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1Q2024

# Guadalajara Industrial Market



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# Market Analysis

## Economy

- The downward trend in the unemployment rate persisted in Guadalajara and exceeded the national average. Nevertheless, female participation in the manufacturing sector decreased compared to the previous quarter.
- Foreign direct investment saw a notable increase by the end of 2023, with a share surpassing 50% of the total national value.
- It is anticipating a rise in economic activity propelled by factors like reduced inflation, enhanced labor dynamics, and currency appreciation. This has led to a 25-point decrease in the interest rate as per the monetary policy decision of the Central Bank of Mexico.

## Transactions

- The El Salto submarket is a focal point for investment attraction, with closures recorded in the El Salto Park Guadalajara III, XtraPark, and Kampus Santa Rosa parks.
- Lagos de Moreno revitalizes its industrial market with the new Coca-Cola distribution center (CEDIS) for its juice line.
- The North Zapopan submarket concludes the construction of the final warehouse within the Pinar Empresarial Park, which served as expansions for tenants already located within the park.
- The Industrial Zone in downtown Guadalajara saw closures at the Guadalajara Industrial Park.

## Market fundamentals

- The year kicked off with a remarkable surge in industrial inventory, driven by the El Salto submarket. Inventory levels experienced a 6% uptick compared to the same period last year, while the construction area witnessed an 11% expansion over the previous quarter.
- Gross absorption maintained the same momentum observed at the beginning of last year.
- Asking prices exhibited a contrasting trend, with speculative warehouses experiencing a 5% growth over the previous quarter, surpassing the prices of warehouses under construction.

## Views

- The revitalization of investment, government-backed water infrastructure projects, and a robust construction volume are poised to set the stage for a strong 2024 in terms of key market indicators.
- Price appreciation is anticipated to continue, albeit at a more moderate pace compared to the current quarter's robust growth.
- Construction velocity and inventory growth are likely to decelerate due to the ample supply currently available in the market.
- Independent developers are expanding their presence in central areas with logistics-oriented warehouses.

