



Guanajuato Industrial Market

Demand increases and prices soar

The first half of 2023 stands out for a net absorption that increased fourfold compared to the previous half, driven by leasing in the Apaseo and Silao submarkets. These operations are remarkable for being close to other markets, such as Querétaro, and the main industrial areas of the state. Thus, confidence in this market showed a 3% increase versus the previous quarter as measured by asking prices.

Automotive industry bolsters investments due to the nearshoring phenomenon

Manufacturing companies and suppliers for the automotive industry announced investments to increase their presence in various submarkets. Companies such as Toyota and Hiho are increasing their production. Toyota will invest 328 million dollars, while Hiho will invest 100. Companies are adapting their production to the demand for vehicles meeting the characteristics of hybrid and electric models as the global reconversion of engines continues.

Current Conditions

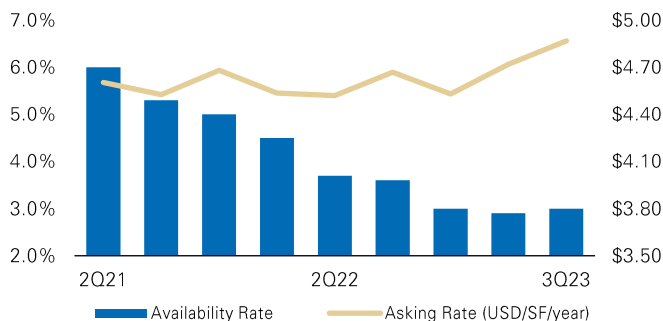
- Class A industrial inventory underwent a discrete increase compared to the previous quarter.
- There was an increase in asking prices of 3% versus the prior quarter.
- The vacancy rate increased slightly, from 2.9% to 3.0%, from the first to the second quarter of 2023.

Market Summary

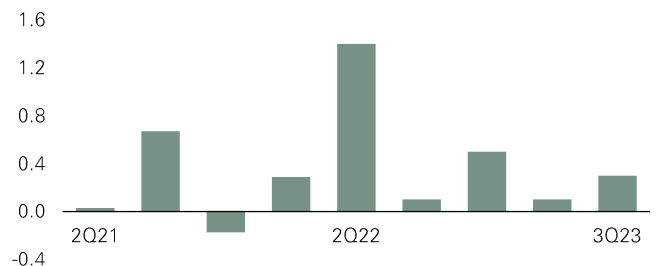
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	90.6M	90.1M	88.5M	↑
Vacancy Rate	3.0%	2.9%	3.7%	→
Quarterly Net Absorption (SF)	0.3M	0.1M	1.4M	→
Average asking rent (USD/SF/year)	\$4.87	\$4.72	\$4.52	→
Under construction (SF)	2.6M	2.8M	0.7M	↓

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (Millions SF)

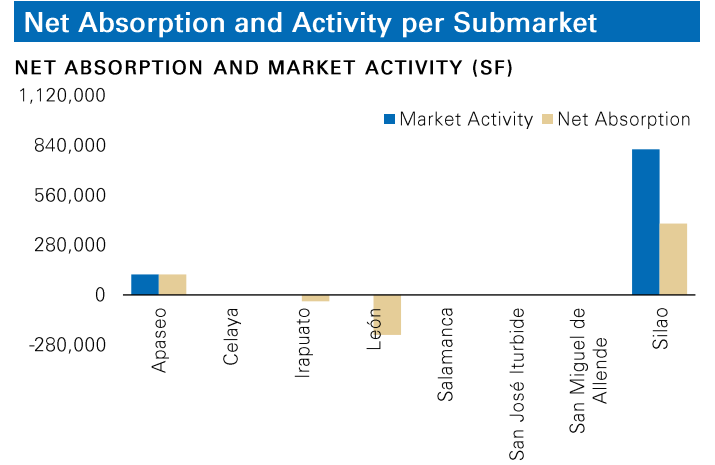
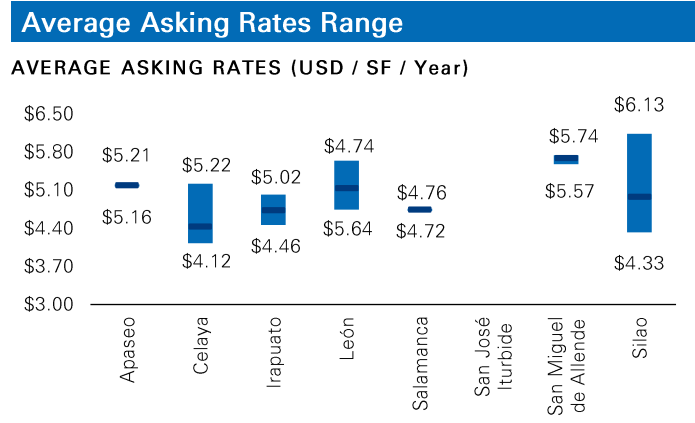


General increase in prices

Most of the submarkets underwent major increases in their asking prices. The adjustment was brought about by the expanding demand for the existing spaces, as expressed in the total of net and gross absorption. The most diversity in terms of price is in Silao, the market with the largest total supply. Investors leveraging such competitive prices allow this.

Increase in vacancy and sustained construction projects

Confidence in Guanajuato was fostered by the finishing of several projects of new speculative spaces. Some of these had immediate closings after being delivered, thus impacting the gross absorption totals in the Silao and Apaseo submarkets. The net absorption totals were also linked to more vacancy, thereby reinforcing confidence on the main submarkets (León, Celaya, and Silao).



