



Monterrey Industrial Market

Demand for Class A spaces expands

In this last quarter of 2023, we observed a stable market with high demand for Class A industrial space.

During 2023, there were more than 11.7 million square feet in terms of accumulated gross absorption, which was less than what was recorded in 2022, when there were 14.7 million square feet. Likewise, there was an accumulated net absorption of slightly over 9.0 million square feet.

Due to demand in the market and the incoming supply of over 6.4 million square feet (most of them already occupied), the fourth quarter closed with a vacancy rate of 0.8%.

Because of the completion of new Class A industrial space, the number for space under development reached 10.0 million square feet. Additionally, the space currently under planning for speculative spaces totaled 17.7 million square feet.

The asking lease price was \$7.40 USD per square feet per year. This price is expected to continue rising with the new Class A speculative supply, scheduled for completion in Q1 2024.

Current Conditions

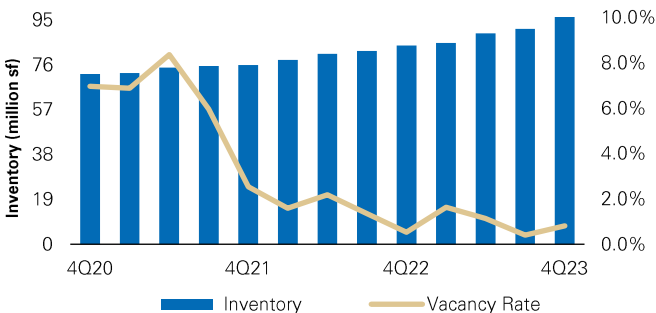
- During Q4 2023, there reported gross absorption was nearly 4.3 million square feet (55.0% entailed lease operations).
- It is expected that the lease price will be above US\$7.58 per square feet per year by the beginning of 2024.
- Over 14.8 million Class A square feet have been completed in 2023.

Market Summary (Class A)

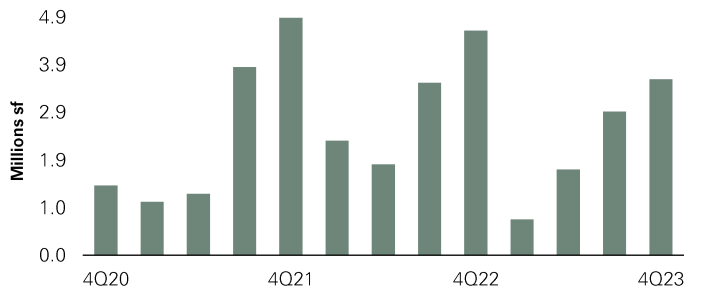
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	97.1M	91.1M	80.5M	↑
Vacancy Rate	0.8%	0.4%	0.5%	→
Quarter Net Absorption (SF)	3.5M	2.9M	4.5M	→
Avg. Asking Rent (SF/Year)	\$7.40	\$6.93	\$6.05	↑
U. Construction (SF)	10.0M	12.1M	12.5M	↑

Market Analysis

INVENTORY & VACANCY RATE



NET ABSORPTION

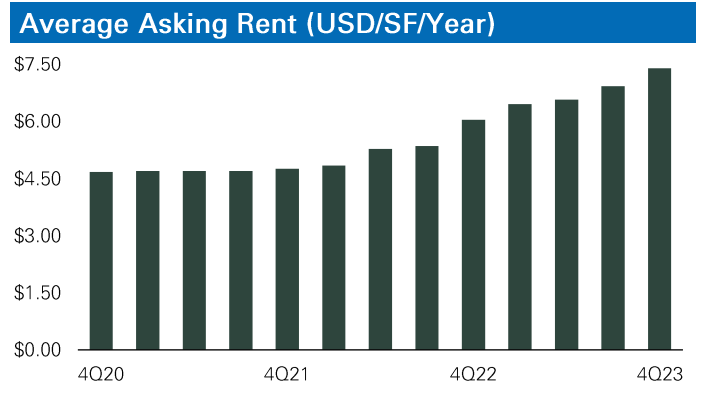
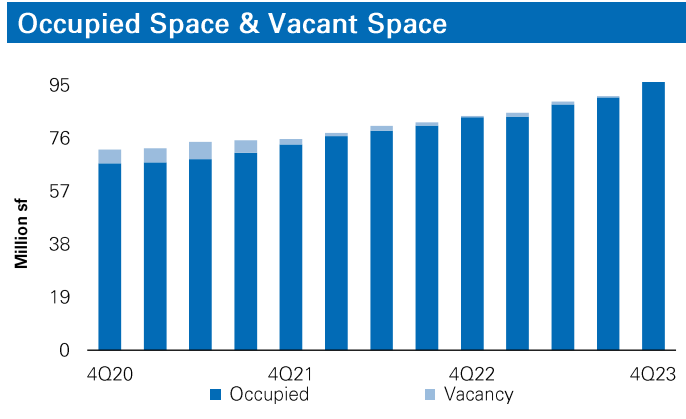


Vacancy on the rise

Demand in the market kept a stable behavior during this quarter, with a vacancy of approximately 785 square feet. This number represents an upward trend compared to the same period in the year prior when it was 444,600 square feet. It is expected that slightly over 2.3 million square feet of available speculative space will be completed in the first quarter of next year.