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# Economy

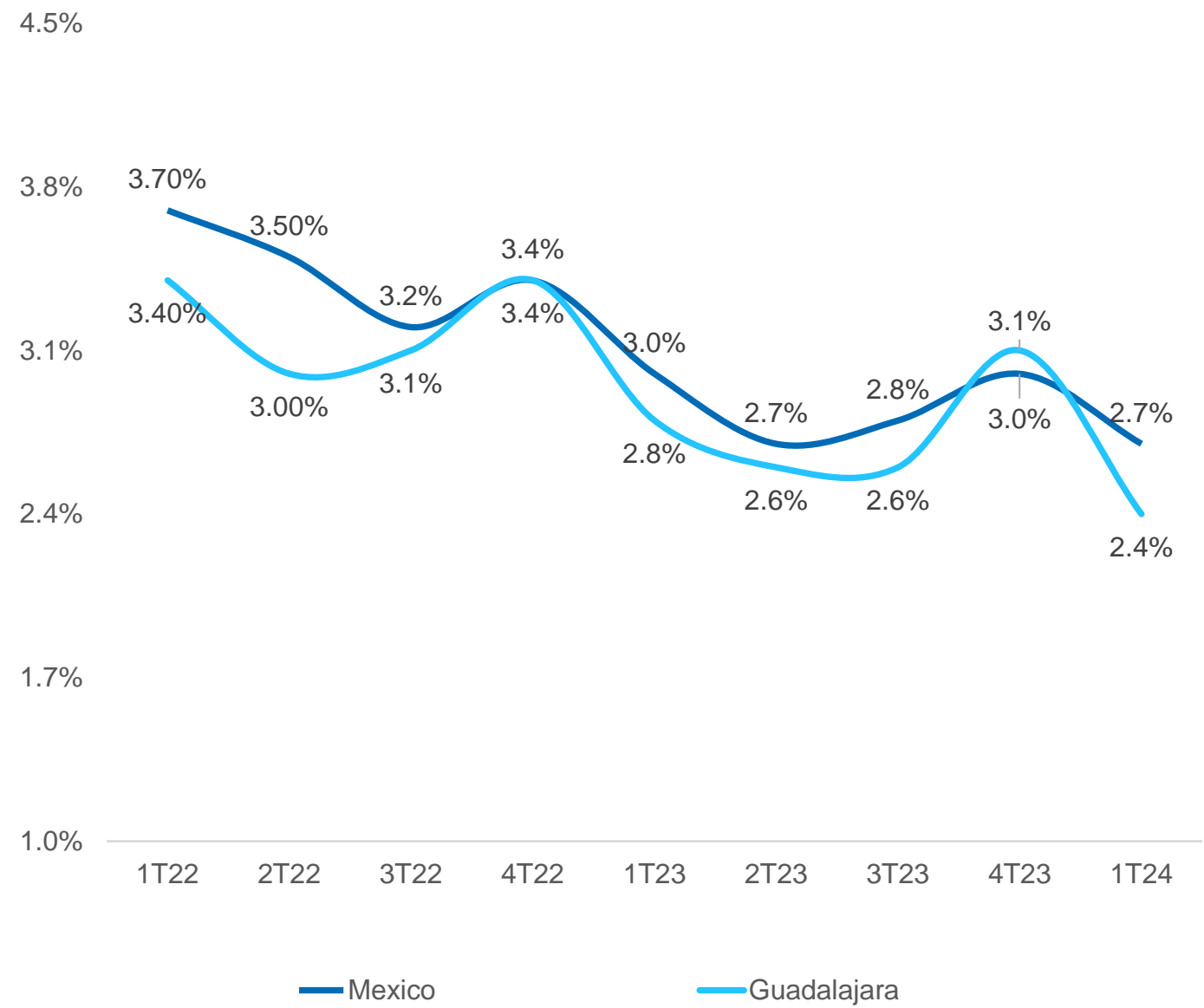


# Employment

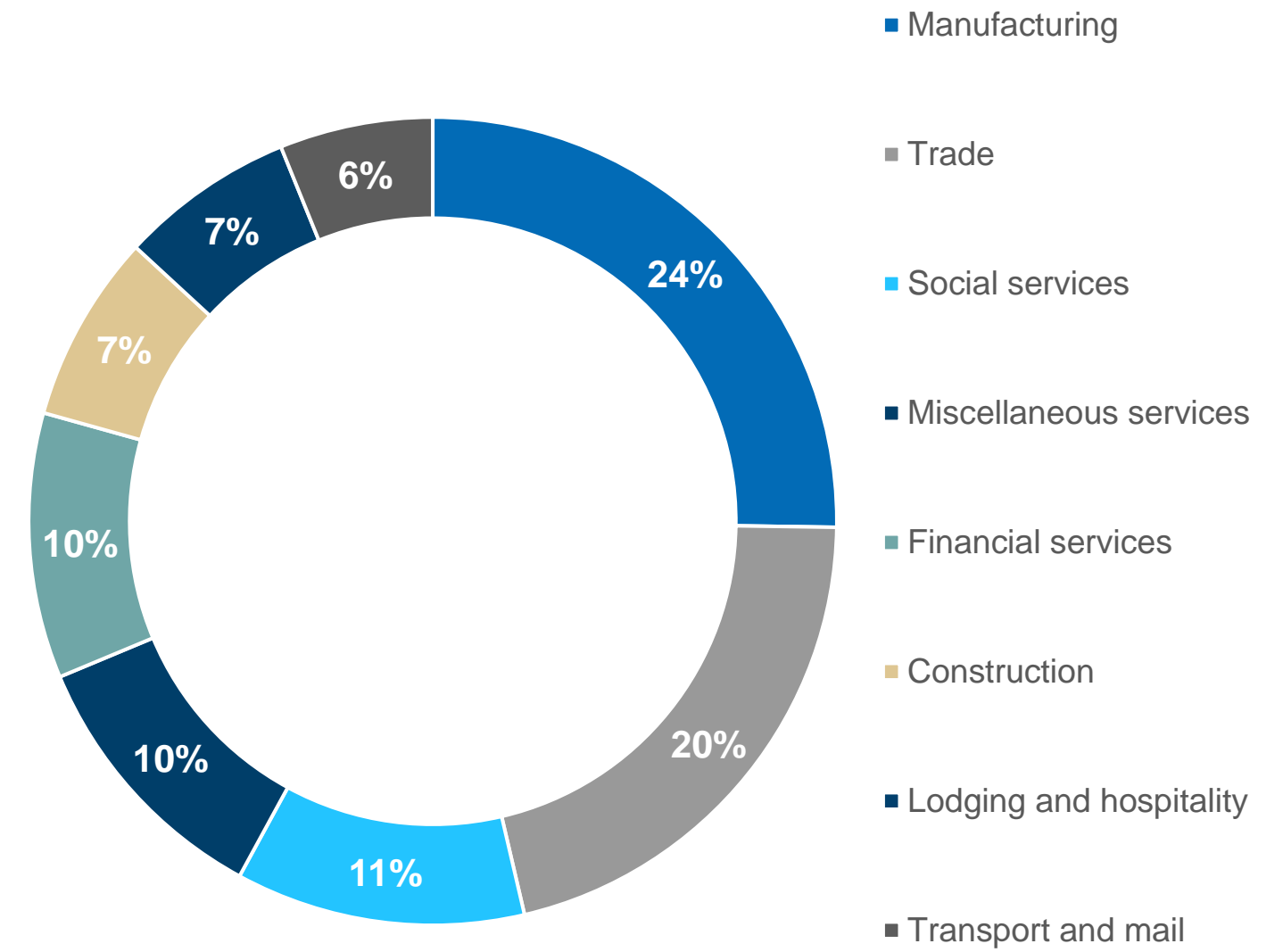
Unemployment rates are declining both at the national level and notably in the city of Guadalajara.

Manufacturing and Services employment growth remains steady at 1% for the second consecutive quarter.

