



Guadalajara Office Market

Heading for recovery, availability rate continues to decline

During the first quarter of 2022, the office market in the metropolitan area of the city of Guadalajara remained dynamic. Improvements were observed in different market indicators along with a clear recovery in the state's economy.

During this quarter, the availability rate remained steady with the same trend of previous periods, decreasing again and closing at 19.7%. Similarly, net absorption remained positive, closing the period at 15,894 Sq. m. This figure tripled compared to the previous quarter and highlighted the recovery in the corporate sector.

Office stock also showed an increase during the quarter, as 9,420 Sq. m. entered the market in the Puerta de Hierro corridor, one of the most dynamic in Jalisco.

We have to consider that there are still more than 100 thousand square meters under construction in the city which will be incorporated into the stock during the next four years in the Plaza del Sol, Puerta de Hierro and Vallarta corridors.

During the quarter, the city's most active submarkets were Puerta de Hierro, Zona Financiera and Vallarta, which together reported more than 59% of the gross absorption for the entire market.

Current Conditions

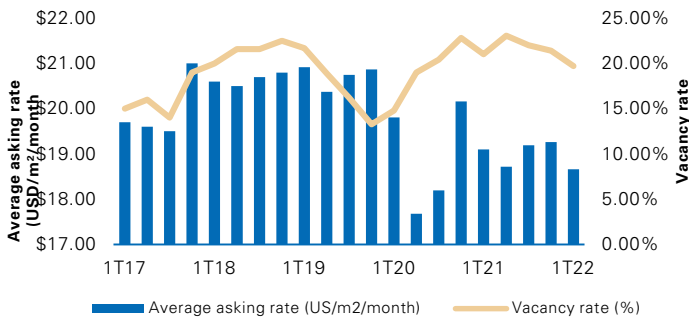
- The Puerta de Hierro submarket added 9,420 square meters of new space to the inventory.
- The vacancy rate continued its downward trend to 19.7% by the end of the quarter.
- 106,882 square meters under construction to be added to the inventory in the short term.

Market Summary

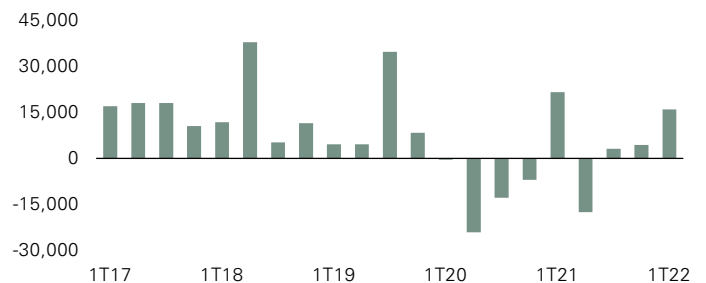
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (m ²)	782,900	773,480	740,550	↑
Vacancy rate	19.7%	21.4%	20.9%	↓
Quarterly absorption (m ²)	15,894	4,370	22,343	↑
Average asking rent (USD/m ² /month)	\$18.66	\$19.26	\$19.09	↓
Under construction (m ²)	106,882	116,302	133,544	↓

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (M²)



RESEARCH 1Q 2022

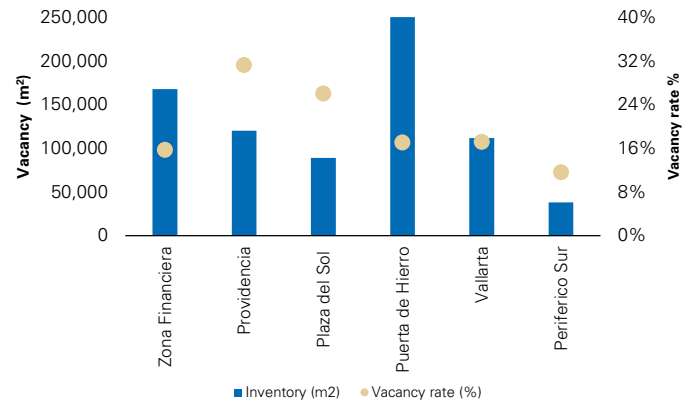
The Puerta de Hierro corridor is the largest office market in Jalisco, accounting for 33% of total stock and boasting an availability rate of 17%. It is the corridor that showed the highest gross absorption during the period, which amounted to more than 9,000 Sq. m. It is important to note that this submarket saw a decrease of 12% in its weighted asking price compared to the previous quarter.

