



Queretaro Industrial Market

Dynamic Market

Querétaro’s industrial market continued with a stable behavior in the first half of the year. During the second quarter, activity in the market appeared to paint an encouraging outlook, with over 960,000 square feet offered.

The new supply for this period was moderate. Over 230,000 square feet entered as new inventory in the Aeropuerto submarket by the closing of the second quarter.

In terms of net absorption, during that period, 556,612 square feet were reported. The most important occupations were observed in the Aeropuerto submarket, with slightly over 510,000 SF, followed by El Marqués, with 265,308 SF, and Querétaro Norte, with 183,000 square feet reported. In the first half of the year, the accumulated net absorption was 2.02 square feet.

Projects currently under construction represent a total area of 3.06M square feet. However, it is expected that several speculative buildings will start the construction phase this year. Currently, the projects in the planning phase represent an area of nearly 5.3M square feet.

Current Conditions

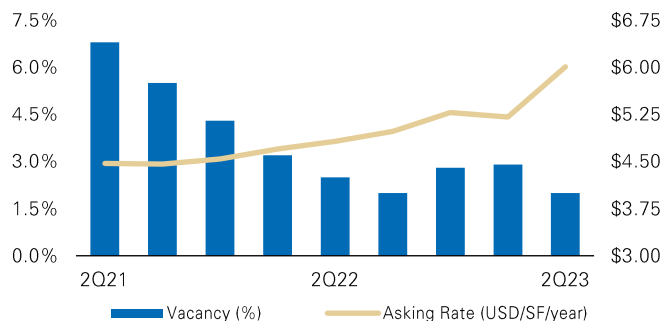
- Class A industrial inventory closed at 73.2 M square feet on 2Q23.
- Vacancy rate reduced, reported at 2.0%.
- The average asking price increased, closing at \$6.01 USD/SF/year.

Market Summary

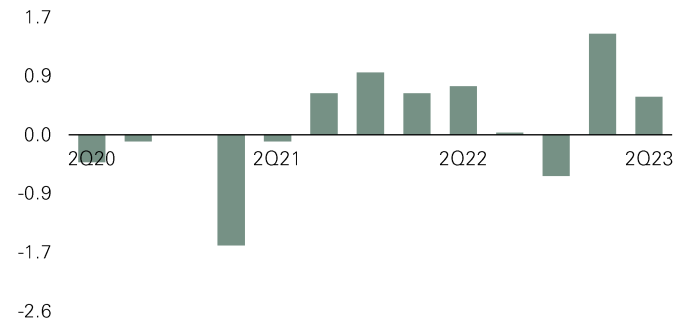
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total Inventory (SF)	73.2 M	73.0 M	67.9 M	↑
Vacancy Rate	2.0%	2.9%	2.5%	→
Net Absorption (SF)	0.6 M	1.5 M	0.7 M	→
Avg. Asking Rent (USD/SF/year)	\$6.01	\$5.22	\$4.82	↑
Under Construction (SF)	3.0 M	3.2 M	4.0 M	↑

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (Millions SF)



Increase in asking prices

In the last year, there was a price increase in all the industrial markets of the country. This is caused by the high costs of construction affecting Mexico, which represent a cumulative hike of nearly 35%. Querétaro’s market is not an exception to this trend, closing its average price at \$6.01 USD/SF/year, \$1.19 dollars above the price in 2Q22, entailing a yearly increase of 25%.

Vacancy rate at record lows

The vacancy rate in the Class A industrial market by the end of 2Q23 closed at 2.0%, which means that there is a supply of more than 1.3M square feet. This figure represents 0.9% less compared to the previous quarter.

The submarkets with the most vacancy are Aeropuerto (6.8%) and El Marqués (3.1%).

