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Arizona-Sonora Region Connection

APRIL 2010

By Denisse Angulo
1100 N. Wilmot Suite 200
Tucson, AZ. 85712

T: (520) 748-7100
F: (520) 546 2799
E: dangulo@picor.com

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**PICOR Commercial
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Arizona Industry URGED to Link Up with Factories Across Border

By Gabriela Rico Arizona Daily Star

Some say now is the time to pursue the transformation of Sonora's manufacturing industry into an aerospace hub for U.S. and foreign companies. "This is not about cheap labor. If it was, we would be looking at South America or China," John D. Breidenstine, U.S. consul general in Hermosillo, Sonora, told members of the Arizona-Mexico Commission. "This is about integration of the North American marketplace."

Sonora needs to be billed as a place for manufacturing and design plants, versus simply assembly warehouses, he said. "I'm not encouraging U.S. companies to export jobs," Breidenstine said. Instead, Arizona needs to aggressively recruit companies that are eyeing Asia to look at Sonora instead. Breidenstine said 60 to 70 percent of supplies for Mexican plants come from the U.S. That opportunity doesn't exist if the plant is in Asia, he said. "It's time to stop blaming Mexico for our problems," he told commission members. The appointment of Arizona Gov. Janet Napolitano to head the Department of Homeland Security and New Mexico Gov. Bill Richardson to oversee the Commerce Department means those ideas are realistic, Breidenstine said. "There's a great opportunity to open up more trade," he said, because both governors are "friends of the border."

Wendy Vittori, president of Arizona-Sonora Manufacturing Initiative, LLC, said too many people in Arizona don't realize the benefits of manufacturing operations in Sonora. "There's no depth of understanding and people are concerned that if there's a manufacturing job in Sonora, that means there's no job in Arizona," she said. "It might be because of the jobs in Sonora that there are jobs in Arizona." She said the region can position itself now to come out ahead when the economy recovers. If the region fails to seize the opportunity, "the disappointment is going to be bigger later," she said.

Between 2001 and 2007, the number of aerospace maquiladoras in Sonora grew from 65 to 150, said Oscar F. Contreras, visiting associate research scientist and professor of sociology at the College of Sonora. The Hermosillo-based university predicts there will be at least 200 aerospace maquiladoras in Sonora by 2010. Contreras said other Mexican states are recruiting aerospace companies, but they do not boast the binational cooperation of the Sonora-Arizona region.

Tucson Regional Economic Opportunities Inc. has identified aerospace as one of four industries to target. Southern Arizona is one of the top five regions for aerospace, with more than 200 companies that employ 20,000 to 30,000 people. TREO has long touted the availability of manufacturing in Sonora as an incentive for companies looking to relocate.



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TUCSON IS GOING SOLAR

Photovoltaic film is molded to shingles, converting sunlight into electricity. It's an old idea: roof shingles that not only keep your home dry but capture solar power and convert it to electricity. But a Tucson solar firm and the world's largest chemical company are partners in a newer approach.

Global Solar Energy of Tucson manufactures a thin, flexible photovoltaic film. At a plant in Midland, Mich., Dow Chemical Co. runs the film through a \$2.5 million machine known as "The Beast," which molds thermoplastic roof shingles while integrating the solar cells.

The two companies have been working together for a year. Dow, which has annual sales of **\$58 billion and customers in about 160 countries**, sells products ranging from pharmaceuticals to paint.

SOURCE: Arizona Daily

US & CANADA CITIZENS TO PRESENT PASSPORT WHEN GOING INTO MEXICO

A new Mexican federal regulation requiring U.S. and Canadian visitors to present passports when entering Mexico went into effect March 2010, but the majority of travelers to Baja California won't be affected.

Exempt from the new rule are visitors to border regions who remain in the country for less than 72 hours, according to Mexico's National Migration Institute. In addition, cruise ship passengers who briefly disembark in Ensenada will not be required to present a passport.

Most U.S. citizens who cross into Mexico already carry passports because of U.S. travel regulations requiring the documents when they re-enter the United States.

Mexican immigration authorities say the new passport measures are intended to clarify and formalize requirements for U.S. and Canadian visitors to the interior of Mexico. In the past, the criteria were flexible, and the determination was often left to individual immigration agents whether to accept documents such as a driver's license.

The new passport rule comes as Mexico has taken steps to increase security at border crossings. Mexico's customs authorities have been working to tighten inspections along the northern border, installing equipment to electronically screen all southbound vehicles for weapons and other illegal objects.

