



Guanajuato Industrial Market

Closing with high expectations for 2024

The figures for gross absorption doubled compared to the previous quarter, with a notable active participation in the various submarkets. The average quarterly gross absorption for the year was 818,000 square feet. An explanation for this behavior is the ample supply and competitive prices compared to the national industrial market. Even though the surface under construction has undergone a deceleration versus the previous quarter, new developers are still arriving to the Guanajuato market.

Foreign investment announced at the end of the year and strengthening of electromobility

In the investment portfolio announced for the beginning of next year, we find some actors coming from China (Sailun Jinyu Group, Minglida Precision Technology), South Korea (SJM FLEX), Germany (Adidas, Lacoste, Volkswagen), Japan (Toyota), and USA (Purina). It is worth mentioning that several of these companies are associated with the automotive industry, which are preparing production lines for models included in the process of converting into electromobility.

Current Conditions

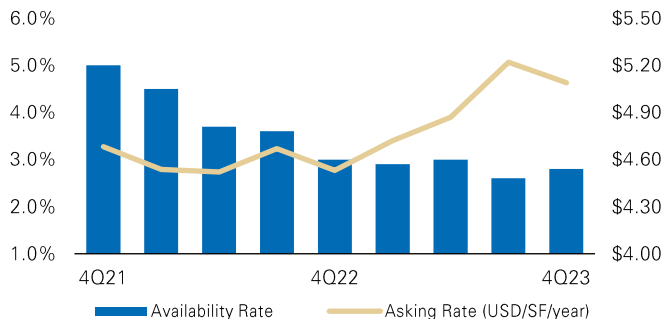
- Class A industrial inventory underwent a subtle increase compared to the previous quarter, amounting to 0.9%.
- The asking prices decreased compared to the previous quarter, even though they increased compared to the previous year.
- The vacancy rate increased slightly, going from 2.6% to 2.8% between the third and fourth quarters of 2023.

Market Summary

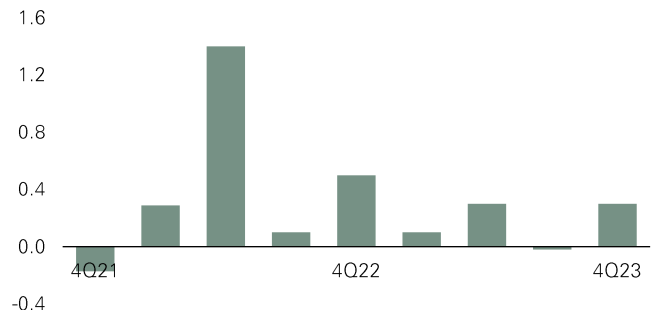
| | Current Quarter | Prior Quarter | One year ago | 12-month forecast |
|-----------------------------------|-----------------|---------------|--------------|-------------------|
| Total inventory (SF) | 92.0M | 91.2M | 89.8M | ↑ |
| Vacancy rate | 2.8% | 2.6% | 2.9% | → |
| Quarterly absorption (SF) | 0.3M | -0.02M | 0.5M | → |
| Average asking rent (USD/SF/year) | \$5.09 | \$5.22 | \$4.53 | ↑ |
| Under construction (SF) | 2.6M | 3.0M | 0.9M | → |

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (Millions SF)



Increasing prices in markets with limited activity

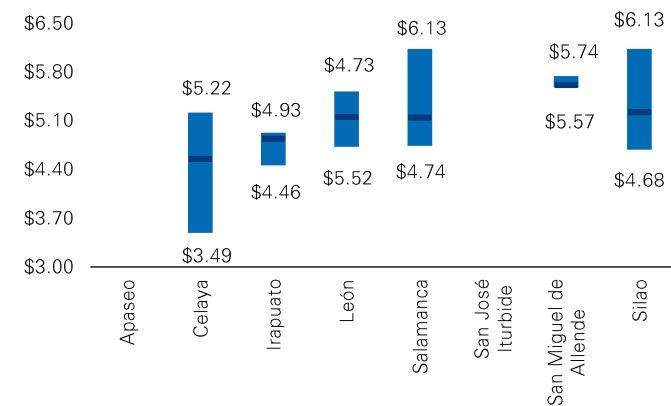
The most relevant quarterly growth was observed in the Salamanca (8%) and Irapuato (3%) submarkets. The removal from the market of spaces with prices caused a downward adjustment of prices in the Celaya and León submarkets. The increase in prices for submarkets with limited activity respond to preparations made ahead of the new year. On the other hand, the submarkets with the most important movements had a slight reduction, keeping competitive prices to attract investments.