Querétaro, a major manufacturing market

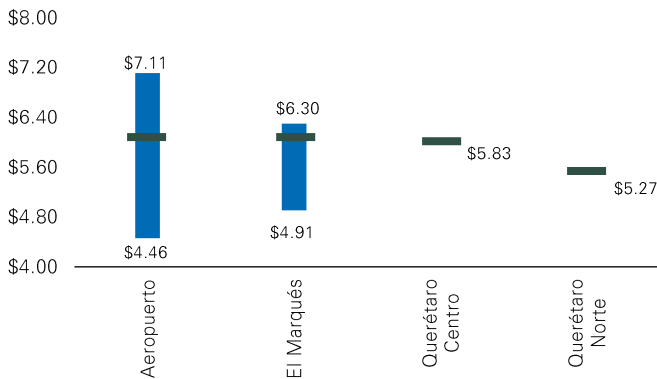
The Bajío region has positioned itself as a highly influent area, driven by the strong growth of the automotive, aerospace, and technology industries.

Querétaro has become one of the states with the most intense activity for manufacturing, maintenance, and repairs under special processes. With this diversity, the state seeks to diversify its market, making it the largest supplier for the industries in other states of the country.

Throughout this first half of the year, 67% of operations belonged to manufacturing activities, particularly those dedicated to the automotive, aerospace, food processing, and beverage industries. This is followed by the logistics industry, represent 27% of all the activity throughout the first half of 2023.

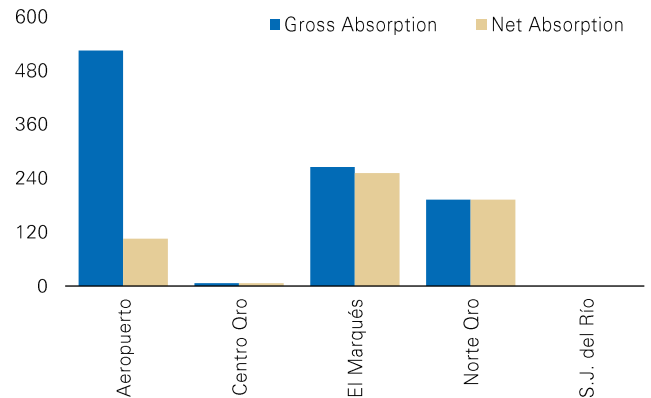
Average Asking Rates Range

AVERAGE ASKING RATES (USD/SF/Year)



Net and Gross Absorption by Submarket

(SF THOUSANDS)



Market Summary

	Inventory (Million SF)	Under Construction (Thousands SF)	Vacancy (Thousands SF)	Vacancy Rate	Gross Absorption (Thousands SF)	Net Absorption (Thousands SF)	YTD Net Absorption (Thousands SF)	Asking Lease Rate (USD/SF/year)	Under Construction Asking Rate (USD/SF/year)
Aeropuerto	16.6	882.3	1,132.8	6.8%	525.3	105.3	813.8	\$ 6.10	\$ 6.05
Centro Qro	21.0	1,737.1	63.0	0.3%	6.5	6.5	55.8	\$ 5.83	\$ 5.91
El Marqués	3.4	441.3	105.5	3.1%	265.3	252.1	850.4	\$ 6.12	\$ 6.02
Norte Qro	23.5	-	137.3	0.6%	192.8	192.8	296.6	\$ 5.27	-
San Juan del Río	8.8	-	-	0.0%	-	-	-	-	-
Total	73.2	3,060.8	1,438.5	2.0%	989.8	556.6	2,016.6	\$ 6.01	\$ 6.00

Economic Conditions

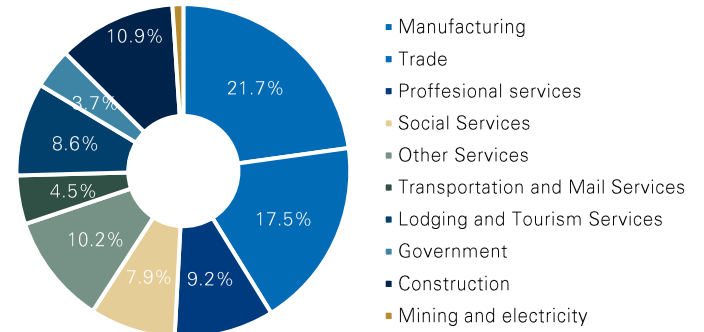
Querétaro remained one of the states with the greatest appeal for new investments and major expansions in the first half of the year. For instance, DHL Express announced its expansion in the HUB center, located in the airport, with a total investment of USD 120 million and over 200 new associated jobs.

