



Guadalajara Office Market

The Inventory Increases and Absorption Improves

The inventory in Guadalajara increased for the eighth consecutive quarter and the third quarter of 2021 closed at 773,000 square meters of net rentable office space. Despite the 24,000 square-meter increase of the inventory, the vacancy rate declined by more than 1 percentage point. This is the second time the vacancy rate declines in nearly two years, ending its upward trend.

Net absorption improved considerably over the previous quarter and was recorded at 3,130 square meters. Note that this indicator has only been positive twice over the last two years. In addition, market activity also rebounded and nearly reached 30,000 square meters. The average asking rate in the market showed a slight fluctuation, mainly due to the exchange rate volatility of the last few months and to new supply with relatively high asking rates.

Current Conditions

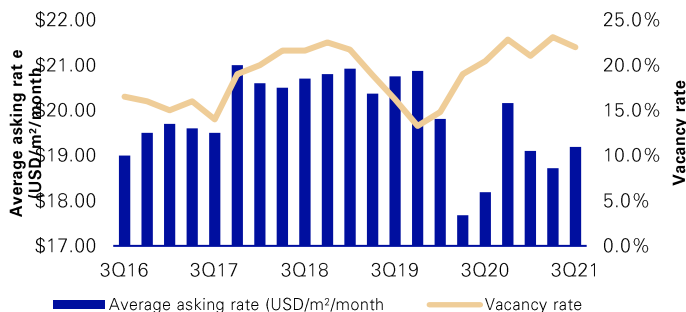
- The inventory in Guadalajara increased once more and closed at 773,480 square meters.
- The vacancy rate lowered significantly and closed the quarter at 22.0%.
- The submarket Puerta de Hierro showed good dynamism and contributed 77% of the total market activity.

Market Summary

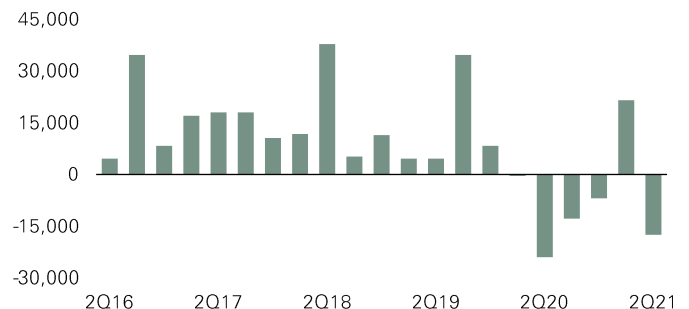
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (m ²)	773,480	749,480	708,807	↑
Vacancy rate	22.0%	23.1%	20.4%	↓
Quarter absorption (m ²)	3,130	-17,461	-12,781	↑
Avg. asking rent (USD/m ² /month)	\$19.19	\$18.72	\$18.19	↑
Under construction (m ²)	116,302	125,232	162,281	↓

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (M²)



Puerta de Hierro, a dynamic submarket

The largest office submarket in Guadalajara increased its inventory once again during the third quarter of 2021 by adding 24,000 square meters of rentable space at the Dos Puntas Tower. With this new building, the Puerta de Hierro submarket accounts for 32.0% of the rentable space in the market, followed by the Zona Financiera and Providencia submarkets with 21.0% and 15.0%, respectively.

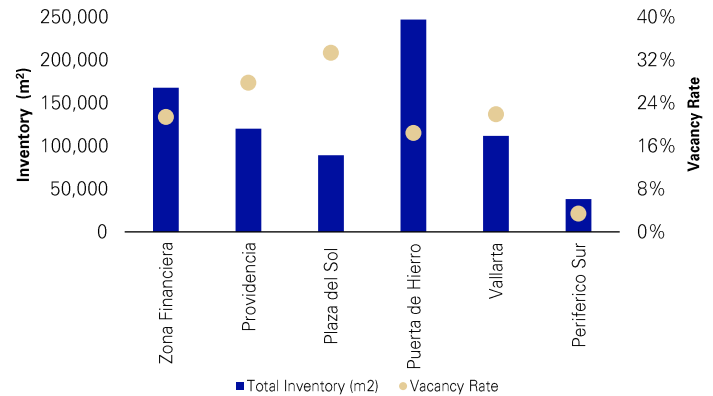
Despite the 10.7% increase of net rentable area in Puerta de Hierro, this submarket recorded market activity for 21,594 square meters, but a net absorption of negative 3,124 square meters. Nevertheless, the vacancy rate recorded a decline, a rare phenomenon in submarkets that see an increase in supply.

This area of the city will see the most growth in the near future as it currently features 43,420 square meters under construction, which will be added to the inventory within the next two years. The Vallarta and Plaza del Sol submarkets will also add 41,395 and 31,487 square meters to the inventory, respectively.

In general, the market still features major oversupply, but there are several signs of recovery related to the market activity pace in the corporate market. If the pace in the market activity is sustained, a new stability period will be achieved.