Together, the Zona Financiera and Providencia corridors represent 37% of the existing stock of the Guadalajara office market and have availability rates of 16% and 31%, respectively. As far as gross absorption is concerned, Zona Financiera amounted to 4,982 Sq. m., while Providencia only saw 320 Sq. m. occupied. Prices in both corridors remained stable, seeing a decrease of less than 1% compared to the previous quarter.

Most corridors saw decreases in average asking prices, ranging from -0.3% to -12%. Only the Vallarta and Plaza del Sol corridors saw an increase in their asking prices, from 0.3% to 3.8% compared to the previous quarter.

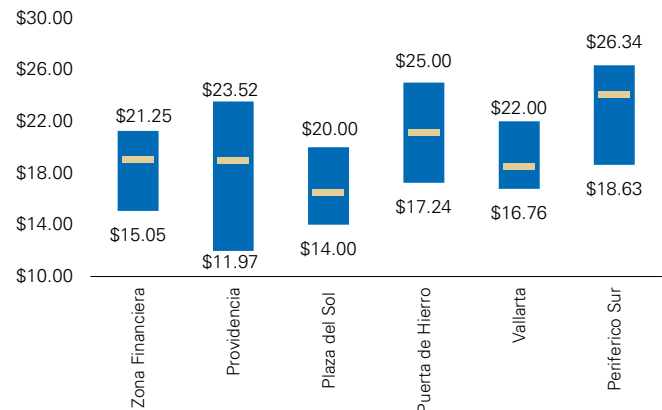
Vacancy per Submarket

TOTAL VACANCY: 154,400 m²



Average Asking Rates Range

MINIMUM AND MAXIMUM ASKING RATES



Submarket Stats

	Total Inventory (sqm)	Deliveries (sqm)	Under construction (sqm)	Total Vacancy (sqm)	Vacancy Rate (%)	Total Activity (sqm)	Net Absorption (sqm)	Average Asking Rate (USD/sqm/month)
Zona Financiera	167,714			26,300	15.7%	4,982	4,982	\$19.04
Providencia	120,092			37,533	31.3%	320	-43	\$18.97
Plaza del Sol	89,059		31,487	23,197	26.1%	7,342	6,031	\$16.49
Puerta de Hierro	256,332	9,420	34,000	43,760	17.1%	9,964	4,821	\$18.83
Vallarta	111,624		41,395	19,190	17.2%	2,103	103	\$18.50
Periférico Sur	38,079			4,420	11.6%			\$24.08
Total	782,900	9,420	106,882	154,400	19.72%	24,711	15,894	\$18.66

Resilient Jalisco

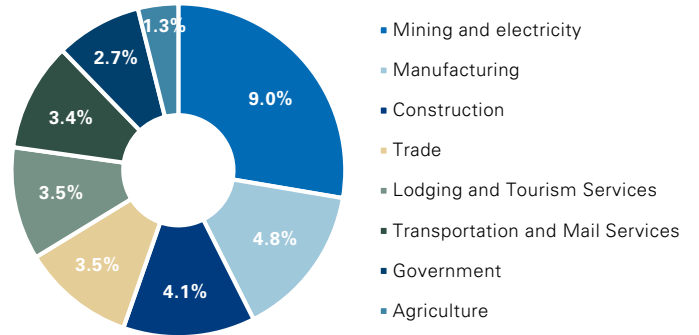
It is clear that that the State of Jalisco is still one of the main economic areas in the country and has become one of the markets that contributes the most to the country's GDP.