SOURCE: Union Tribune

Tucson has the University of Arizona

The MBA program at the University of Arizona's Eller College of Management was ranked by Financial Times as the fifth best among public universities in the United States, 19th best among all U.S. institutions and 41st among all in the world.

The **University of Arizona** was given the green light to spend about \$68 million in bond money to do maintenance work at the campus and to bring older buildings up to current fire and safety codes.

A University of Arizona alumni took his first spacewalk as astronauts worked outside the International Space Station.

President Obama has tapped a **U of A medical school professor** to oversee his administration's health-care efforts for American Indians.

The University of Arizona's College of Architecture and Landscape Architecture has been recognized as one of the top design schools in the country ranking in 12th place out of 120 public and private universities. The ranking was made by DesignIntelligence magazine.

The **Logic Bolt Cell Phone** can project images the size of a movie screen. It's being sold by Tucson-based Logic Wireless, a company founded by two University of Arizona students.

University Medical Center (UMC) in Tucson is now certified as a liver transplant program by the U.S. Centers for Medicare and Medicaid Services. In 2008, UMC surgeons performed 116 transplants of kidney, liver and pancreas transplants; the most UMC ever has done in one year. In 2007, the corresponding number of abdominal transplants at UMC was 64; in 2006, 49.

Sources: Arizona Daily Star, Inside Tucson Business, Tucson Citizen, among others



DID YOU KNOW ?

Lowe's is expanding into Mexico with two stores. The home improvement retailer operates about 1,700 stores in the U.S. and Canada.

Tucson has become the first international destination approved by Mexican government agencies to allow travelers from Mexico to use FONACOT credit when using the "**Vamos a Tucson**" office from the Metropolitan Tucson Convention & Visitor Bureau as the connection for transportation, accommodation, entertainment and other expenses.

Verizon Wireless announced the company spent \$120 million in Arizona last year to expand its network.

Anti-pollution devices have been installed on 55 cargo trucks that regularly cross the Arizona-Mexico border at Nogales to clean up the air in the congested corridor.

Arizona trade with Mexico increased steadily from 2001 to 2008, according to figures supplied by the Arizona Department of Commerce. The recession produced a dip in the 2009 figure. In the 8 years prior to that, Arizona's trade with México increased 64%, from 3.6 billion to \$5.9 billion.

Grupo Salinas founder and chairman, Ricardo B. Salinas, addressed a message to encourage US-Mexico business opportunities in Phoenix, Arizona at the Society of American Business Editors and Writers.

Three Chinese solar firms to manufacture solar panels in the United States this year.

Sources: Arizona Daily Star, Inside Tucson Business, Tucson Citizen, among others

CIMA Hospital in Hermosillo ~ among the best ~

A private hospital in Hermosillo, Sonora, has earned international accreditation and partnered with a major U.S. insurance company to offer services to U.S. patients.

Hospital Cima Hermosillo has been classified as a world-class hospital by the Joint Commission International and is one of the first hospitals in Mexico to receive this certification, said Marcos Serrato, the hospital's medical director.



The Joint Commission International regulates and evaluates hospitals worldwide. Hospital CIMA Hermosillo is one of only about 100 hospitals in the world that has such accreditation.

And last month the hospital signed a contract with Companion Global Healthcare Inc. to be included in its network so Blue Cross and Blue Shield members can seek treatment in Hermosillo, said Steven Foster, the hospital's CEO. It is one of 20 hospitals in the Global's network. "With this contract any Blue Cross Blue Shield member has access to our 60 percent discount of what the U.S. price is," Foster said.

The hospital's doctors are U.S.-trained and speak English. Surgical procedures run about 60 percent less than the average U.S. procedure, Foster said.

Cima Hermosillo is part of a four-hospital corporation in Mexico with facilities in Chihuahua, Puebla and Monterrey — which also holds the international certification.

More than 20 private hospitals are in various stages of development, in border cities and resort communities in Mexico. One is planned for Puerto Peñasco, the Sonoran port four hours southwest of Tucson.

SOURCE: Arizona Daily Star



Ciudad Obregon Sonora : Foreign Trade Zone

With an investment of approximately 200 million pesos (about 16.5 million USD), the precinct will have a loading platform and street that will connect to the airport terminal. Aeropuertos y Servicios Auxiliares (ASA) signed the contract of collaboration with the Sonoran Government for the construction of a Strategic Fiscal Precinct (SFP) on the land next to the International Airport of Ciudad Obregon.