BTS is the main sector of lease closings at the end of the year

In total, 81% of closings were linked to the completion of BTS projects in the Apaseo, Irapuato, and León submarkets; which, together, represented 785,000 square feet. The size of closings drove the figures for net absorption to reach positive numbers. As a matter of trends, it is expected that the values for gross absorption in 2024 will continue at levels comparable to this year.

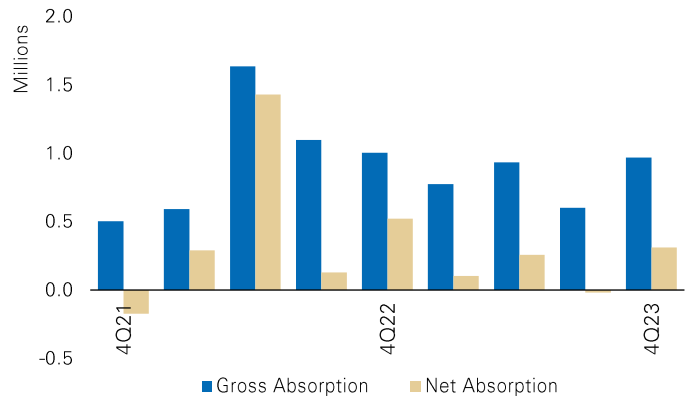
Average Asking Rates Range

AVERAGE ASKING RATES (USD / SF / Year)



Historic Net and Gross Absorption

NET AND GROSS ABSORPTIONS (Million SF)



Market Summary

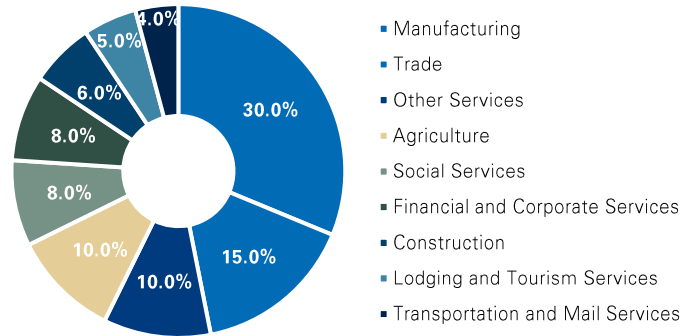
| | Inventory (Millions SF) | Under Construction (Millions SF) | Vacancy (SF) | Vacancy Rate | Gross Absorption (SF) | Net Absorption (SF) | Net Absorption YTD (SF) | Asking Rate (USD/SF/year) |
|-----------------------|-------------------------|----------------------------------|------------------|--------------|-----------------------|---------------------|-------------------------|---------------------------|
| Apaseo | 8.4 | 0.5 | - | - | 268,508 | 53,228 | 524,323 | \$0.00 |
| Celaya | 13.0 | 0.4 | 559,362 | - | - | - | -44,068 | \$4.55 |
| Irapuato | 16.7 | 0.1 | 206,561 | 1.2% | 188,165 | 48,233 | 44,095 | \$4.84 |
| León | 10.8 | 0.9 | 339,604 | 3.1% | 444,349 | 256,732 | -17,093 | \$5.15 |
| Salamanca | 4.4 | - | 284,148 | 6.4% | - | -81,569.59 | -81,570 | \$5.14 |
| San José Iturbide | 9.4 | 0.16 | - | - | - | - | - | - |
| San Miguel de Allende | 2.3 | - | 437,686 | 19.4% | - | - | -247,303 | \$5.61 |
| Silao | 27.1 | 0.6 | 712,049 | 2.6% | 67,878 | 34,811 | 927,397 | \$5.22 |
| Total | 92.0 | 2.6 | 2,539,411 | 2.8% | 968,900 | 311,435 | 1,105,781 | \$5.09 |

The manufacture valley prepares for electromobility

Guanajuato was tenth in terms of total foreign investment received. Out of all investments, 85% were tagged for manufacturing. Additionally, 80% of foreign currency was invested in the manufacture of motor vehicles, while the remaining 18% was invested in auto parts. Volkswagen and Toyota announced the manufacturing of hybrid models at their plants. However, so far this year, reports only showed the arrival of companies servicing the production lines linked to Toyota. Additionally, the presence of Chinese companies dedicated to auto parts is increasing, as some of these have announced more investments for the coming year. Therefore, this behavior will positively impact the unemployment rate, which had a reduction during this quarter.