## Unemployment Rate



## Recent Employment Trends in Guadalajara



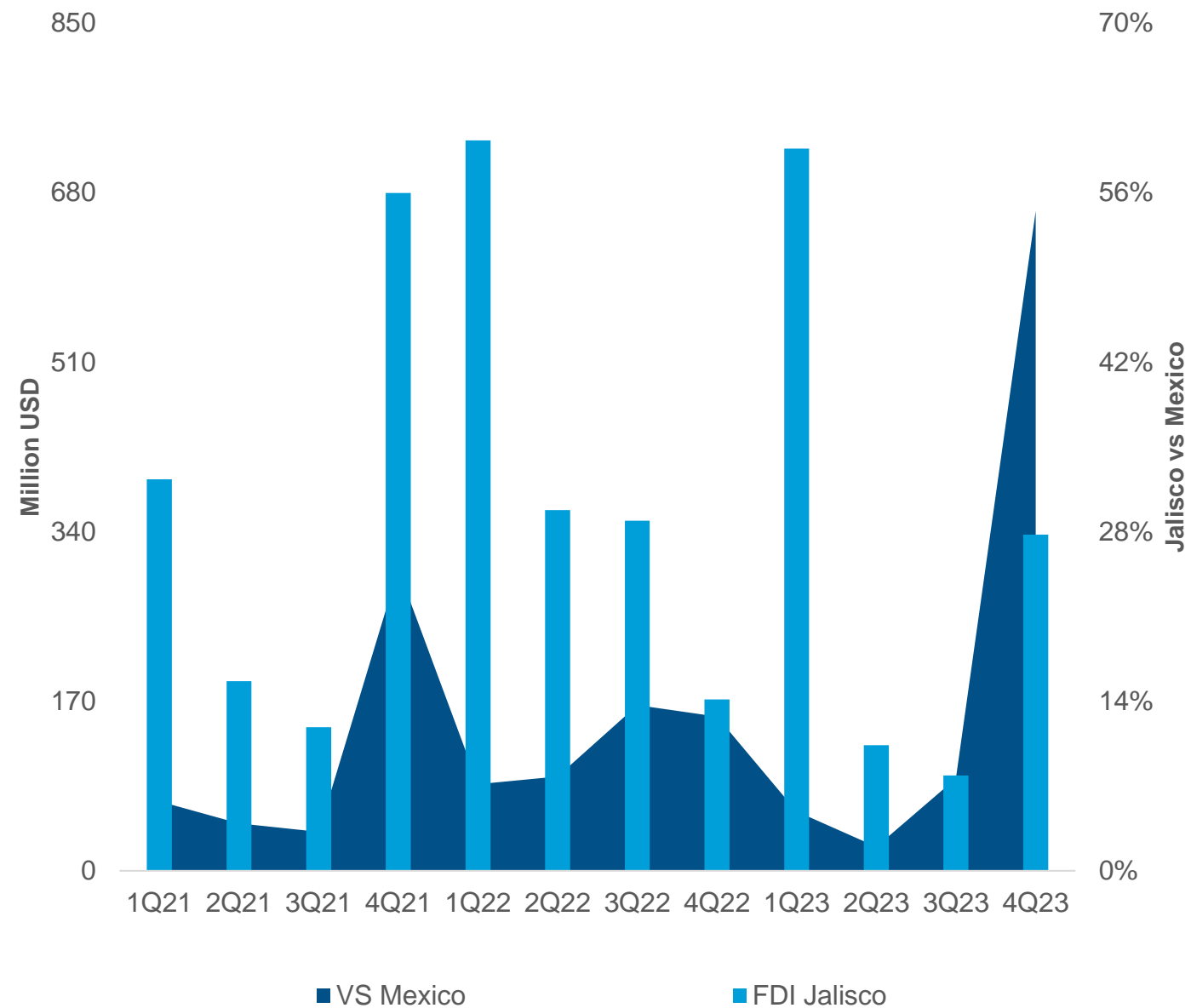
Source: INEGI.

# Investments

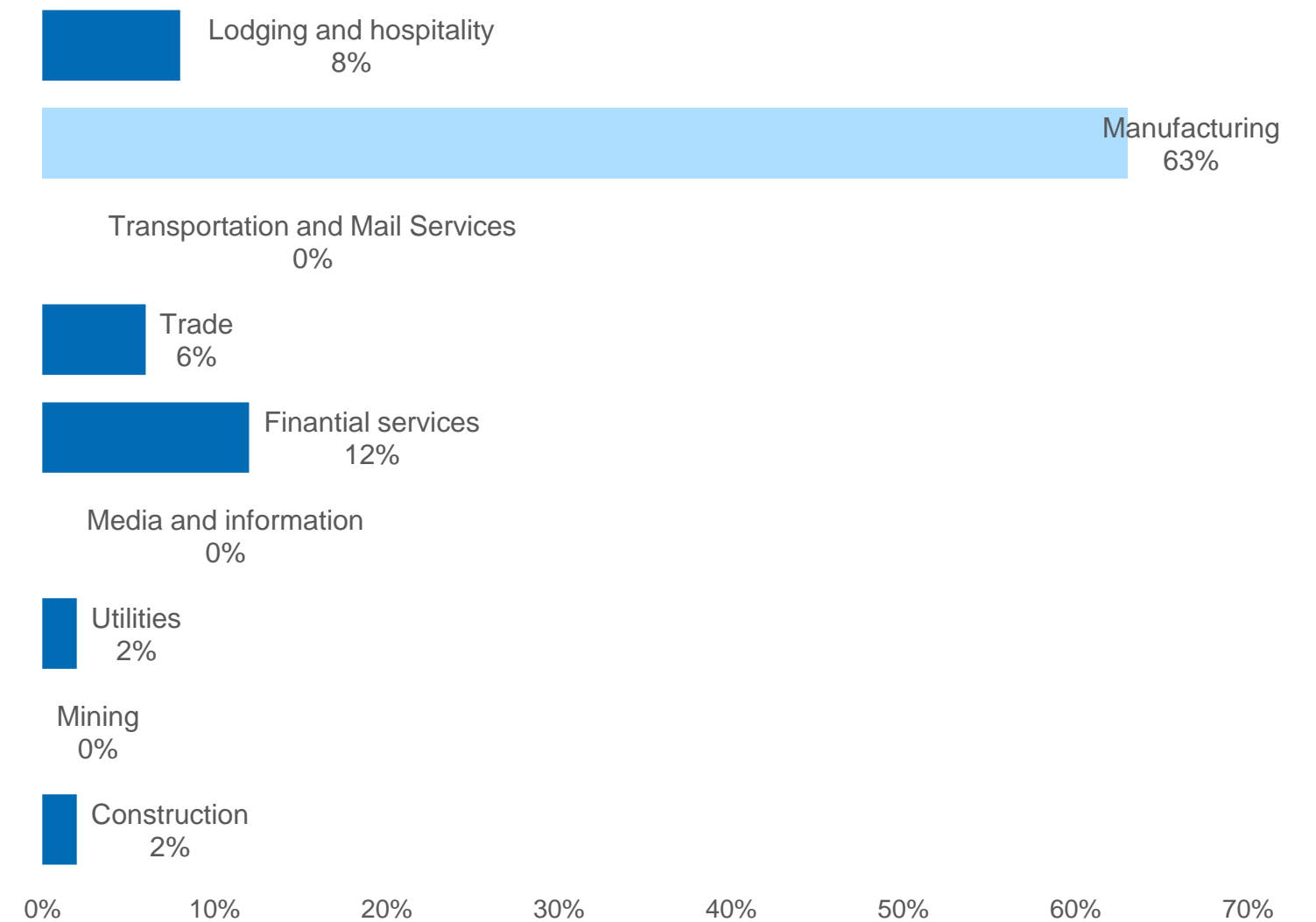
Expected Increase in Foreign Investment During the First and Last Quarters of the Year, Despite a Decrease in National Participation.

