



Queretaro Industrial Market

Dynamism at the end of the year

The construction projects involving industrial spaces caused a noticeable influence over the market's dynamics. On the one hand, there was a 3% increase of inventory versus the previous quarter. In this manner, the gross absorption, vacancy, and prices underwent an expansion during the same period. On the other, there were instances of negative absorptions and a decrease in the pace of construction as explained by the completion of industrial projects.

Ample vacant land for investments

Approximately 76% of industrial parks in Querétaro have industrial mega lots to receive large companies. This was the case of the reactivation in the Querétaro Norte submarket, which will house a major automotive plant in Finsa III, entailing an investment of 97 million pesos. Another example is the announcement of a new industrial park in Corregidora municipality, Industrialix. It will occupy 122 hectares and will entail an investment of 1,572 million pesos.

Current Conditions

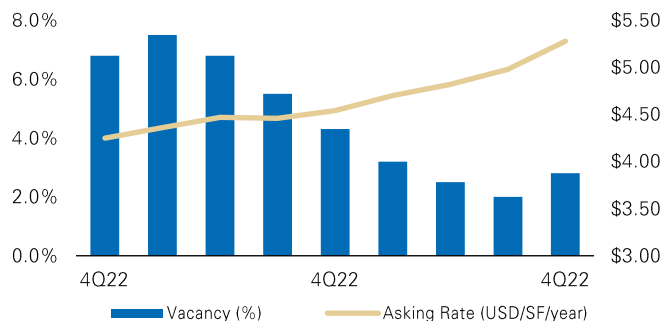
- Class A industrial inventory is made up of 71.5 million square feet at the end of the fourth quarter of 2022.
- There was a slight decrease in the industrial surface under construction, which went from 3.3 to 2.8 million square feet compared to the previous quarter.
- The vacancy rate increased, going from 2.5% to 2.8% compared to the previous quarter.

Market Summary

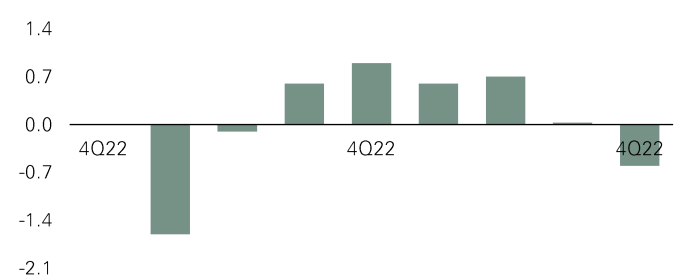
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	71.5M	69.0M	67.4 M	↑
Vacancy rate	2.8%	2.0%	4.3%	→
Quarterly absorption (SF)	-0.7M	0.03M	0.9M	→
Average asking rent (USD/SF/year)	\$5.28	\$4.98	\$4.54	↑
Under construction (SF)	2.8M	3.3M	1.6M	↑

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (Millions SF)



New vacancies increase prices

Vacancy and the entry of new speculative spaces in most of the submarkets caused prices to increase, even when several projects did not change their prices. High prices in the El Marqués and Querétaro Centro submarkets stood out.

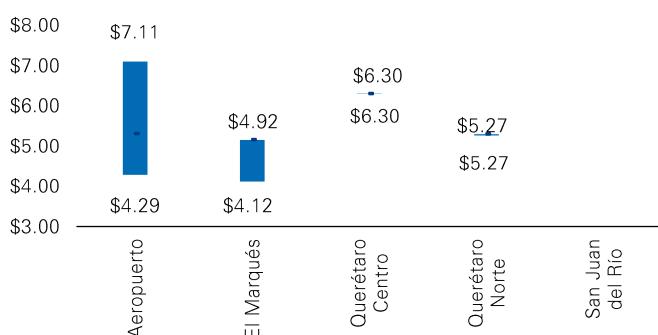
The most dynamic submarket in this market was Aeropuerto. Throughout 2022, this submarket represented approximately 50% of the total gross absorption volume (485 thousand square meters) and net absorption (95 thousand square meters). On their turn, these results were mainly driven by the fact that this same volume was associated with BTS projects.

Data Centers, logistics companies and electronic industry bet on big BTS projects

The absorption and activity values displayed atypical behaviors. In the case of the Aeropuerto submarket, the absorption behavior was caused by the entry of a new speculative industrial space into the market. By contrast, in the El Marqués submarket, the absorption values were explained by new vacancies. However, the assumption of occupied spaces increased the volume of activity in the submarkets with high vacancy. The role of BTS projects is so important, that entries represented approximately 54% of the total activity in Aeropuerto, 49% in El Marqués, and 100% in Querétaro Norte.

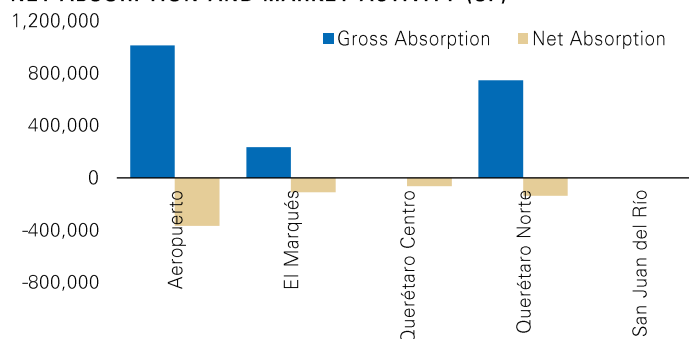
Average Asking Rates Range

AVERAGE ASKING RATES (USD /SF / Year)