Employment per Economic Sector

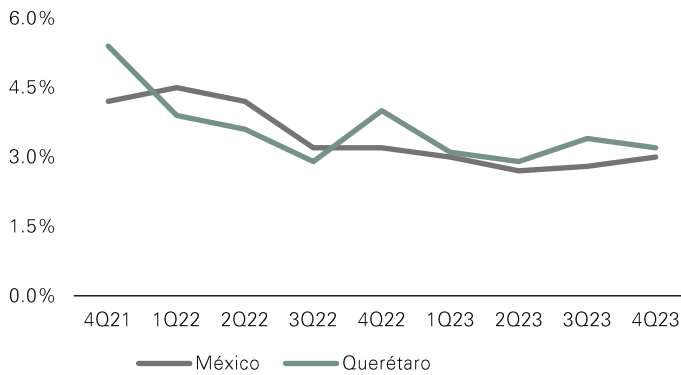
GUANAJUATO, DECEMBER 2023



Source: INEGI, ENOE

Unemployment Rate

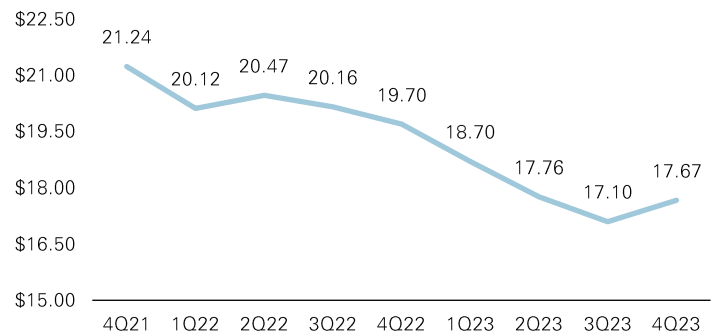
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

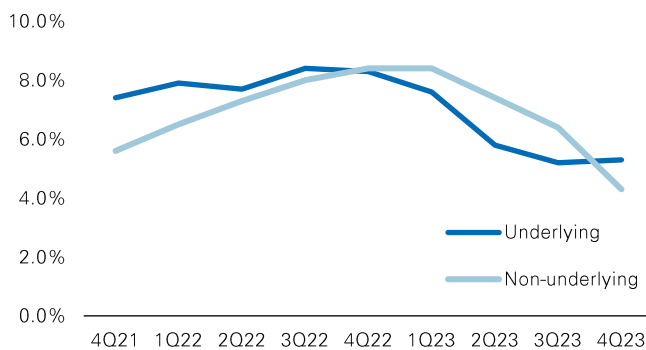
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

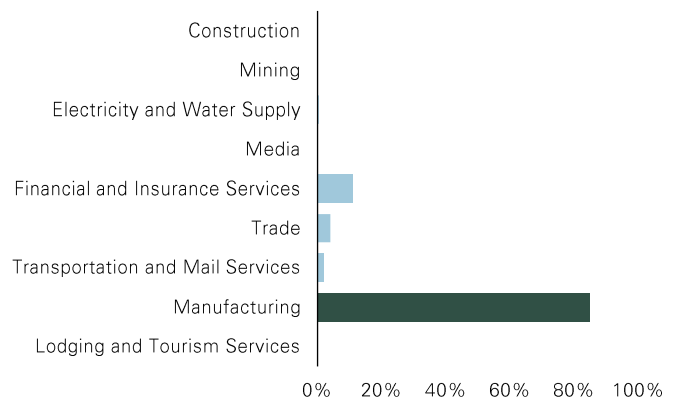
Consumer Price Index (CPI)

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment Guanajuato



Source: CEFP

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