The organization informed that the precinct will be built on approximately 100 acres. The Secretaria de Comunicaciones y Transportes (Communication and Transportation Secretary) declared that this will become an entrance gateway to receive material and send the finished product.

The SFP or REFIESON will have the ability to transport merchandise through different modes: air, ground, rail and water (because of the short distance to the Guaymas Deep Sea Port).

The operation will be under the charge of the State Government, and ASA will maintain the airports and complementary services.

Construction is under way, and opening day is approaching. Without doubt, the Foreign Trade Zone will benefit the northern region of Mexico and the Southern United States.

TRENTO INDUSTRIAL PARK

Trento is an 180 acres industrial park located in Ciudad Obregon, Sonora. It offers an excellent location in relation to the US/Mexico border, a fully developed infrastructure and a fine-tuned political and social environment that will contribute significantly to your project's success.

Current TENANTS include:

Yazaki (automobile harnesses)

Radiall (Aerospace Industry)

American Safety Razor (injection molding)

HFI (sewing products)

Personna (industrial blades)

1 Million Square Feet already occupied and 8,500 employees commuting everyday!

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5 Buildings

150,000 SF

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Visitors Like to Shop in ARIZONA

By Linda Valdez

Picture a Mexican crossing the border. What comes to mind is probably a guy trudging along in a line of illegal immigrants. But far more Mexicans come into Arizona legally than illegally.

From July 2007 through June 2008, 24 million Mexicans legally crossed into Arizona, according to a study by the University of Arizona's Eller College of Management. That's roughly 65,000 people a day. Some families make weekly visits to Tucson to shop.

Compare that to illegal immigration. The Border Patrol reports that 317,696 illegal immigrants were apprehended in fiscal 2008 in the Tucson Sector, which covers most of Arizona's southern border. That's 870 people a day. Even if you assume that 10 migrants get through for every one the Border Patrol catches, there still are far fewer illegal immigrants crossing the border than there are Mexicans entering the country legally.

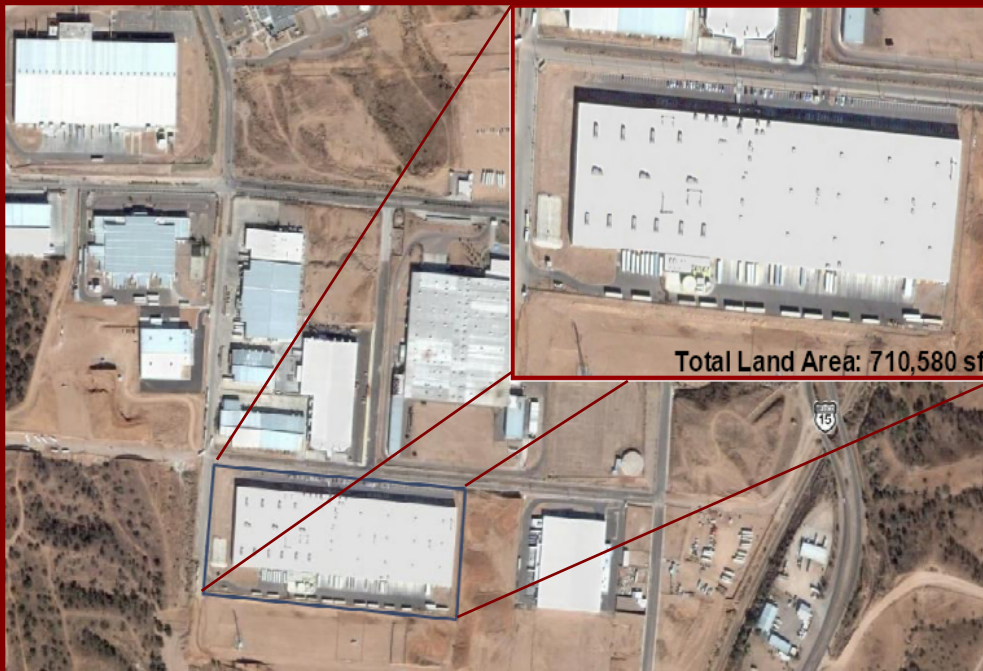
That's border reality. And those legal visitors lighten their wallets in Arizona. According to researchers at Eller, legal Mexican visitors spent an estimated \$2.69 billion in Arizona (Fiscal Year 2008). In inflation adjusted dollars, that was up 147.7 percent from 2001.

