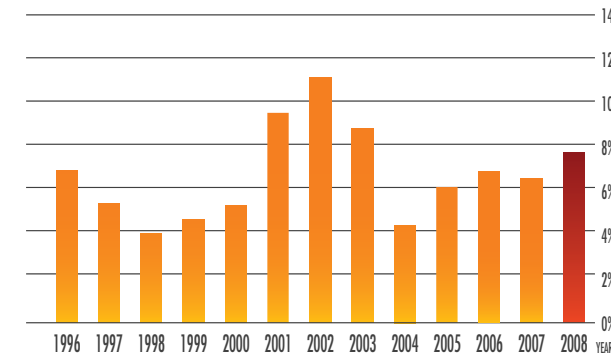
VienTek and Victory Packaging are two existing firms in Cd. Juarez that had significant new projects. VienTek is expanding their wind blade manufacturing campus on Las Torres Ave. by 198,000 SF. This will fill out their campus with a total of 675,000 SF in two buildings. Victory Packaging is also relocating from the Neptuno/Zaragoza industrial complex into a 220,000 SF build-to-suit on Blvd. Independecia. Industrial Global Solutions (IGS) out of Mexico City is the developer of this project and it is their first investment in Cd. Juarez.

The solid 3rd quarter activity kept Cd. Juarez on pace for another record-setting year in 2008, surpassing what we saw last year. We expect activity to remain steady over the next six months with vacancy rates staying between 6.5% to 7.5% and Class "A" rental rates to hold in the \$4.90 to \$5.10 PSF range.

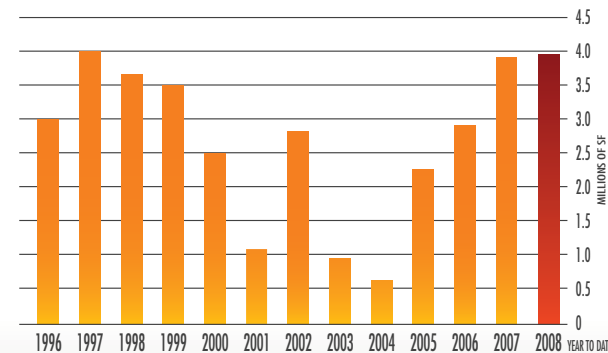
EL PASO, TEXAS - INDUSTRIAL VACANCY HISTORY



