



Querétaro Industrial Market

Positive Trend

The complexity and slowness that plagued the Querétaro market during the first quarter of the year is now behind us. The positive trend in market movements, as well as the construction boom since 2Q 2020, show an encouraging outlook for the sector in Queretaro. Several sectors are determined to boost the industrial market through their SMEs in order to generate reliable suppliers and services to supply large industry.

Boosting SMEs

Several sectors are determined to boost the industrial market through their SMEs in order to generate reliable suppliers and services to supply large industry.

A clear example of this is the project for the Strengthening of the Automotive Cluster between Japan and Mexico, which according to the Japan International Cooperation Agency (JICA), seeks to strengthen SMEs in the supply of automotive parts, so that they can be competitive and generate more business opportunities in the value chain of the automotive industry and strengthen the regional economy.

However, not only the automotive sector has its focus on SMEs, the aerospace sector is also contemplating the investment of five billion dollars in the country, and part of this investment would settle in the Querétaro area due to its potential.

According to the Mexican Federation of the Aerospace Industry (Femia), the aim is to boost supply chains based on the efficiency and effectiveness of local suppliers.

Current Conditions

- Class A industrial inventory consists of 67.3 millions of square feet as of the fourth quarter of 2021.
- There was an increase in industrial space under construction, which increased from 1.0 M to almost 1.6 M square feet compared to 3Q 2021.
- The availability rate continued its downward trend, falling from 5.6% to 4.3%.

Market Summary

	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	67.3 M	67.3 M	66.7 M	↑
Vacancy rate	4.3%	5.6%	6.8%	→
Quarterly absorption (SF)	895,306	638,833	(27,039)	↑
Average asking rent (USD/SF/year)	\$4.54	\$4.46	\$4.25	↑
Under construction (SF)	1.6 M	1.0 M	0.7 M	→

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



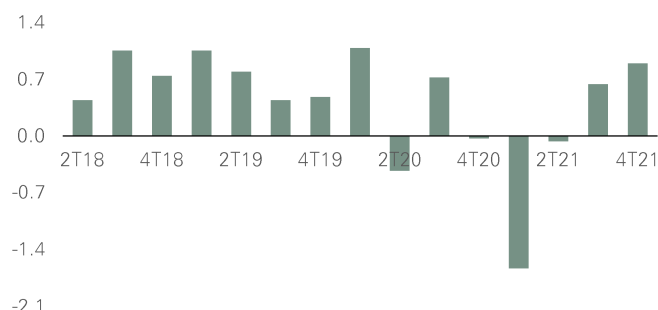
Recovery of Demand and Construction

The beginning of the year showed a market whose activity and absorption generated disconcerting numbers for the Bajío region. Negative absorption and low activity permeated the market with uncertainty; however, starting in the third quarter of the year, there was a rebound in movements that positively impacted the figures.

The submarket that showed the strongest recovery was Aeropuerto, with more than 581,256 SF of absorption in 4Q 2021, of which almost 50% corresponded to the automotive sector. On the other hand, the Airport area is expected to see the highest number of additions to construction and inventory, as it shows the highest activity of all the submarkets.

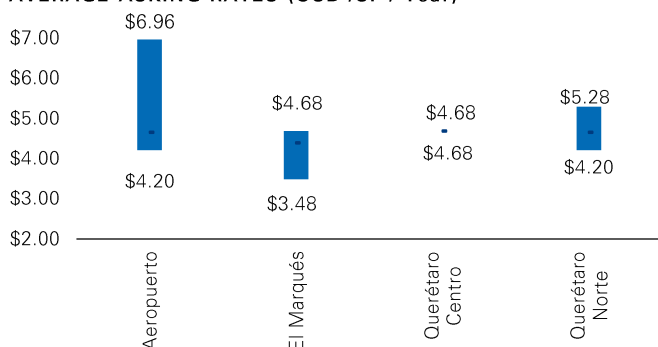
Market Analysis

NET ABSORPTION (Millions SF)



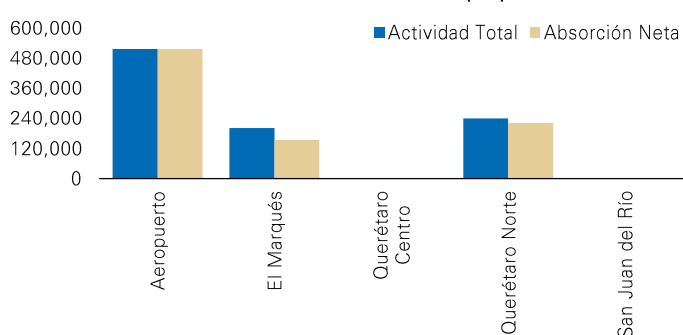
Average Asking Rates Range

AVERAGE ASKING RATES (USD / SF / Year)



Net Absorption and Activity per Submarket

NET ABSORPTION AND MARKET ACTIVITY (SF)