Both Phoenix and Tucson have opened offices in Hermosillo, Sonora, to promote tourism, says Margie Emmermann, executive director of the Arizona Mexico Commission. Both saw increases in Mexican visitors.

Arizona can gain more from this population of increasingly sophisticated shoppers. Or it can see those visitors successfully lured away by Las Vegas' advertising efforts. Keep that in mind when you picture a Mexican crossing the border.

SOURCE: The Arizona Republic

FOR LEASE Industrial Building Nogales, Sonora, Mexico



Total Land Area: 710,580 sf

PROPERTY HIGHLIGHTS

Available for immediate occupancy

Turn-Key Building: All utilities in service

Total Building Area: 395,924 SF

Square Feet Available: 170,000 SF

Fire Protection System: Sprinklers

Docks: 23 docks, additional available

Electrical Substation: Four electrical transformers, 2,500 KVA each

Clear Height: 24 feet

Floor: 6-inch concrete slab, reinforced

Security: Perimeter fence + 2 guardhouses

Parking Lot: 201 car spaces + 10 truck spaces, additional available

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NEW COMPANIES IN SONORA, MEXICO

In the last 6 months, new companies have been established their operations or renewing their leases in the State of Sonora, México. These companies are taking advantage of availability and excellent work force.

JABIL CIRCUITS - After an investment of \$12 million, initiated operations in their new facility in Nogales.

BMS BORDER METAL STAMPING - Leased almost 17,000 SF in Nogales.

MGA - A company from Illinois leased approximately 42,500 SF in Nogales secondary packaging. PICOR Commercial Real Estate Services handled the transaction.

AVENT / KIMBERLY CLARK - Renewed their leases on 170,000 SF in Nogales and 70,000 SF in Magdalena. PICOR Commercial Real Estate Services handled the transaction.

INDUSTRIAL BUILDINGS AVAILABLE FOR LEASE IN SONORA MEXICO



Hermosillo, Sonora
130,000 Square Feet



Nogales, Sonora
77,500 Square Feet



Ciudad Obregon, Sonora
150,000 Square Feet
(divisible)

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SONORA REAL ESTATE: THE FACTS

MARKET SIZE
10,000,000 Square Feet

LAND COSTS
\$3.80 - \$4.90 USD

CONSTRUCTION COSTS
\$35 - \$50 USD

LEASE RATES
\$4.20 - \$6.00

SOURCE: Mexico Now Magazine Dec09

EDS Manufacturing - Operating their 150,000 SF facility in Magdalena.

PRINTRONIX - With an investment of \$8 million, they expanded 50,000 SF in their facility in Nogales.

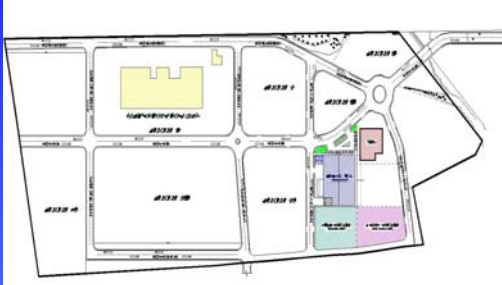
DDCAM - Leased a 90,000 SF facility in San Luis Rio Colorado.

OPERATIONAL TECH CORP - Added a \$1 million investment to initiate twin plant operations in San Luis Rio Colorado and Yuma, AZ

SOURCE: Mexico Now Magazine Dec09



INDUSTRIAL BUILDINGS & LAND FOR SALE IN SONORA MEXICO



Agua Prieta, Sonora
EL RIO Industrial Park
48 ACRES

Build -To-Suit Option Available



Magdalena, Sonora
25,000 Square Feet



San Luis Rio Colorado, Sonora
10 Acres + 5000 Square Feet

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Coming Soon to the U.S.: Clean Energy from Mexico

By Alex Salkever

In the steep, dry mountains of Baja California, México, the wind whistles through the rocky crags. That's the sound of money to wind developers who see these mountains, which enjoy some of the best wind energy on the planet, as the perfect power plant for the burgeoning metropolis of San Diego, Calif., a few hundred miles away. Already, a small 10-megawatt wind farm is going up in these hills near the town of La Rumorosa.

That farm will primarily power local households. But energy developers to the North see huge potential not only in the winds whipping across Mexico but also in the hot sun that bakes the land. Perhaps most important, they see an easier, quicker and cheaper route to getting big energy projects built compared to the multiple levels of permitting processes required north of the border.

