

Guadalajara Office Market

Office market remains steady

During the last quarter of 2021, the Office market in Guadalajara has continued to show favorable conditions and sound signs of recovery.

During the period, the inventory did not increase which led to the recovery of other indicators after the vacancy rate had recorded a decline for two consecutive quarters. In fact, the vacancy rate was recorded at 20.7%. Additionally, the market posted positive net absorption after two years, uncommon in office markets under current conditions. Note that the absorption tripled over the prior quarter.

Nevertheless, the vacancy rate is expected to increase over the next few quarters as new space for more than 116,000 square meters is under construction. The new space will be equivalent to 15% of the total inventory in the City of Guadalajara. The new space will be added to the inventory gradually in the short term which may impact the trend of positive net absorption.

Current Conditions

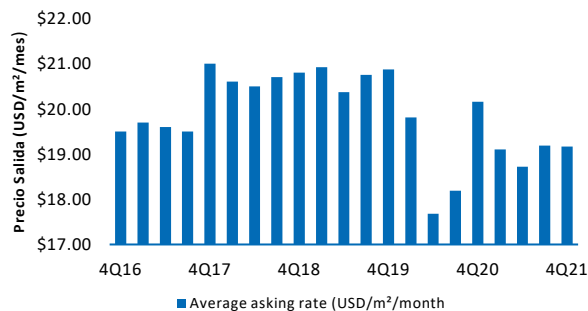
- The inventory did not show any major changes during the quarter, favoring net absorption which was recorded at 9,624 square meters.
- The vacancy rate continues trending downward and was recorded at 20.7%.
- Construction activity must be continuously monitored with 116,302 square meters which will be added to the inventory in the short term.

Market Summary

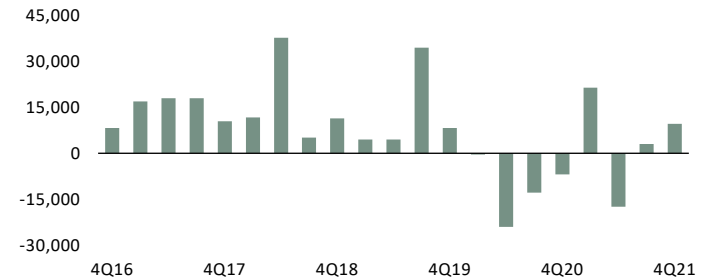
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (m ²)	773,480		728,140	→
Vacancy rate	20.7%	22.0%	22.8%	↓
Quarterly absorption (m ²)	9,624	3,130	-6,899	↑
Average asking rent (USD/m ² /month)	\$19.17	\$19.19	\$20.16	↑
Under construction (m ²)	116,302	116,302	147,642	→

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (M²)



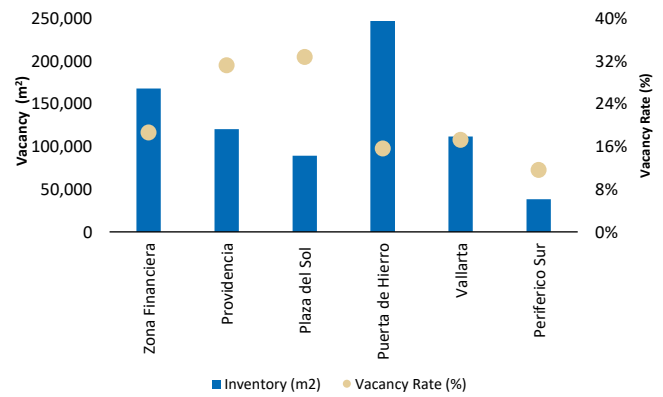
The Puerta de Hierro, Zona Financiera and Vallarta submarkets recorded the highest activity during this quarter as they combined for 97.0% of the gross absorption in this market. This is good news for the office market in general, but especially for the Puerta de Hierro submarket, the largest submarket in the city which is a good indicator since this submarket accounts for one third of all market in the city. This area continues to see a good transactions streak and the vacancy rate has continued to decline to 15.6%, which indicates stability in office markets.

While the Providencia and Plaza del Sol submarkets are not the largest in the city, they posted the most alarming vacancy rates in the city at 31.2% and 32.8%, respectively. Together, these submarkets combine for 66,000 square meters of space, equivalent to 41.0% of the vacant area in the Guadalajara office market.

Generally speaking, asking rates have remained stable, especially in the second half of the year. Asking rates in the Puerta de Hierro and Periferico Sur submarkets have seen the most fluctuation throughout the year. The fluctuation in asking rates in the Puerta de Hierro submarket derived from the new buildings added to the market during the year. In turn, the fluctuation of asking rates in the Periferico Sur submarket was mainly related to the size of this submarket. A change in the asking rates of any given building drastically impacts the weighted average of this whole submarket.

