

Queretaro Industrial Market

A Reactivated Market

After a difficult year for the Industrial Market in Queretaro, the reactivation was clear in the third quarter of the year. With nearly 0.6 million square feet of net absorption, Queretaro is recovering from three consecutive months recording negative absorption. Additionally, market activity topped 1.8 million square feet.

Most of the market activity was recorded in the automotive, storage and logistics sectors. The logistics sector alone accounted for 70.0% of the transactions in the market in this quarter, while the manufacturing industry accounted for 20.0%.

According to the Secretariat of Sustainable Development of Queretaro, the investment projects expected for 2022 will be a major component for the recovery of the industrial market towards the second quarter of 2022. The reactivation of the automotive industry and the IT sector makes of Queretaro the market with the highest expectations for recovery.

Current Conditions

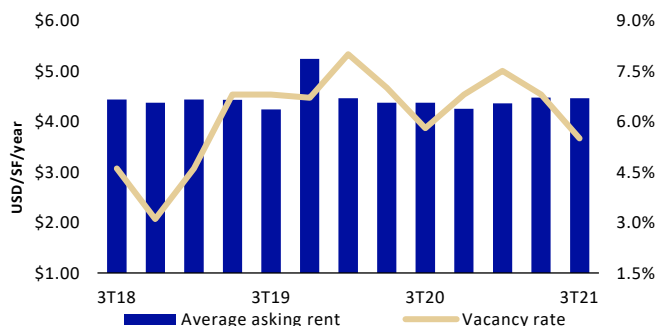
- The Class A industrial inventory presents 67.8 million SF by the end of the third quarter of 2021.
- Construction surface increased in contrast to the 2T 2021, presenting in the current quarter 1.1 million SF.
- The availability rate in Queretaro decreased from 6.8% in 2021 Q2 to 5.5% in the third quarter of 2021.

Market Summary

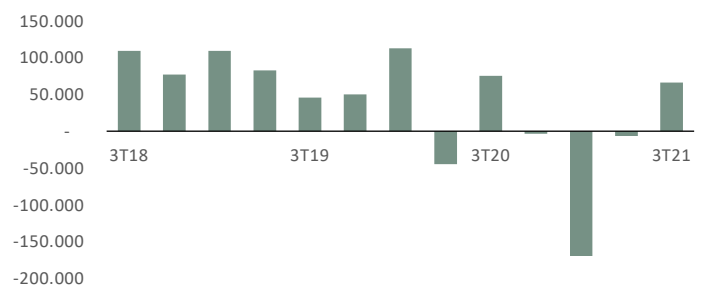
	Current Quarter	Prior Quarter	One year ago	12 month forecast
Total inventory (SF)	67.8M	66.7M	58.1M	→
Vacancy rate	5.5%	6.8%	4.6%	↓
Quarterly absorption (SF)	638,832	-61,957	725,375	↑
Average asking rent (USD/SF/year)	\$4.46	\$4.47	\$4.44	→
Under construction (SF)	1.1M	0.6M	2.1M	→

Market Analysis

AVERAGE ASKING RENT AND VACANCY RATE



NET ABSORPTION (Thousand SF)



Market Stats

The inventory in the City of Queretaro was recorded at 67.8 million square feet by the end of 3Q21. The vacancy rate was recorded at 5.5%, equivalent to 3.7 million square feet of available space. The gross absorption was recorded at 0.6 million square feet and the market activity totaled 1.8 million square feet.

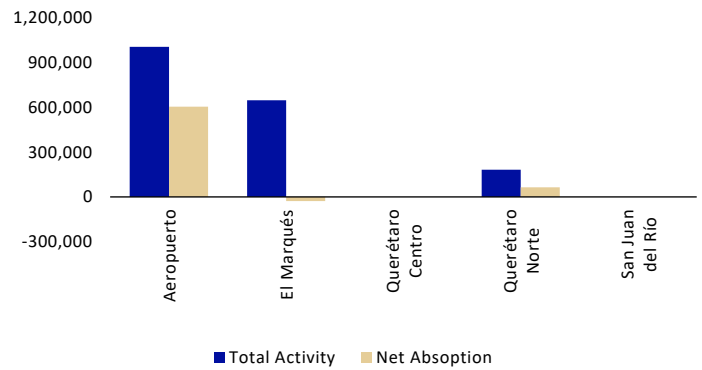
Asking rates averaged \$4.46 USD per square feet per year as they remained mainly unchanged from the prior quarter at \$4.47 USD per square feet per year. The Aeropuerto submarket posted the highest asking rates in this market at \$6.96 USD per square feet per year, whereas the lowest asking rates were detected in the El Marques submarket at \$3.36 USD per square feet per year.

Construction Activity on the Rise

After the uncertainty of 2020 and the first quarter of 2021, construction activity reactivated. Queretaro has shown a number of parks with new facilities in planning stages over two years. Construction activity has been the most dynamic in the Queretaro Norte submarket with nearly 0.8 million square feet currently under construction. There are still some new parks in planning stages and plots of land for new BTS facilities. In addition, 0.2 million square feet are expected to be added to the inventory by the end of 2021.