Increase in lease prices

The average asking price increased compared to the same period from one year ago, going from \$6.05 to \$7.40 USD per square feet per year. It is expected that this increase will continue in 2024. The submarket with the highest price is Apodaca, with \$7.42 USD per square feet per year. Regarding the average lease price for Class A speculative spaces under construction, this reached \$7.18 USD/sf/year.



Market Indicators										
	Inventory (million SF)	Under Construction (million SF)	Vacancy (million SF)	Vacancy Rate	Gross Absorption (million SF)	Net Absorption (million SF)	YTD Net Absorption (million SF)	Total Asking Rent (USD/SF/Year)	Under Construction Asking Rent (USD/SF/Year)	
Apodaca	34.5	4.9	0.6	2.0%	1.3	0.7	4.0	\$7.42	\$7.39	
Cienega de Flores	16.0	1.4	0	0.0%	0.9	0.9	1.8	-	\$6.95	
Escobedo	9.3	0.4	0.1	1.2%	0.8	0.7	0.8	\$7.20	\$6.60	
Guadalupe	14.2	0.6	0	0.0%	0.2	0.2	0.5	-	\$6.87	
Monterrey	1.2	0.06	0	0.0%	0	0	0.06	-	-	
Pesqueria	2.9	0.1	0	0.0%	0	0	0.09	-	\$6.60	
Salinas Victoria	5.1	0.4	0	0.0%	0.2	0.2	0.2	-	\$6.96	
San Nicolas	0.7	0	0	0.0%	0	0	0	-	-	
Santa Catarina	12.9	1.9	0	0.0%	0.7	0.7	1.3	-	\$6.80	
Market	97.1	10.0	0.7	0.8%	4.2	3.5	9.0	\$7.40	\$7.18	

Gradual increase in transactions

Gross absorption during the quarter was 4.2 million square feet. This indicator has continued to increase since early this year. Thus, by the end of 2023, there was an accumulated gross absorption of over 11.7 million square feet. The submarkets with the greatest demand during this quarter were Apodaca, Cienega de Flores, and Escobedo, with 32.3%, 21.6%, and 19.1% of the total demand, respectively. Similarly, the most marketed space was in the automotive and logistics subindustries, with 23.8% and 17.7%, respectively.

Construction expanding

Regarding space under development, there was a total of 10 million square feet, whereby 75.5% was for speculative buildings, 20.1% for build-to-suit projects, and 4.4% for expansions of existing buildings. Pertaining to the speculative buildings under construction, only 43.7% remain available. In terms speculative buildings currently on the planning stage, we recorder a total of 17.7 million square feet for these.

Main Operations

Tenant	Submarket	Type	SF
Toupu	Santa Catarina	Spec	397,100
Eletile	Cienega de Flores	BTS	348,700
Northern Tool	Apodaca	Spec	311,00

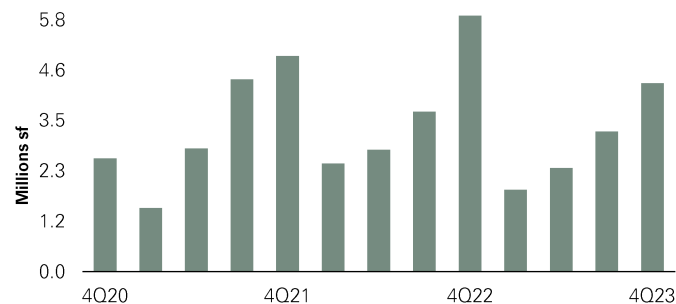
New Supply

Building	Submarket	Type	SF
Spec 3	Santa Catarina	Spec	397,100
VPA 03	Apodaca	Spec	222,800
VPA 04	Apodaca	Spec	222,800

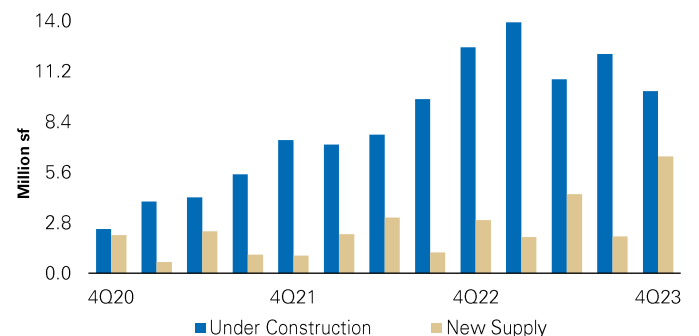
Under Construction

Building	Submarket	Type	SF
PIA	Apodaca	Spec	334,700
A07	Apodaca	Spec	265,800
Spec 3	Apodaca	Spec	215,200