Market Summary

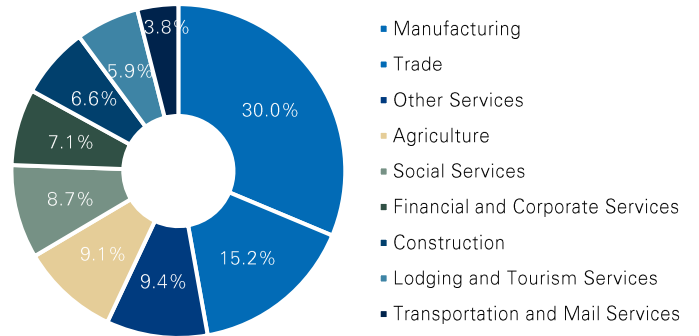
	Inventory (million SF)	Under Construction (Million SF)	New Supply (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	YTD Net Absorption (SF)	Asking Lease Rate (USD/SF/year)
Apaseo	8.2	-	-	53,228	0.7%	115,412	115,412	471,095	\$5.18
Celaya	12.9	0.4	-	515,294	4.0%	-	-	-	\$4.43
Irapuato	16.5	0.4	-	254,795	1.5%	-	-35,500	-4,139	\$4.72
León	10.1	1.1	64,745	339,690	3.4%	-	-223,870	-	\$5.13
Salamanca	4.3	-	-	202,578	4.7%	-	-	-	\$4.74
San José Iturbide	9.4	-	-	-	-	-	-	-	-
San Miguel de Allende	2.3	-	-	369,324	16.4%	-	-	-308,313	\$5.32
Silao	27.0	0.6	481,850	993,194	3.7%	817,184	400,187	423,265	\$5.03
Total	90.6	2.6	546,596	2,728,104	3.0%	932,596	256,229	60,268	\$4.87

Automotive Manufacturing Attracting Investment in the State

Foreign direct investment continues to strengthen the production of the automotive sector. On the one hand, almost 70% of total foreign direct investment went to manufacturing. From manufacturing investments, almost 50% went to the production of transport equipment. . In addition to addressing the domestic demand for motor vehicles, the capacities to manufacture electric vehicles coalesce with the trend driven by nearshoring. Internal economic conditions such as the price of the peso and the decrease in inflation allowed investment confidence. Guanajuato still has the challenge of reducing job unemployment, since during the last quarter it was above the national level.

Employment per Economic Sector

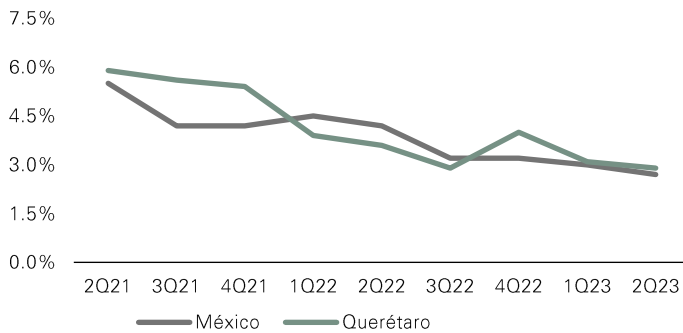
GUANAJUATO, JUNE 2023



Source: INEGI, ENOE

Unemployment Rate

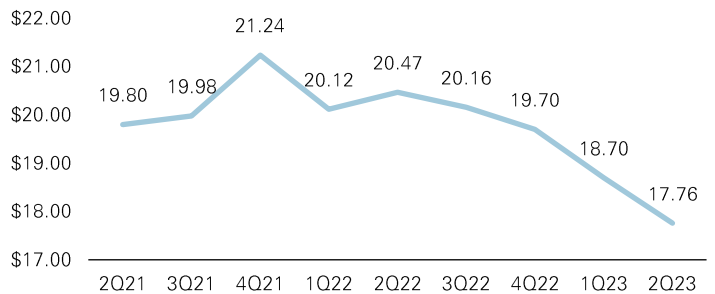
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

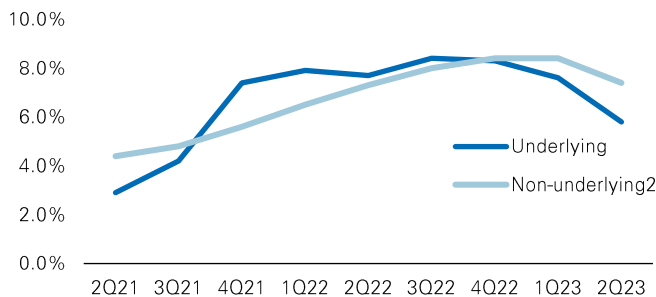
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

Consumer Price Index (CPI)

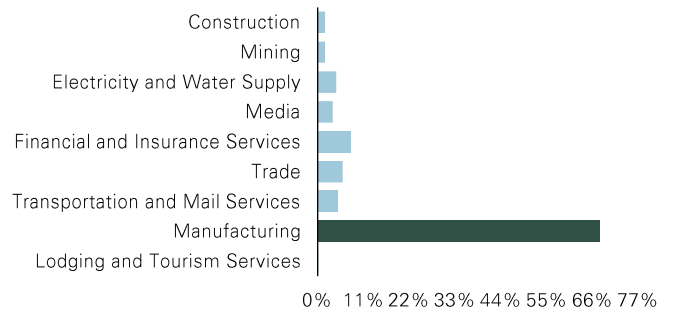
ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment Guanajuato

PERCENTAGE



Source: CEFP

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