Se registró un crecimiento de 3 puntos porcentuales con respecto al trimestre anterior en la Inversión Extranjera Directa (IED) para el sector de manufactura.

## Foreign Direct Investment (FDI)



## FDI by subsector (YTD 2023)



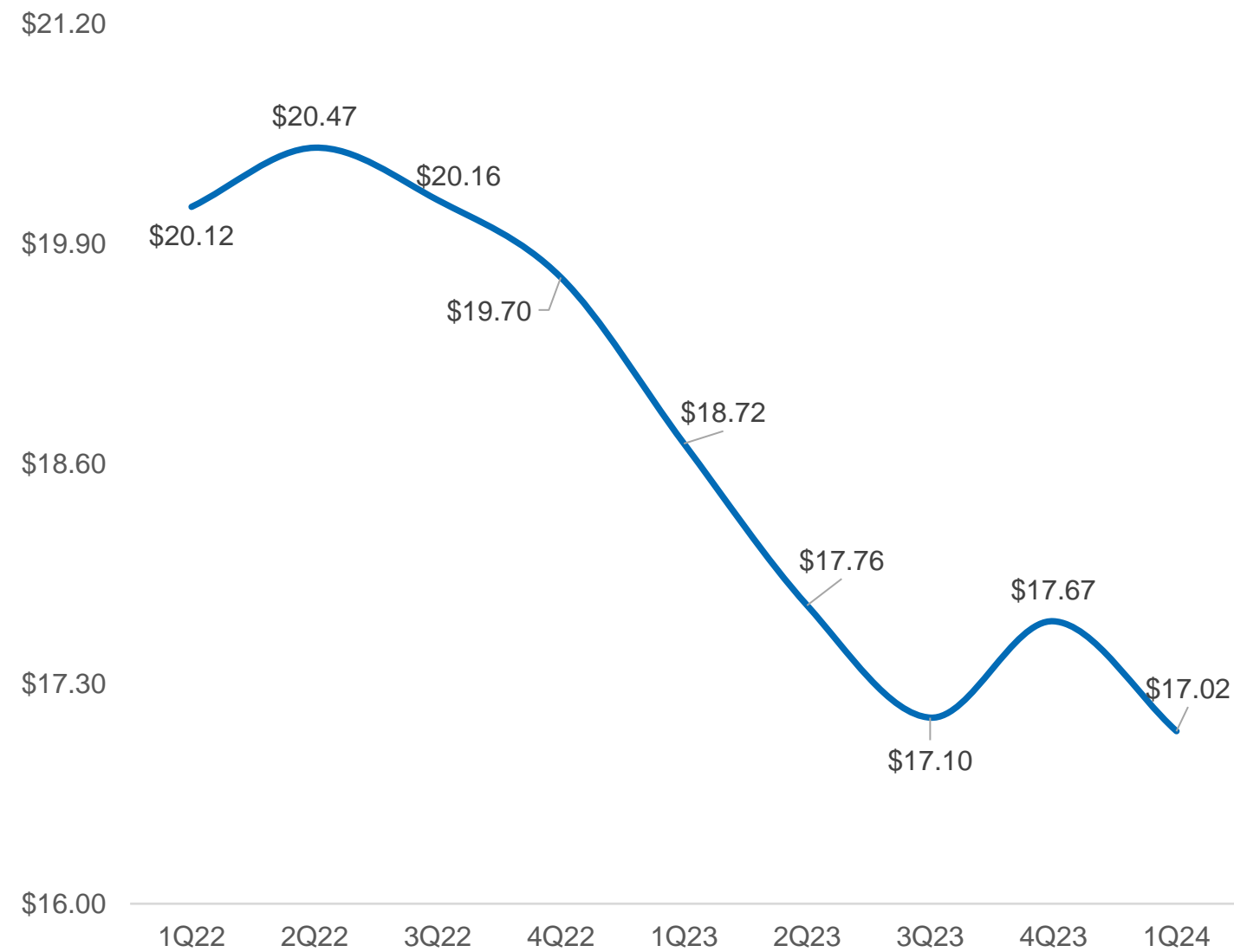
Source: Secretaría Economía

# Inflation-Devaluation

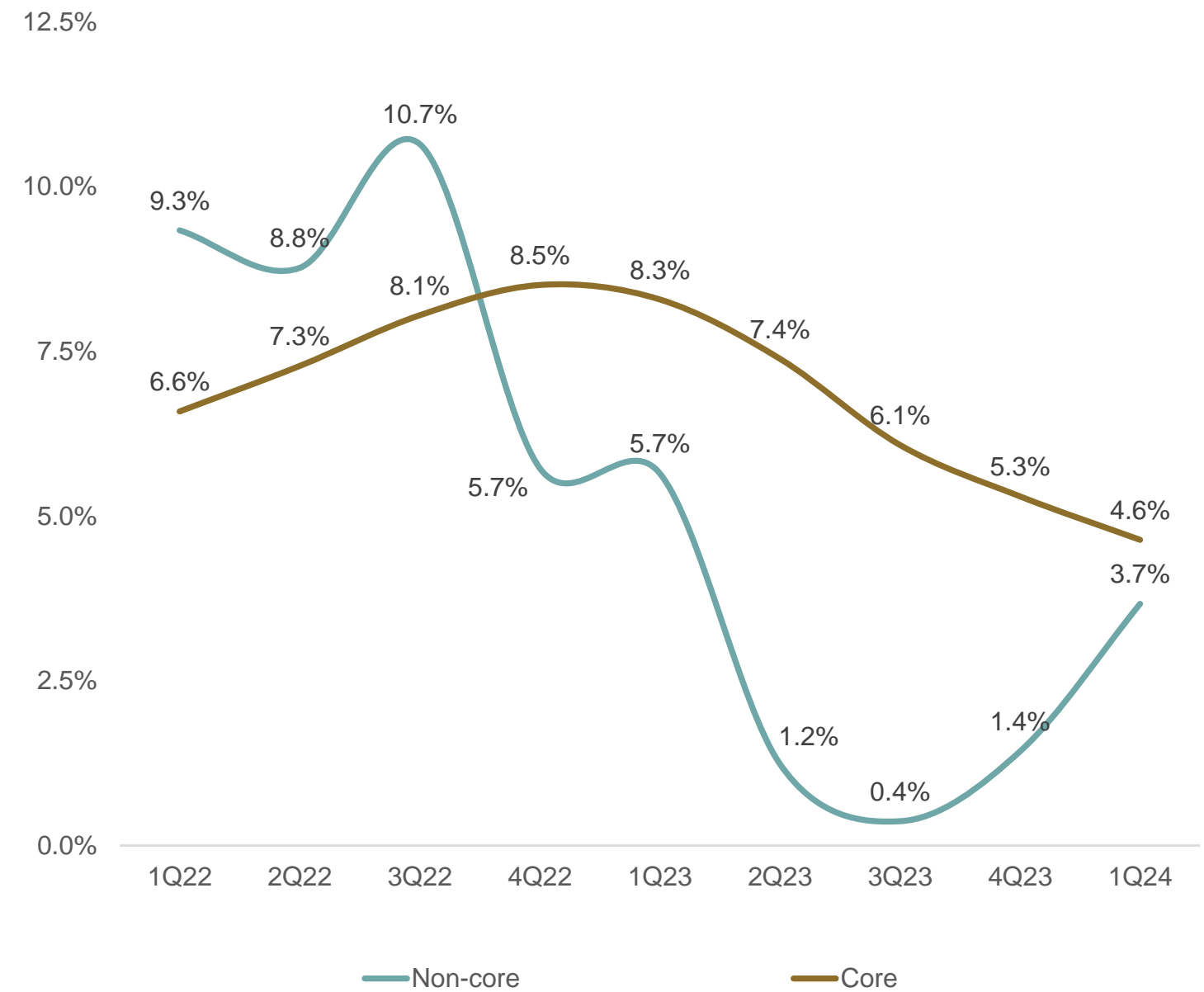
The Mexican peso maintains its upward trajectory against the US dollar, with analysts forecasting continued appreciation throughout the year.

Monetary policy's effectiveness in curbing inflation is evident, and a correlation between peso appreciation and non-core inflation is becoming increasingly apparent.

## Exchange Rate



## Consumer Price Index (CPI)



Source: Banco de México e INEGI.

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# Market fundamentals





# Market Summary

El cambio de año tuvo un impacto en el ritmo de construcción (11% mayor respecto el trimestre anterior) e incremento de inventario (6%).

Construction activity witnessed a robust upsurge at the start of the year, surging by 11% compared to the previous quarter, accompanied by a 6% inventory buildup.

## Submarket Statistics

	Total Inventory (Million SF)	Under Construction (Million SF)	New Supply (SF)	Total Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Rate (USD/SF/year)	Asking Rate Under Construction (USD/SF/year)
Zona Industrial	2.0	0.3	108,124	157,639	8.0%	169,458	61,333	61,333	\$11.68	\$8.47
El Salto	26.6	2.2	683,697	656,679	2.5%	1,072,030	388,333	388,333	\$ 7.20	\$7.42
López Mateos Sur	6.2	0.7	-	-	0.0%	-	-	-	-	-
Periférico Sur	9.0	-	-	73,281	0.8%	-	(72,205)	72,205	\$8.82	-
Zapopan Norte	16.1	0.0	109,212	40,473	0.3%	109,212	(40,473)	40,473	-	-
<b>Total</b>	<b>62.8</b>	<b>3.2</b>	<b>901,033</b>	<b>928,072</b>	<b>1.5%</b>	<b>1,544,451</b>	<b>336,989</b>	<b>336,989</b>	<b>\$8.13</b>	<b>\$7.56</b>