Gross Absorption



Under Construction & New Supply



Economic Conditions

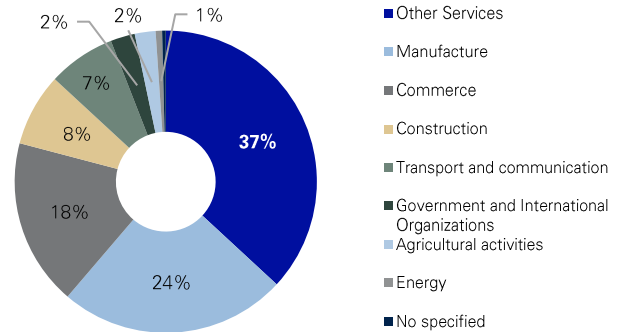
According to the Secretariat of Labor and Social Welfare of Nuevo León, in its report of Labor Data for December, economic activity by industry reported during the third quarter of 2023 was as following: 37% other services, 24% manufacturing industry, 18% commerce, 8% construction, among others.

Regarding the unemployment rate reported for the third quarter of 2023, the national rate was 3.00% and the state rate was 3.20%.

INEGI's press release on Quarterly Exports by Federal Entity (EETF) from December 22, 2023, showed that, based on data from Q3 2023, Nuevo León had a share of 10.5% of all exports, representing 134,917.5 million dollars.

Employment by Sector, Nuevo Leon

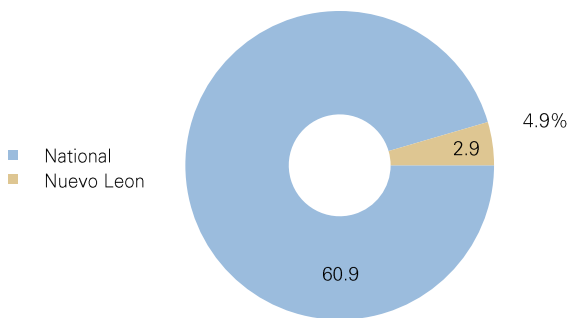
ECONOMIC ACTIVITY



Source: Secretaría del Trabajo y Prevision Social (Nuevo Leon), 3Q 2023

Economically Active Population

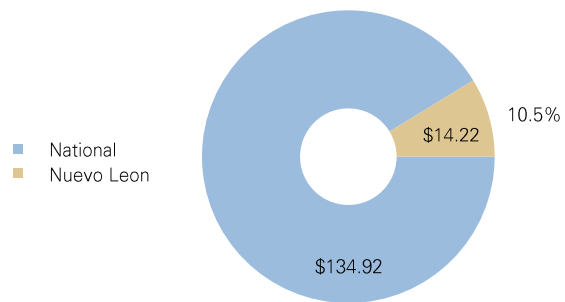
MILLION INHABITANTS



Source: Secretaría del Trabajo y Prevision Social (Nuevo Leon), 3Q 2023

Economic Position, Nuevo Leon

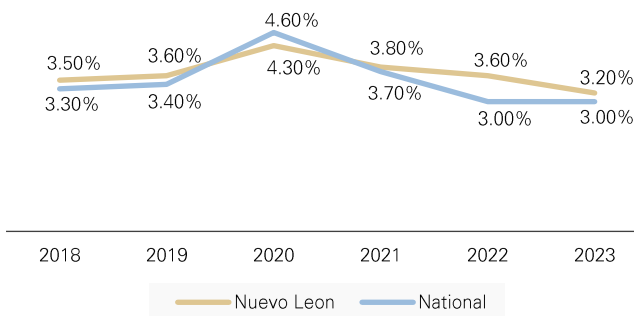
EXPORT VALUE, BILLION DOLLAR



Source: ETEF, INEGI, 3Q 2023

Unemployment Rate

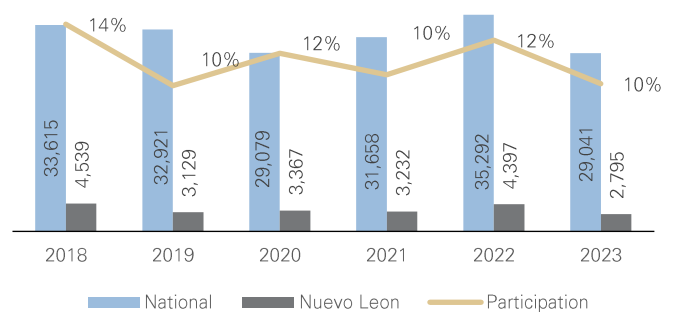
INDICATOR



Source: Secretaría del Trabajo y Prevision Social (Nuevo Leon), 3Q 2023

Foreign Direct Investment

USD MILLION



Source: Secretaría de Economía, 3Q 2023

For more information :

Monterrey

Torre Citrus, Piso 11
Av. Roble 660, Valle del
Campestre, San Pedro Garza
García, N.L. 66265
t 52-81-8356-2020

Luis Moreno

Senior Market Research Analyst
luis.moreno@nrmk.com

Armando de la Fuente

Senior Managing Director
armando.delafuente@nrmk.com

Mexico City

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

Juan Flores

Market Research Director
Latin America
juan.flores@nrmk.com

newmark.mx



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 <https://nrmk.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.