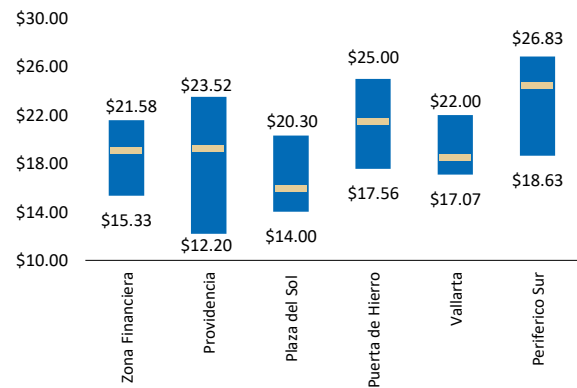
Vacancy per Submarket

TOTAL VACANCY: 155,624 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 Quarterly Absorption (m ²)	Average Asking Rate (USD/m ² /month)
Zona Financiera	167,714			31,282	18.7%	5,551	4,555	\$19.10
Providencia	120,092			37,490	31.2%	0	-4,164	\$19.22
Plaza del Sol	89,059		31,487	29,228	32.8%	445	445	\$15.89
Puerta de Hierro	246,912		43,420	38,617	15.6%	6,793	6,793	\$21.40
Vallarta	111,624		41,395	19,294	17.3%	5,187	5,118	\$18.47
Periférico Sur	38,079			4,420	11.6%	0	-3,124	\$24.43
Total	773,480	0	116,302	160,331	20.7%	17,976	9,624	\$19.17

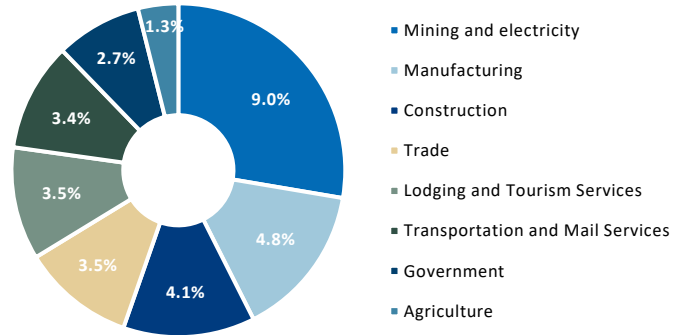
Foreign Direct Investment in the State of Jalisco

The State of Jalisco became one of the leading states in the country in Foreign Direct Investment throughout 2021. This was evident in the fourth quarter of the year after consolidating negotiations in the construction field with Qatar. Other countries have shown high interest in upholding trade relations with the State of Jalisco such as Brazil (energy, technology and electronics) and Colombia (as an attempt to replicate the Tequila Route).

In addition, the Department for Economic Development is seeking to update the Trade Agreement between Mexico and the European Union in order to enable trade between Jalisco and European member states through the simplification of custom controls and greater economic openness for the services sector.

Employment per Economic Sector

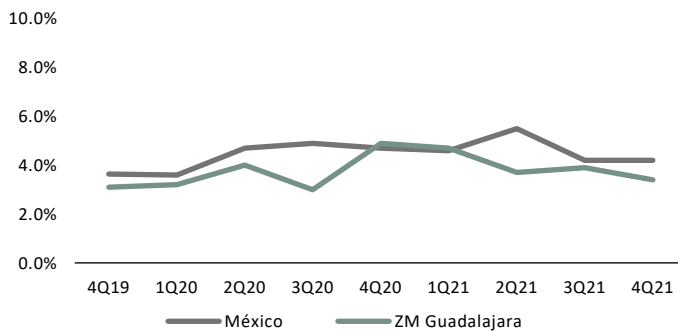
MEXICO CITY AND METROPOLITAN AREA, DECEMBER 2021



Source: INEGI, ENOE

Unemployment Rate

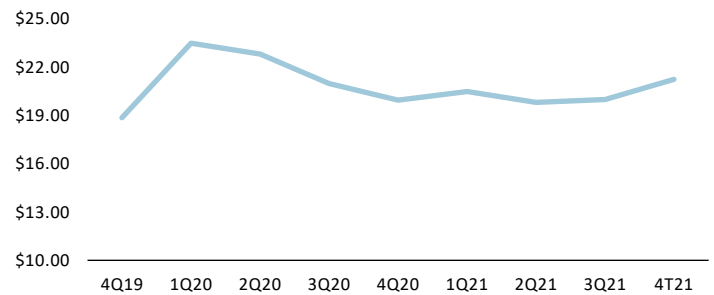
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

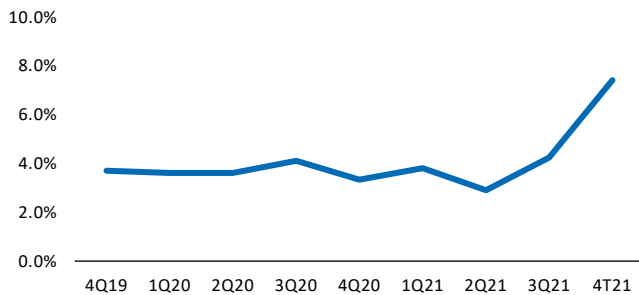
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

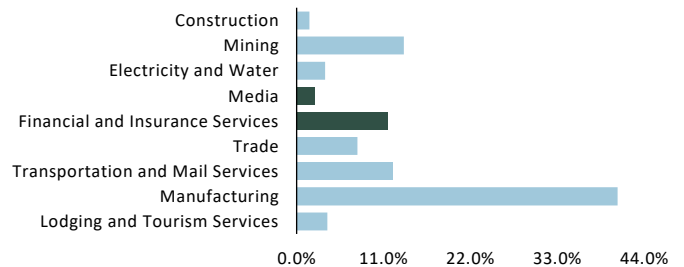
Consumer Price Index

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source: CEFPI

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Newmark ha implementado una base de datos propia y la metodología de seguimiento ha sido revisada. Con esta expansión y refinamiento en nuestros datos, puede haber ajustes en las estadísticas históricas, incluyendo la disponibilidad, precios de renta, absorción y rentas efectivas. Nuestros reportes de mercado se encuentran disponibles en <https://nmrk.lat/reportes-de-mercado/>

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