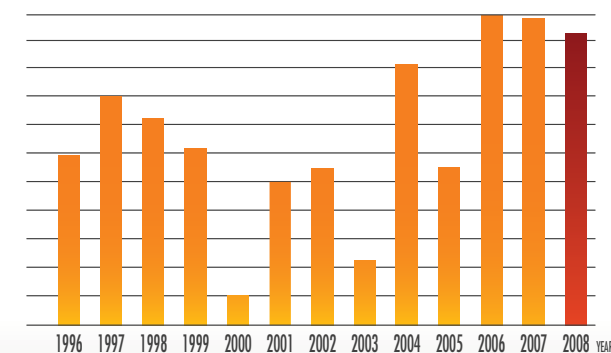
CIUDAD JUAREZ - INDUSTRIAL VACANCY HISTORY



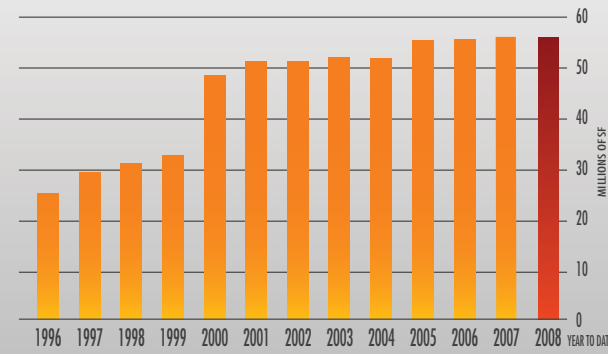
EL PASO, TEXAS - TOTAL ACTIVITY



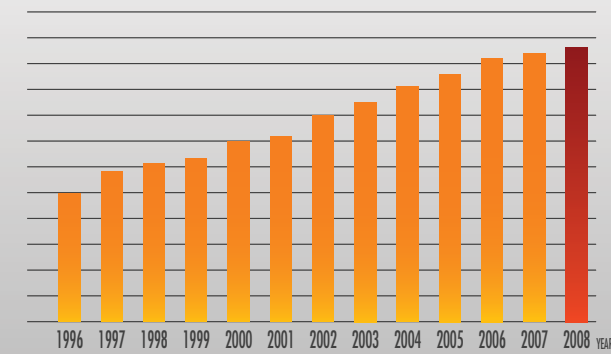
CIUDAD JUAREZ - TOTAL ACTIVITY



EL PASO, TEXAS - TOTAL INDUSTRIAL SUPPLY



CIUDAD JUAREZ - TOTAL INDUSTRIAL SUPPLY



2008 Third Quarter Transactions | El Paso, Texas & Cd. Juarez, Mexico



3rd Qtr 2008 Transactions El Paso, Texas

LOCATION	TYPE	TENANT	SIZE SF
1. Butterfield Trail - 25 Spur	Renewal	BRK	92,000
2. Butterfield Trail - 28 Walter Jones	Expansion	Nippon Express	10,400
3. Butterfield Trail - 28 Walter Jones	Renewal	Nippon Express	20,000
4. Butterfield Trail - 28 Walter Jones	Lease	Industrial Packaging	9,600
5. Butterfield Trail - 7 Zane Grey	Lease	Exel Logistics	50,000
6. Butterfield Trail - 11 Founders	Lease	Lancaster Packaging	8,625
7. Butterfield Trail - 24 Concord	Renewal	Sara Lee	32,000
8. Butterfield Trail - 27 Concord	Lease	Spectrum Paper	36,000
9. Butterfield Trail - 43 Butterfield Trail	Renewal	Yusen	11,925
10. Butterfield Trail - 45 Butterfield Circle	Lease	Protech	22,000
11. Butterfield Trail - 45 Butterfield Circle	Renewal	Mach 1	45,000
12. Central - 3715 Durazno	Lease	South West Polymers, Inc.	20,000
13. Eastside Industrial - 9494 Escobar	Lease	TBD	13,000
14. NWCC - 7730 Trade Center	Lease	ITT Systems	24,000
15. Pan American - 420B Pan American	Lease	Since	10,000
16. Pan American - 420B Pan American	Lease	Jerry Blanco	14,800
17. Pan American - 9600 Pan Am	Lease	Mitsui-Soko	170,000
18. Pan American - 9600 Pan Am	Lease	Electrolux	30,000
19. Pan American - 9620 Joe Rodriguez	Expansion	NAMS	14,400
20. Pendale Industrial - 1100 Pendale	Lease	Foxconn	23,400
21. Santa Teresa - 150 Earhardt	Renewal	Acne	26,000
22. Santa Teresa - 7100 Bi-National	Lease	Stanco	38,000
23. Vista Del Sol - 11831 Miriam	Lease	Flexilink	11,200
24. Vista Del Sol - 1270 Don Haskins	Lease	Moduslink	150,000
25. Vista del Sol - 1301 Gail Borden	Sale	ALC Commercial Properties	30,184
26. Vista Del Sol - 1325 Pendale	Expansion	Kuehne & Nagel	18,000
27. Vista del Sol - Joe Battle	Lease	Avery Dennison	25,000
28. Ysleta Industrial - 9033 Billy the Kid	MTM	Werner	45,000
29. Zach White - Ripley Bldg	Sale	Vacant	10,000

3rd Qtr 2008 Transactions Cd. Juarez, Mexico

LOCATION	TYPE	TENANT	SIZE SF
1. Aeroparque	Lease	Accel	90,000
2. Al Kimco Park	Lease	Affinia Brake Parts	207,777
3. Bermudez	Renewal	A.O. Smith	167,435
4. Gema	Renewal	A.O. Smith	69,990
5. Gema II	Lease	Sabre Manufacturing	60,000
6. Los Aztecas	Lease	NAPS	56,333
7. Los Lomas	Lease	Hopkins	68,000
8. Ramon Rivera Lara	Lease	EVCO	25,000
9. Salvarcar	Lease	Rogers Foam	25,000
10. Salvarcar	Lease	Victory Packaging	220,000
11. Salvarcar	Lease	Moduslink	210,000
12. Salvarcar	Lease	VienTek	198,000
13. Salvarcar	Sale	Cordis	101,190
14. Salvarcar	Lease	CEVA	44,914

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El Paso Office

Wells Fargo Tower
221 North Kansas
Suite 2100
El Paso, Texas 79901
T 915 585 3883
F 915 585 3911

Cd. Juarez Office

Av. Paseo de la Victoria 3651-B2a
Centro Internacional de Negocios
Col. Partido Senecu
Cd. Juarez, Chihuahua, Mexico C.P. 32469
T 915 613 1044 (direct dial from U.S.)
T 011 52 656 207 3060
F 011 52 656 207 3064



Our Team

Christian Perez Giese, Mike White, CCIM, Rex Maingot, CCIM, Rebecca Rojas,
Anthony Mash, Chad McCleskey, Lucy Moreno, Ivan Holguin

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