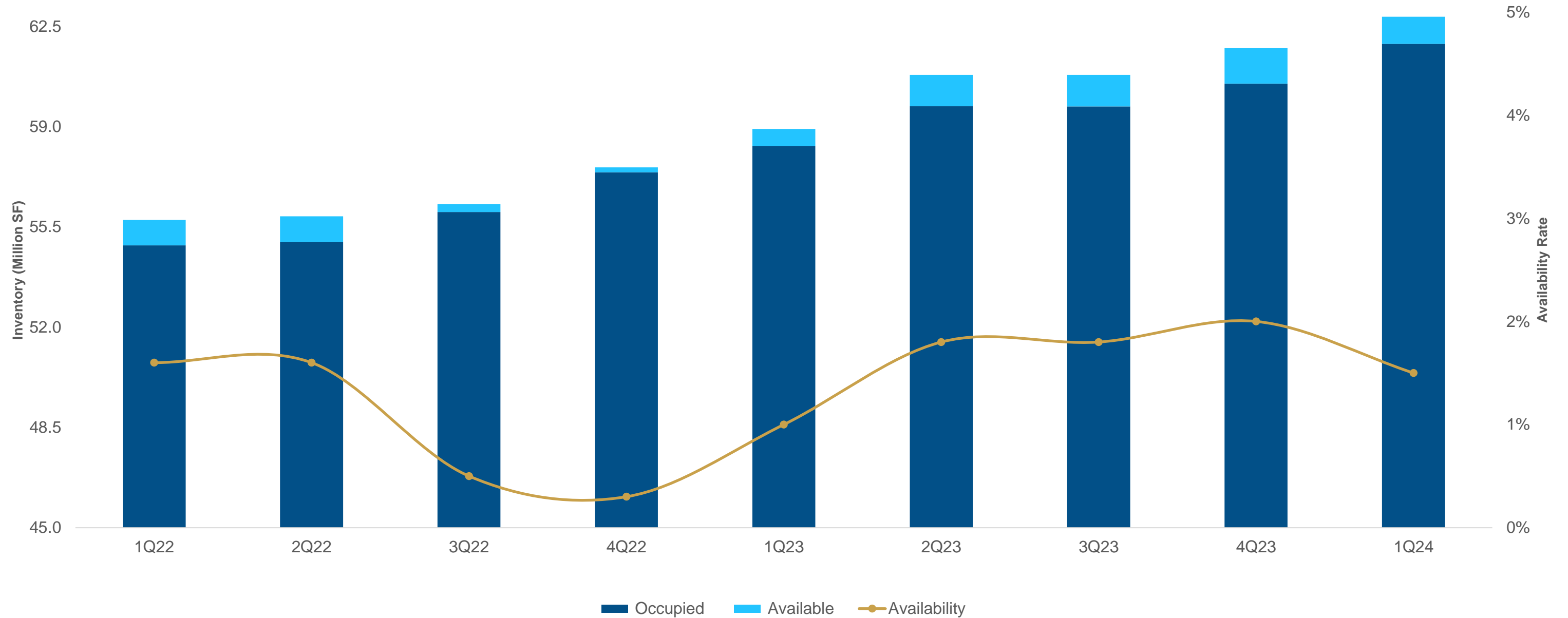
## Submarket Statistics (Outside Guadalajara City)

Lagos de Moreno	3.0	-	193,752	-	0.0%	193,752	-	-	-	-
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# Inventory and Availability Trends

inventory reported a significant growth, but the level of available inventory is still lower than it was in the previous three quarters.