The alternative energy of clean energy from Mexico see several factors that make the country perfect for power production aimed at the Southwest U.S. Baja California and other parts of Mexico have gusty winds similar to those found in the world's best wind farm areas. Much of Mexico also boasts the same excellent solar footprint as California, Nevada and Arizona with bright, clear weather the vast majority of the time. In terms of total energy potential, the hills and fields of Mexico could easily supply thousands of megawatts to the U.S.

The U.S.-based Export-Import Bank recently underwrote the first export of 27 large wind turbines to Mexico, according to Green Momentum. Those turbines, made by Clipper Windpower, represent the first such export that's supported by the government-backed export-centric bank and financing facility. In addition to U.S. government help in underwriting such purchases, Mexico's government will likely make an aggressive push, complete with lots of incentives, to draw in renewable power producers seeking to sell to the U.S.

Of course this is not happening tomorrow. According to the trade publication CSP Today, export of solar power remains a low priority for Mexico and its government but sooner they will likely focus even more intently on renewable for domestic use.

Add it all up, and the likely outcome is clear: Mexico will be, perhaps within a decade, a green-energy powerhouse. And its biggest customers will be the residents of California and Arizona.

SOURCE: Daily Finance



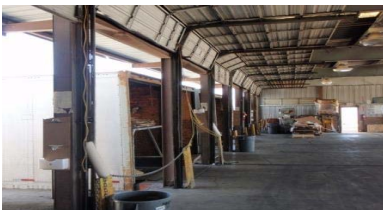
TUCSON, ARIZONA In the Spotlight



Highland Valley Partners signed a 65-month lease for 162,500 SF industrial building that was built in 1995 in the Airport Distribution Center. Rob Glaser of PICOR Commercial Real Estate Services, a Cushman & Wakefield Alliance Member, represented the landlord, EastGroup Properties.



Schletter Inc, an internationally recognized manufacturer of solar mounting systems, has leased 65,000 SF facility to be used for manufacturing and training. Steven Cohen of PICOR Commercial Real Estate Services, a Cushman & Wakefield Alliance Member, represented the Landlord. Cohen & Paul Hooker, also of PICOR, represented the tenant.



A&E Flood Services leased a 25,200 SF industrial building. They specialize in restoration, water extraction, and mold removal. Rob Glaser of PICOR Commercial Real Estate Services, a Cushman & Wakefield Alliance Member, represented the landlord.

ARIZONA & SONORA: BIG PARTNERS!

Mexico is already Arizona's largest trading partner and the third-largest trading partner for the U.S. overall.

Since 1959, the Arizona-Mexico Commission has been an advocate for border and trade policy and building relationships with Mexico. Arizona's governor heads the commission, which offers a critical mechanism for the private and public sectors to work together to advance Arizona's global competitiveness.

In 2008, Arizona's exports to Mexico reached \$5.9 billion. Mexican shoppers account for \$2.69 billion in retail sales in Arizona and are the source for more than 3.8 million overnight visitors, sustaining more than 23,400 direct jobs in Arizona.

Arizona companies provide millions of dollars worth of goods and products into Mexican manufacturing facilities known as maquiladoras. Manufacturing trade between Arizona and Mexico hovers around \$20 billion each year. Additionally, more than 43% of the fresh produce consumed in the entire United States from October through May comes through the Nogales and San Luis Ports of Entry located in the Arizona-Sonora region, where value-added activities like packaging, shipping and logistics employ thousands of Arizonans.

Additionally, emerging markets such as Chile, Argentina and Brazil present great areas of opportunity for Arizona companies, particularly in the fields of aerospace, agribusiness and other high-technology areas.

There are a number of important efforts that Arizona must pursue consistently to make a real difference. Here are a few:

- Establishing a consistent international-trade policy, with Mexico and Latin America at the center. Trade-related jobs pay 17 percent more than those not trade-related.
- Building a first-class physical infrastructure on our border and advocating for continued federal investments at our ports of entry. Use new tools such as public-private partnerships, so we can do more with less public investment.
- Making Arizona a center for trade and security innovation. Innovations in technology, security processes and logistics will have a global market, which is a key attribute of sustainable jobs.

The border can be chaotic and complicated, but it can also be a vibrant and dynamic hub of opportunity and sustainable economic development. Let us choose to be proactive in planning and guiding the long-term growth of our state and thus position Arizona to be a key player in international trade.

By Margie A. Emmermann, Mexico policy adviser, Office of the Governor, and executive director of the Arizona-Mexico Commission.