There are several reasons driving the emergence of Jalisco including a diversified economy as well as the expansion of the exports sector.

In contrast to the conservative forecasts for economic growth in the country, the State of Jalisco has recorded recovery levels above national average.

Employment per Economic Sector

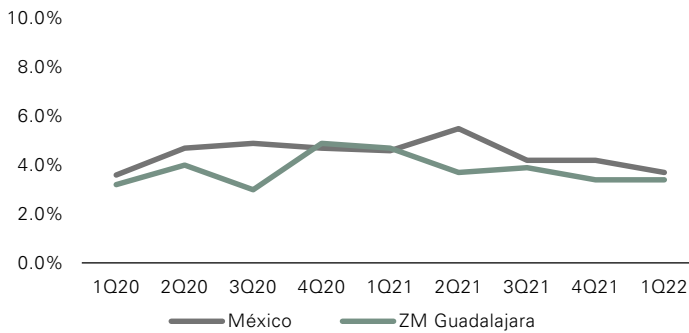
MEXICO CITY METRO AREA, MARCH 2022



Source: INEGI, ENOE

Unemployment Rate

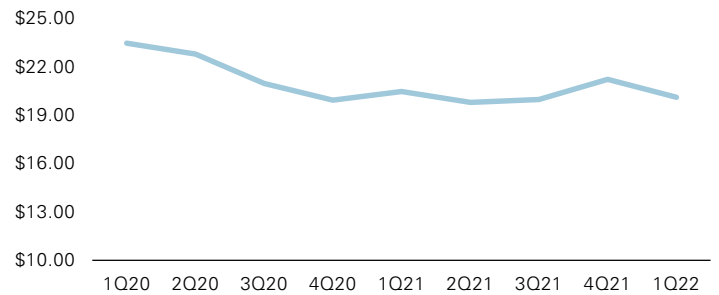
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

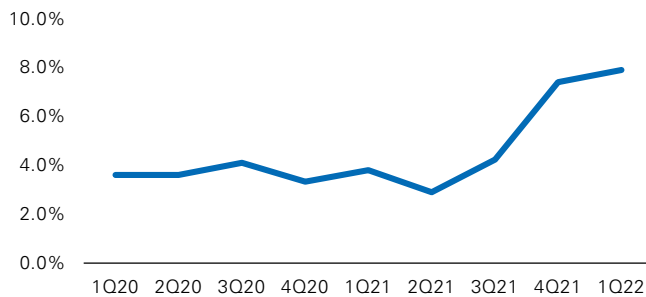
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

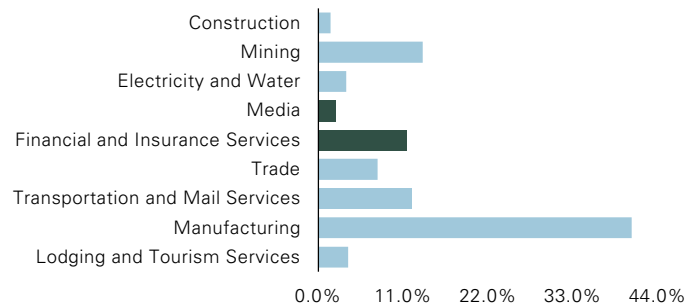
Consumer Price Index

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source: CEFPI

For further information:

Mexico City

Corporativo Espacio Santa Fe
Carr. México-Toluca 5420 – PH1
Santa Fe, CDMX. 05320
t 52 55-5980-2000

Juan Flores

Market Research Director LATAM
juan.flores@ngkf.com

Mauricio Mondragón

Market Research Manager
mauricio.mondragon@ngkf.com

Karen Gutiérrez

Market Research Analyst
karen.gutierrez@ngkf.com

Diana Merino

Market Research Analyst
diana.merino@ngkf.com

newmark.lat

Newmark Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.lat/reportes-de-mercado/.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.