Likewise, the figures reported in this period for the state of Querétaro are positive, with a 1% GDP growth versus the years of the pandemic, making it among the top performers nationwide.

After the announcement of new measures by the government—in addition to the constant growth of the secondary and tertiary sectors, mostly associated with the manufacturing, technology, and automotive industries—there are efforts to profit from nearshoring trend in the state.

Employment per Economic Sector

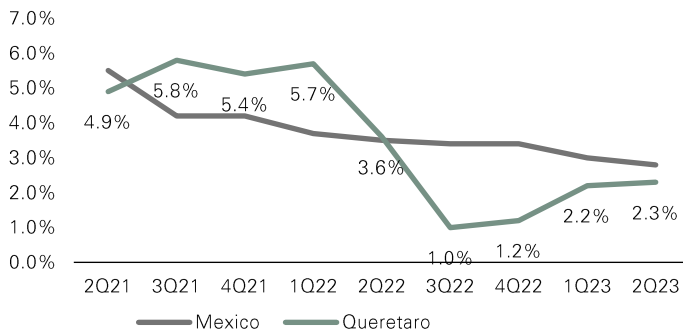
QUERÉTARO, JUNE 2023



Source: INEGI, ENOE

Unemployment Rate

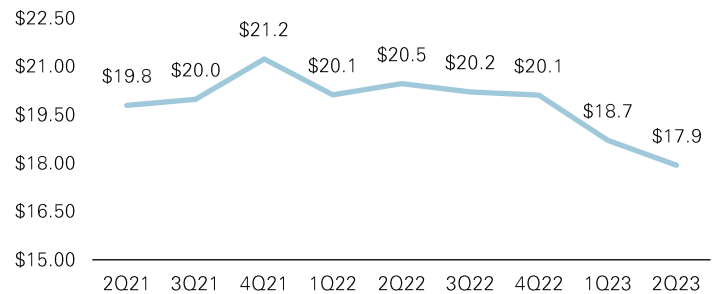
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

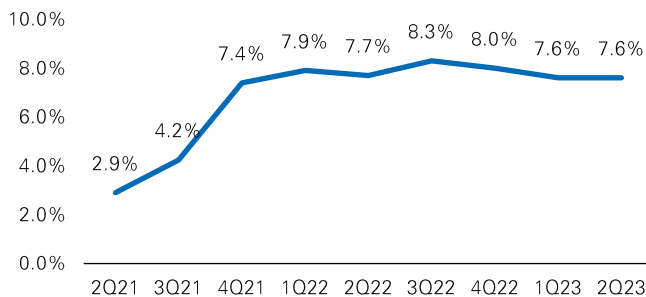
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

Consumer Price Index (CPI)

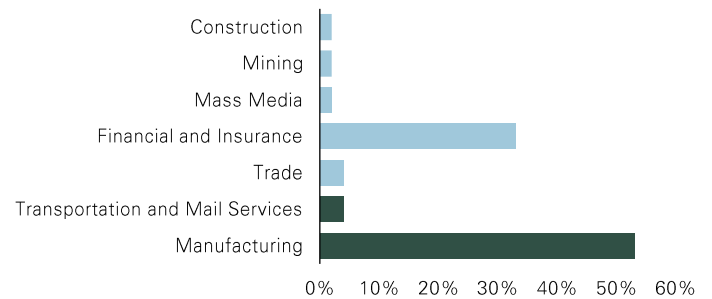
ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment