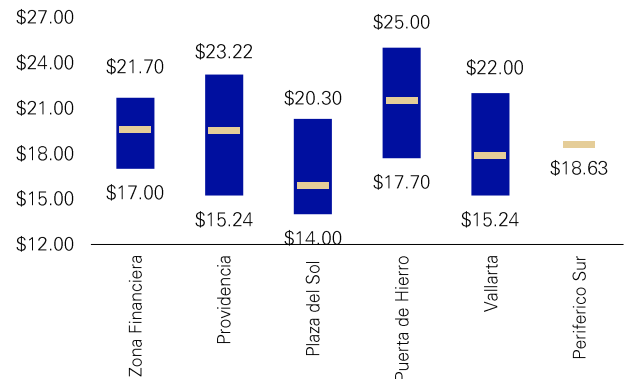
Vacancy per Submarket

TOTAL VACANCY: 169,954 m²



Average Asking Rates Range

MINIMUM AND MAXIMUM ASKING RATES



Submarket Stats

	Total Inventory (m ²)	Deliveries (m ²)	Under construction (m ²)	Total Vacancy (m ²)	Vacancy Rate (%)	Total Activity (m ²)	Net Absorption (m ²)	Average Asking Rate (USD/m ² /month)
Zona Financiera	167,714			35,837	21.4%	645	645	\$19.59
Providencia	120,092			33,326	27.8%	1,592	1,592	\$19.54
Plaza del Sol	89,059		31,487	29,673	33.3%	4,151	4,151	\$15.90
Puerta de Hierro	246,912	24,000	43,420	45,410	18.4%	21,594	-3,124	\$21.51
Vallarta	111,624		41,395	24,412	21.9%	0	-133	\$17.88
Periférico Sur	38,079			1,296	3.4%	0	0	\$18.63
Total Market	773,480	24,000	116,302	169,954	21.97%	27,981	3,130	\$19.19

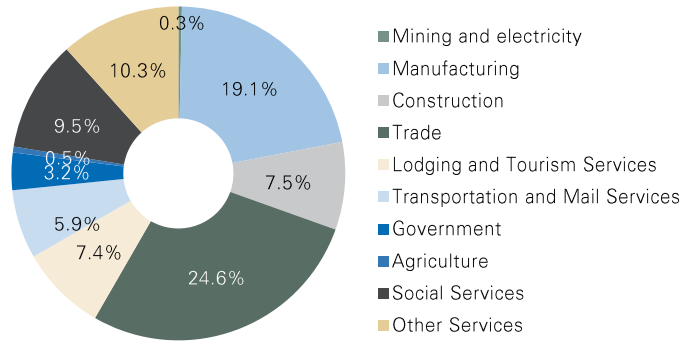
Growth above national average

The State of Jalisco was among the states with highest economic growth, ranking fourth in the country. According to the National Institute of Statistics and Geography of Jalisco, the state recorded a 2.2% growth. Based on the current forecast for GDP growth, the State of Jalisco will record growth above national average in 2021 and in the first half of 2022.

The key indicators for economic activities in the State of Jalisco react in a different way from Mexico City since contrary to the increase seen in the tertiary sector in the country's capital, the tertiary sector in Jalisco contracted by 0.5%. On the other hand, the primary and secondary sectors grew by 1.0% and 1.9%, respectively.

Employment per Economic Sector

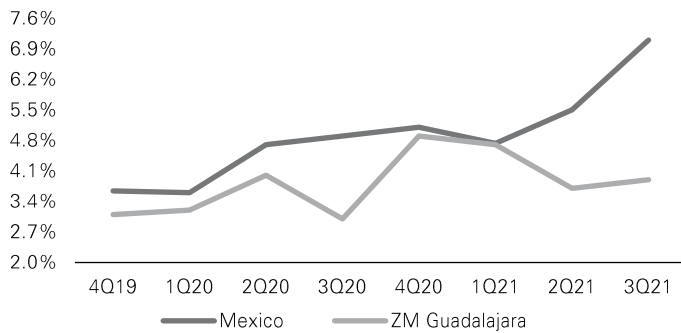
JALISCO, SEPTEMBER 2021



Source: INEGI, ENOE

Unemployment Rate

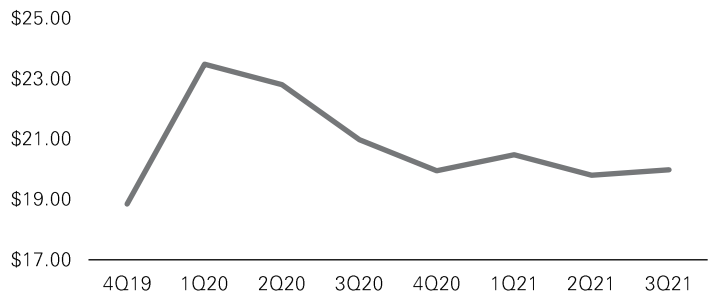
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

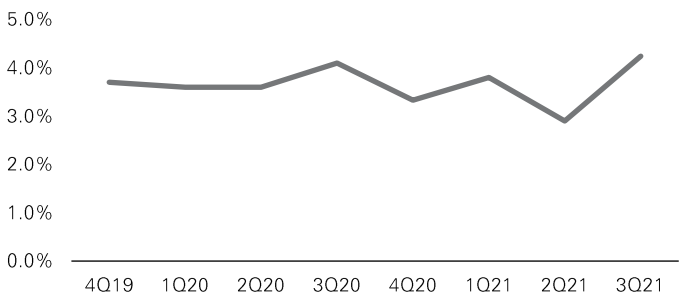
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

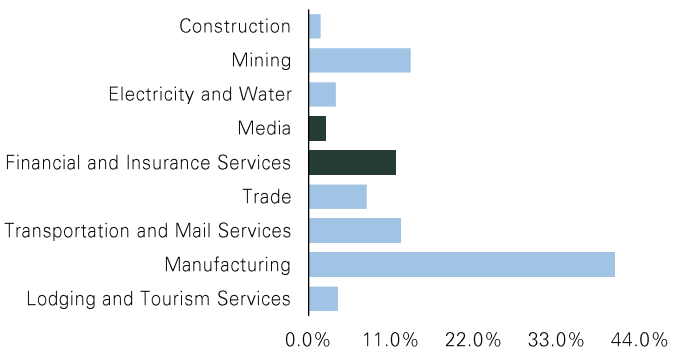
Consumer Price Index

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source: CEFP

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