## Ready inventory and vacancy

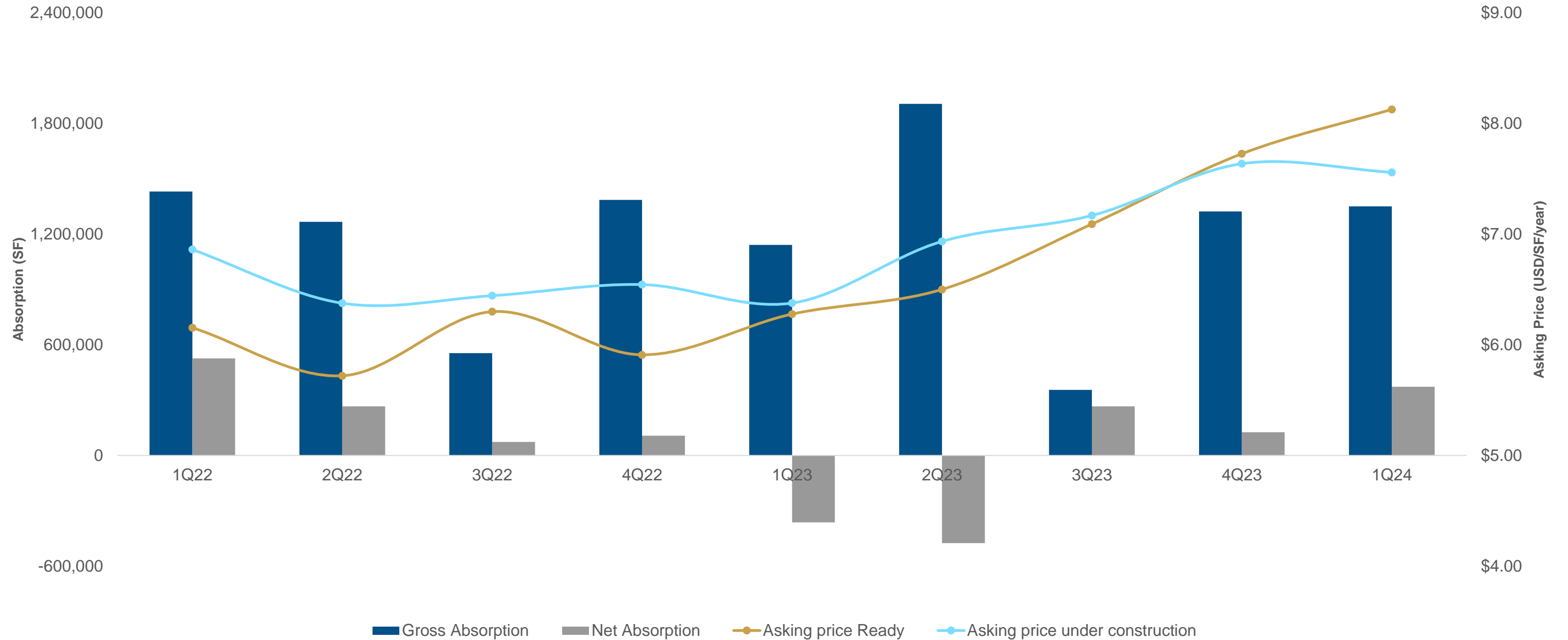


# Absorption and asking price

Gross absorption maintains its dynamics compared to the previous quarter and is higher than in the same period of the previous year. However, it is lower than in the same period two years ago. A similar behavior is observed in net absorption, although with a greater growth compared to the last quarters of 2023.

For the first time in the last two years, asking prices for completed warehouses are higher than asking prices for warehouses under construction.

Absorption and asking price types

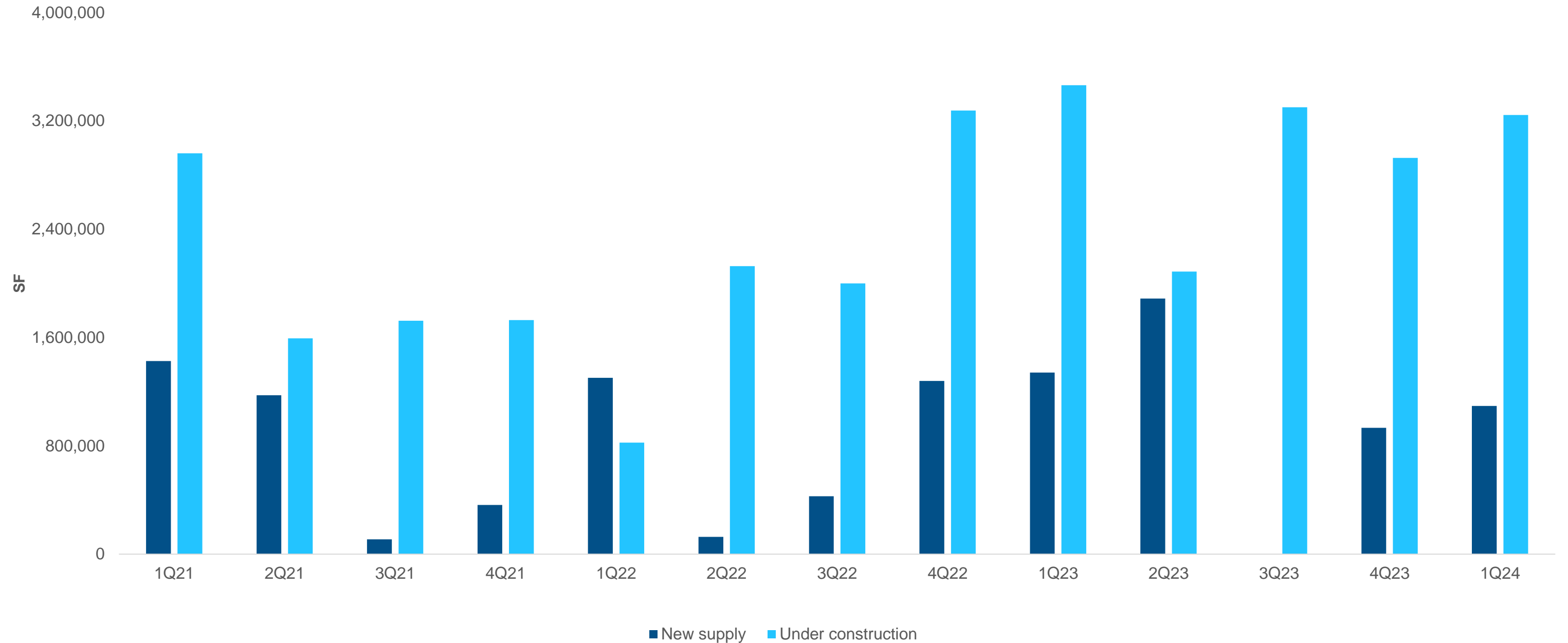


# New supply

The entry of new supply into inventory is slowing during the current quarter compared to the same period in the past three years.

The construction rate is at its highest compared to the same period in the past three years.

## New Inventory and warehouses under construction



# Construction and main operations

The market remains geared towards the development of speculative warehouses in the El Salto submarket.