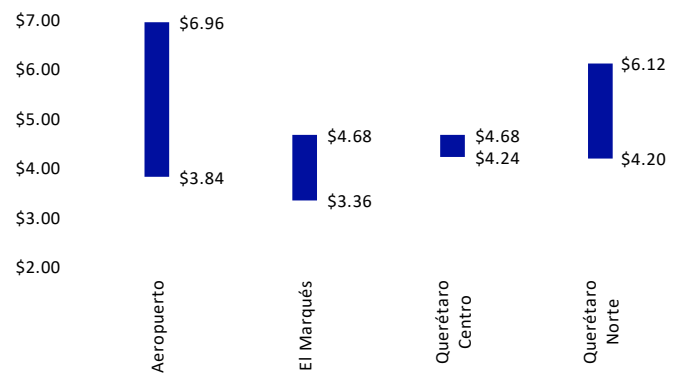
Net Absorption and Activity per Submarket

NET ABSORPTION AND MARKET ACTIVITY (SF)



Asking Rates Range per Submarket

AVERAGE ASKING RATE (USD/SF/Year)



Submarket Stats

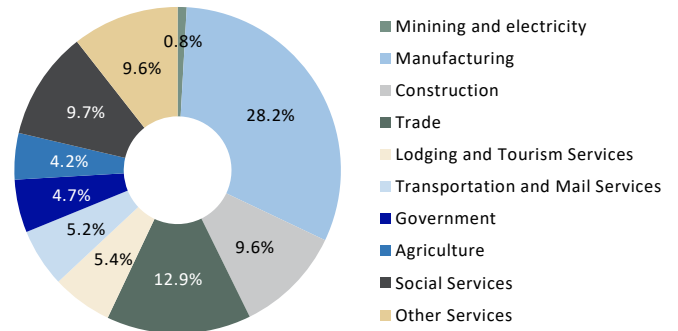
	Total Inventory (million SF)	Under Construction (SF)	Total Vacancy (million SF)	Vacancy Rate	Total Activity (million SF)	Quarterly Net Absorption (SF)	Average Asking Rate (USD/SF/year)
Aeropuerto	13.1	37,674	1.5	11.8%	1.0	603,570	\$4.57
El Marqués	19.5	224,688	1.5	7.7%	0.6	-28,568	\$4.26
Querétaro Centro	3.6	-	0.2	5.6%	-	-	\$4.63
Querétaro Norte	22.4	795,212	0.5	2.2%	0.2	63,831	\$5.04
San Juan del Río	8.9	-	-	-	-	-	-
Total Mercado	67.4	1,057,574	3.7	5.5%	1.8	638,833	\$4.46

Economic Conditions

Querétaro has seen steady recovery in employment growth rates. This is also known as an increase in production value. Likewise, growth in the seven main industrial clusters in the city—automotive, aerospace, information technologies medical, plastics, logistics and energy—has been higher than the national average. Additionally, other sectors like the food industry, appliance manufacturing, heavy equipment and pharmaceutical have shown high growth potential given their high level of specialization, value and investment.

Employment per Economic Sector

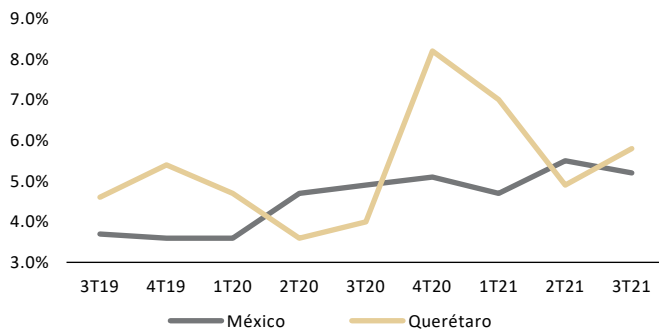
QUERETARO, SEPTEMBER 2021



Source: INEGI, ENOE

Unemployment Rate

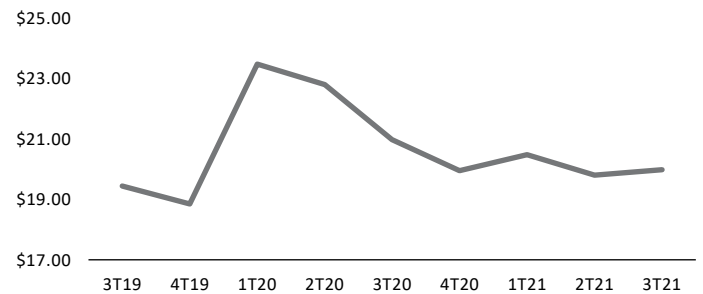
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

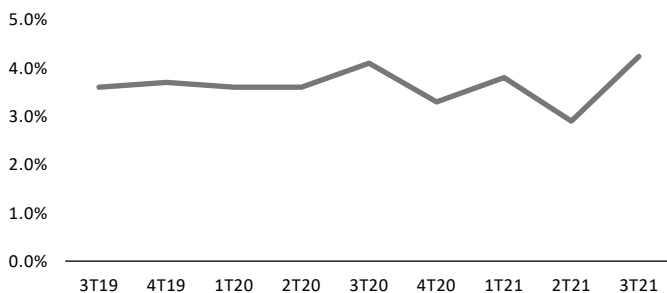
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

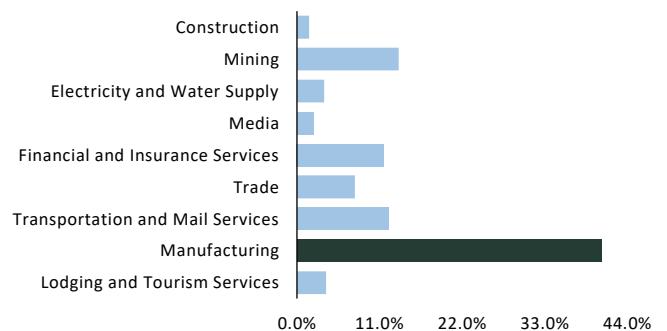
Consumer Price Index (CPI)

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source: CEFPI

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