Net and Gross Absorption per Submarket

NET ABSORPTION AND MARKET ACTIVITY (SF)



Market Summary

	Total Inventory (Millions SF)	Under Construction (Millions SF)	Total Vacancy (Millions SF)	Vacancy Rate	Gross Absorption (Millions SF)	New Inventory (Millions SF)	Net Absorption (Millions SF)	Accumulative Net Absorption (Millions SF)	Asking Rate (USD/SF/year)
Aeropuerto	16.0	1.2	1.2	7.3%	1.0	1.3	-0.4	0.5	\$5.31
El Marqués	20.0	1.2	0.6	3.2%	0.2	0.3	-0.1	0.3	\$5.16
Querétaro Centro	3.6	-	0.1	1.8%	-	-	-0.1	0.1	\$6.30
Querétaro Norte	22.8	0.4	0.1	0.6%	0.7	0.7	-0.1	0.1	\$5.27
San Juan del Río	8.9	-	-	-	-	0.0	-	0.0	-
Total	71.5	2.8	2.0	2.8%	2.0	2.4	-0.7	1.0	\$5.28

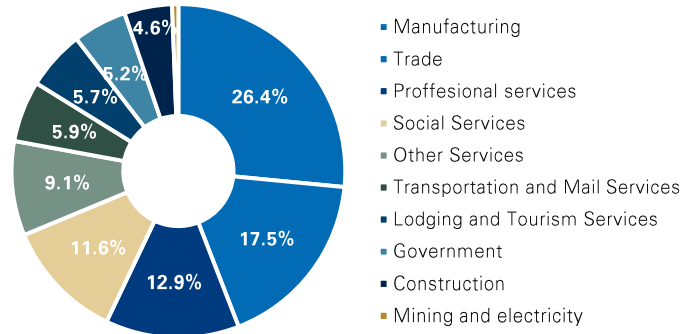
Main export sectors lose momentum

As of the end of 2022, manufacturing received 52% of all direct foreign investment. Out of this investment, the main subsectors that drew the most investment were the industries of plastic and rubber (45%), chemicals (18%), food (15%), and automotive (14%).

The economic conditions in the country and the state attract investments. The share of manufacturing jobs versus the total in Querétaro city reached its highest point in this quarter, the highest since 2005. Additionally, the year finishes with a lower unemployment rate versus the national average, an exchange rate of under 20 pesos, and a lower inflation according to the INPC.

Employment per Economic Sector

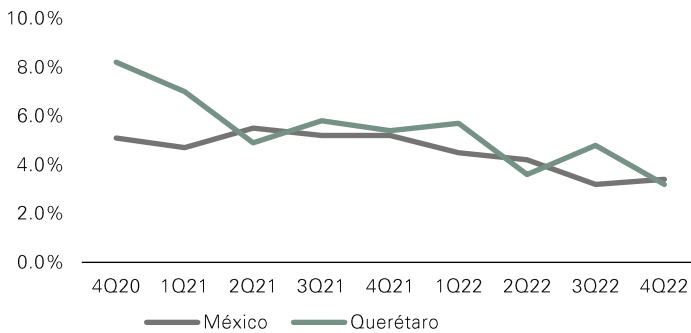
QUERÉTARO, DECEMBER 2022



Source: INEGI, ENOE

Unemployment Rate

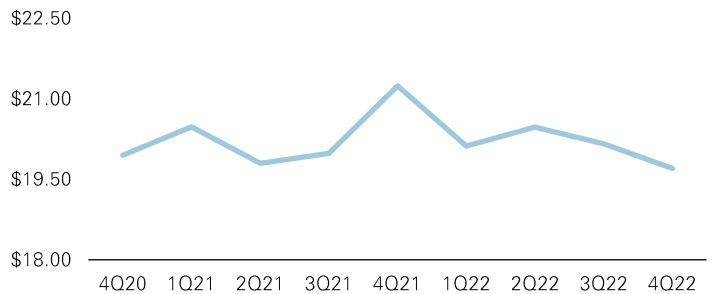
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

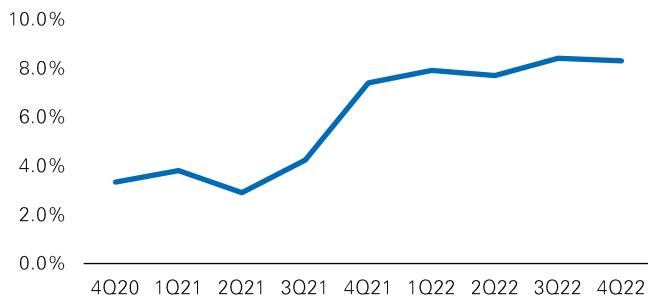
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

Consumer Price Index (CPI)

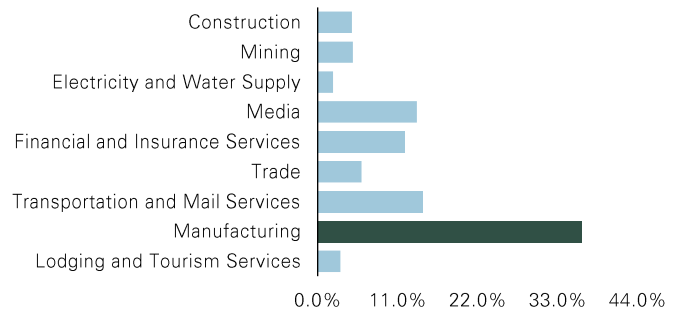
ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment

PERCENTAGE



Source: CEFP

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