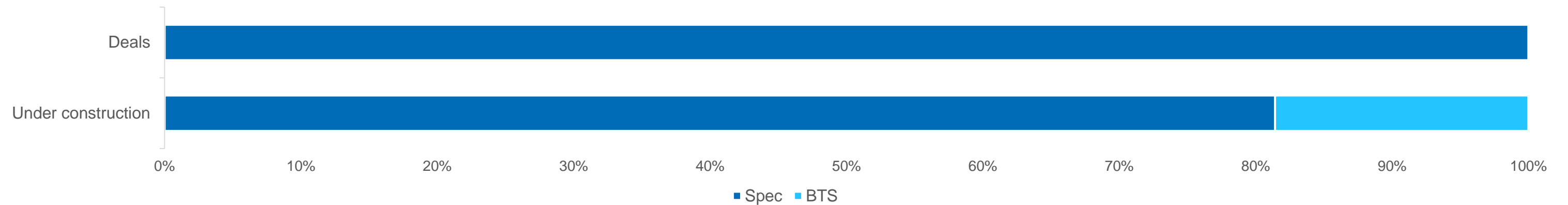
## Parks under constructions

Industrial park	Submarket	Status	Delivery date
Parque Industrial San Jorge	El Salto-Aeropuerto	Construction	june 2024
Roca el Salto	El Salto-Aeropuerto	Construction	september 2024
El Salto Park Guadalajara III*	El Salto-Aeropuerto	Construction	june 2024
Plataforma Park Guadalajara*	El Salto-Aeropuerto	Construction	june 2023
Centro Logístico jalisco	López Mateos Sur	Construction	november 2024
FINSA Jalisco El Salto	El Salto-Aeropuerto	Construction	june 2023
FlexPark El Salto	El Salto-Aeropuerto	Construction	may 2024

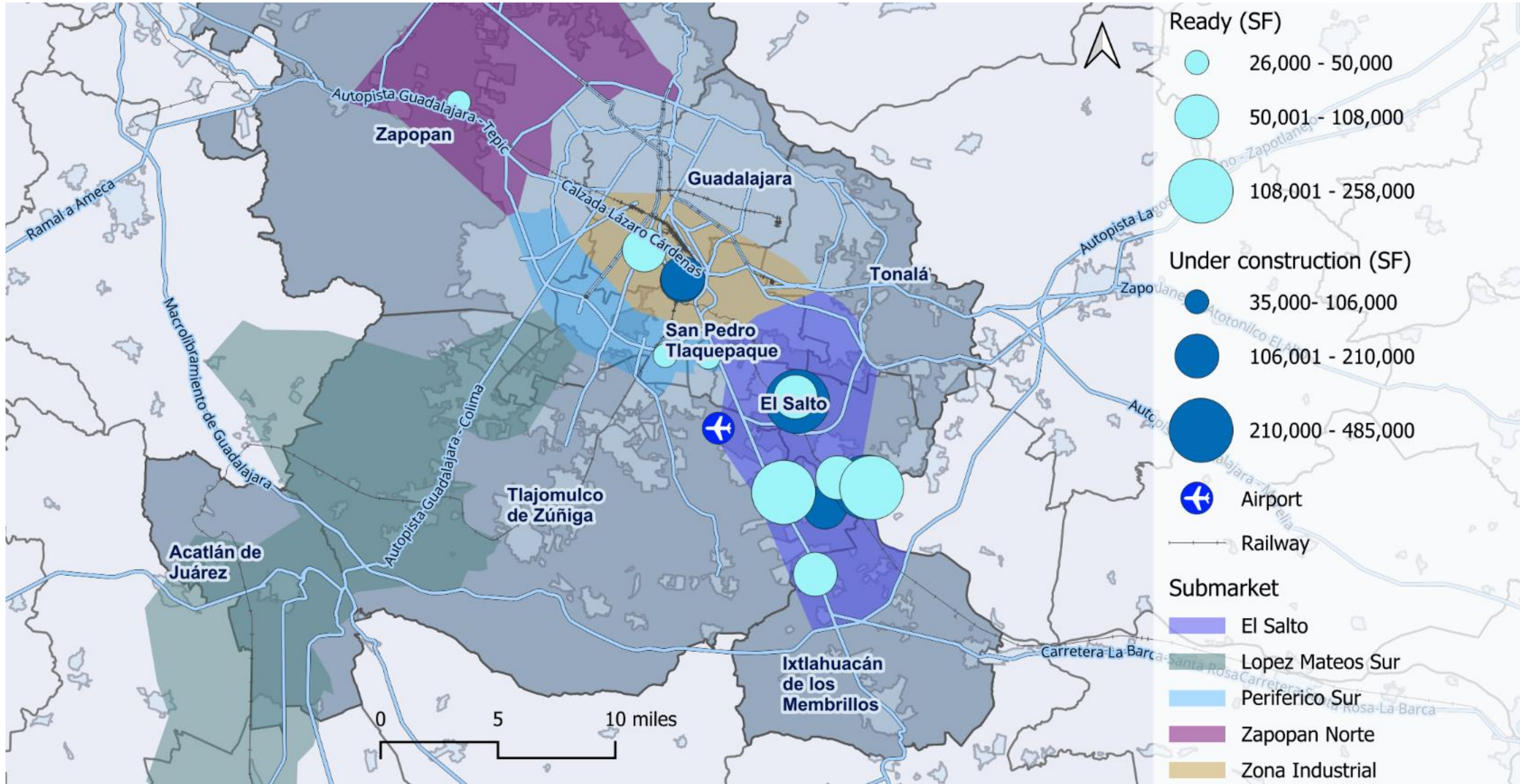
\*New park

## Main deals

Industrial Park	Submarket	Type	Area (SF)
Xtra Industrial Park Guadalajara	El Salto-Aeropuerto	Spec	429,161
Kampus Industrial Santa Rosa	El Salto-Aeropuerto	Spec	297,894
El Salto Park Guadalajara III	El Salto-Aeropuerto	Spec	266,032
Parque Industrial Guadalajara	Zona Industrial	Spec	169,458



# Locations for speculative developments



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