Market Summary

	Total Inventory (Millions SF)	Under Construction (Millions SF)	Total Vacancy (Millions SF)	Vacancy Rate	Activity (Millions SF)	Absorption (Millions SF)	Absorption Year (Millions SF)	Asking Rate (USD/SF/year)
Aeropuerto	13.1	0.7	1.1	8.3%	0.5	0.6	0.6	\$4.65
El Marqués	19.5	0.2	1.2	6.2%	0.2	0.2	(0.4)	\$4.38
Querétaro Centro	3.6	-	0.1	3.6%	-	-	0.03	\$4.68
Querétaro Norte	22.4	0.7	0.5	2.3%	0.2	0.2	(0.4)	\$4.65
San Juan del Río	8.8	-	-	-	-	-	-	-
Total	67.4	1.6	2.9	4.3%	1.0	0.9	(0.2)	\$4.54

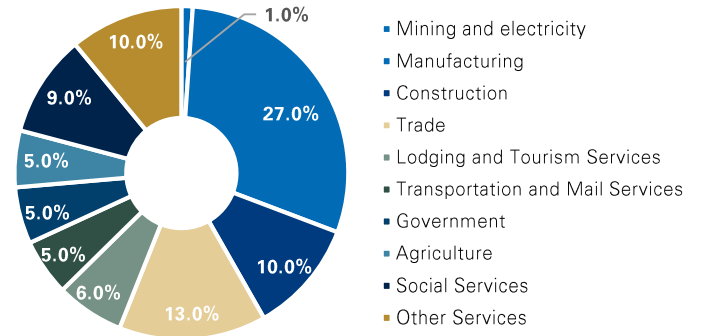
Economic stability

Foreign direct investment has been on an upward trend since the beginning of the year and is expected to continue its upward trend, mainly focused on manufacturing activities. For the last quarter of the year, the manufacturing of transportation equipment, electric power generation equipment, and the plastics and rubber industry are the sectors with the highest investment in the state.

Twenty-seven percent of Queretaro's employed population is employed in the manufacturing industry, followed by commerce (13%) and construction (10%). These data are encouraging and indicate that these three sectors have come out ahead of the stagnation that occurred at the beginning of 2021.

Employment per Economic Sector

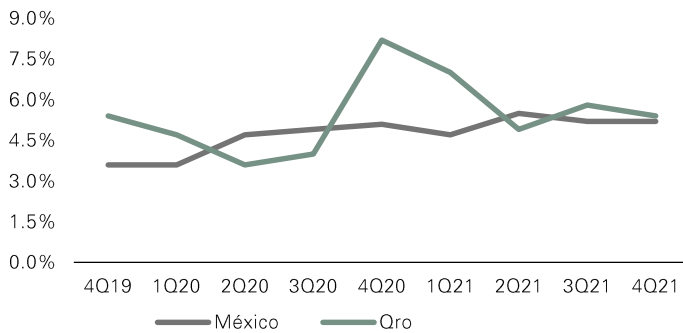
QUERÉTARO, DECEMBER 2021



Source: INEGI, ENOE

Unemployment Rate

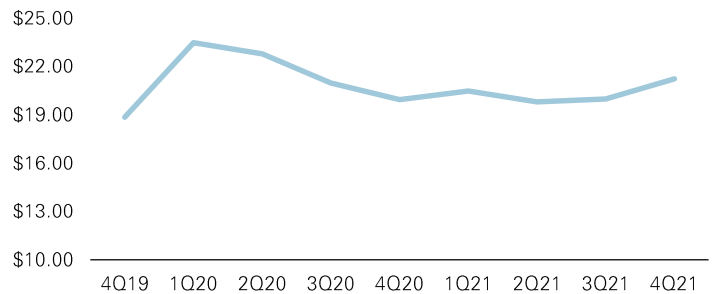
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

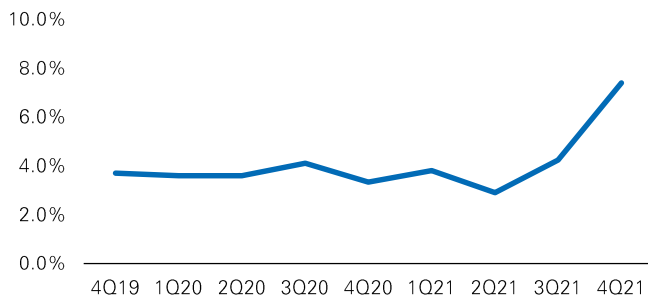
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

Consumer Price Index (CPI)

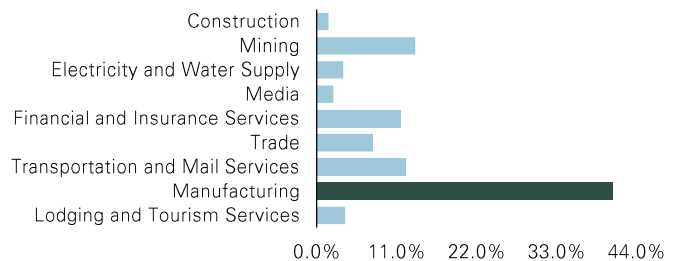
ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment

PERCENTAGE



Source: CEFP

RESEARCH 4Q 2021

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