PERCENTAGE



Source: CEFP

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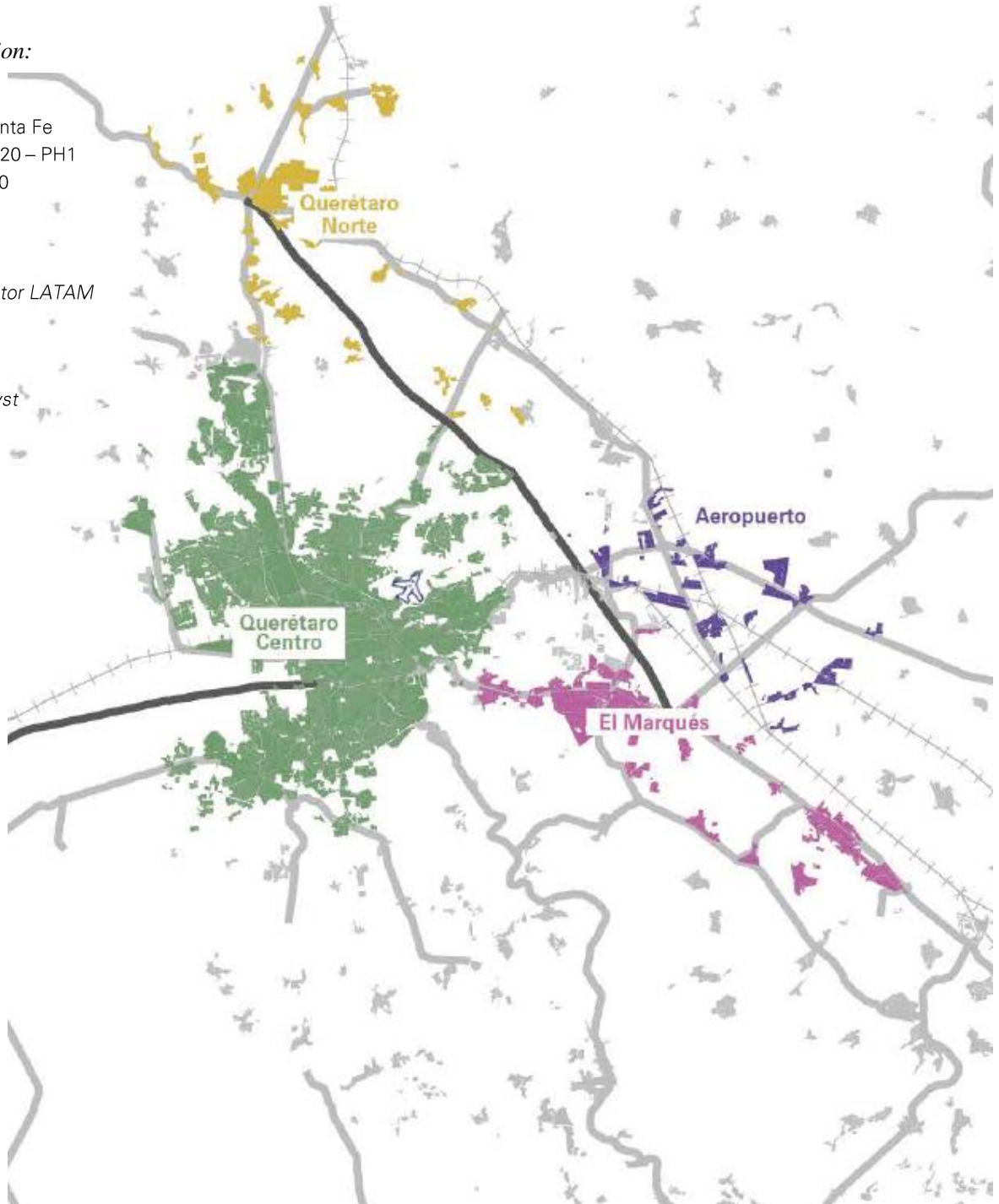
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