

1Q2024

# Guanajuato Industrial market



**NEWMARK**



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# Market analysis

## Economy

- Guanajuato's unemployment rate approached record lows since 2006, and women continue to increase their participation in the manufacturing sector.
- Foreign direct investment fell at the end of the year, although the inflow of foreign currency is expected towards the first and third quarters of the year according to historical trends.
- An increase in economic activity is expected driven by conditions such as lower inflation, greater labor dynamism, and currency appreciation. This favored a 25-point reduction in the interest rate according to the monetary policy decision of the Central Bank of Mexico.

## Transactions

- The Silao and Apaseo submarkets had the highest relative gross absorption rates in the market, with 23% and 20% of the total, respectively.
- Lease transaction closings were mainly related to the development of BTS buildings, which accounted for 57% of the quarter.
- The total number of closings was 9% higher than in the same period of the previous year and 13% lower than in the previous quarter.

## Market fundamentals

- Inventory grew 1.2% compared to the previous quarter, a rate higher than the annual average (0.6%). However, there was a slowdown in the area under construction.
- The net absorption of the market was oriented towards values due to the entry of new speculative warehouses available in the market.
- The beginning of the year marks a clear adjustment of the market to the national trend of rising prices and increasingly approaching the \$5 barrier. The price increase compared to the previous quarter was 7%, an increase not previously recorded in the market.

## Views

- The attractive infrastructure conditions in industrial parks, along with their wide availability of land, are expected to continue to favor the development of BTS projects.
- The price increase will continue on a clear upward trend, although not at the speed of border cities or large cities in the country, positioning Guanajuato as an ideal place due to the competitive prices of its warehouses in the market.
- According to the country's economic prospects and the conversion to electric mobility, it is expected that 2024 will increase absorption values throughout the year.

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# Economía



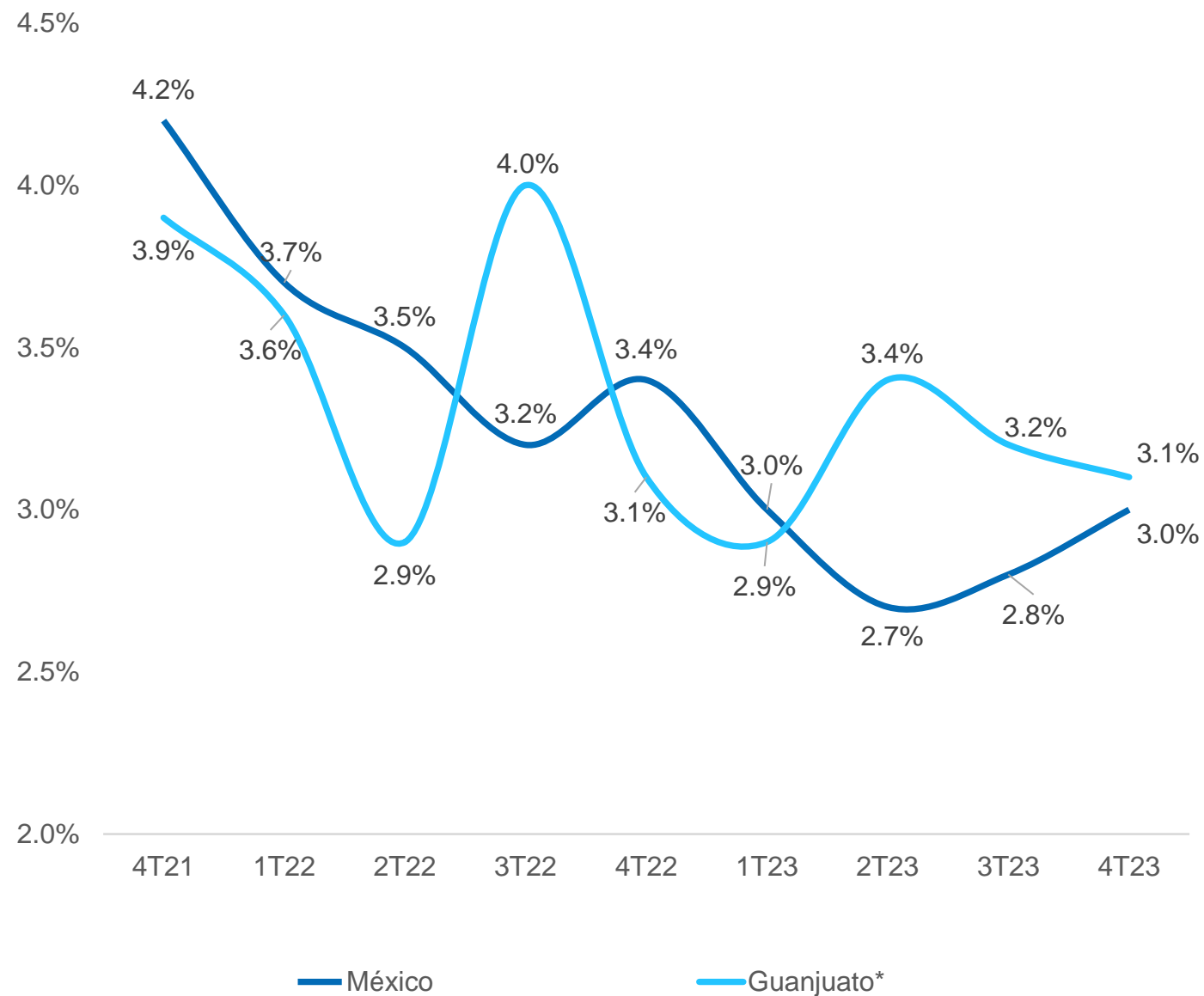


# Employment

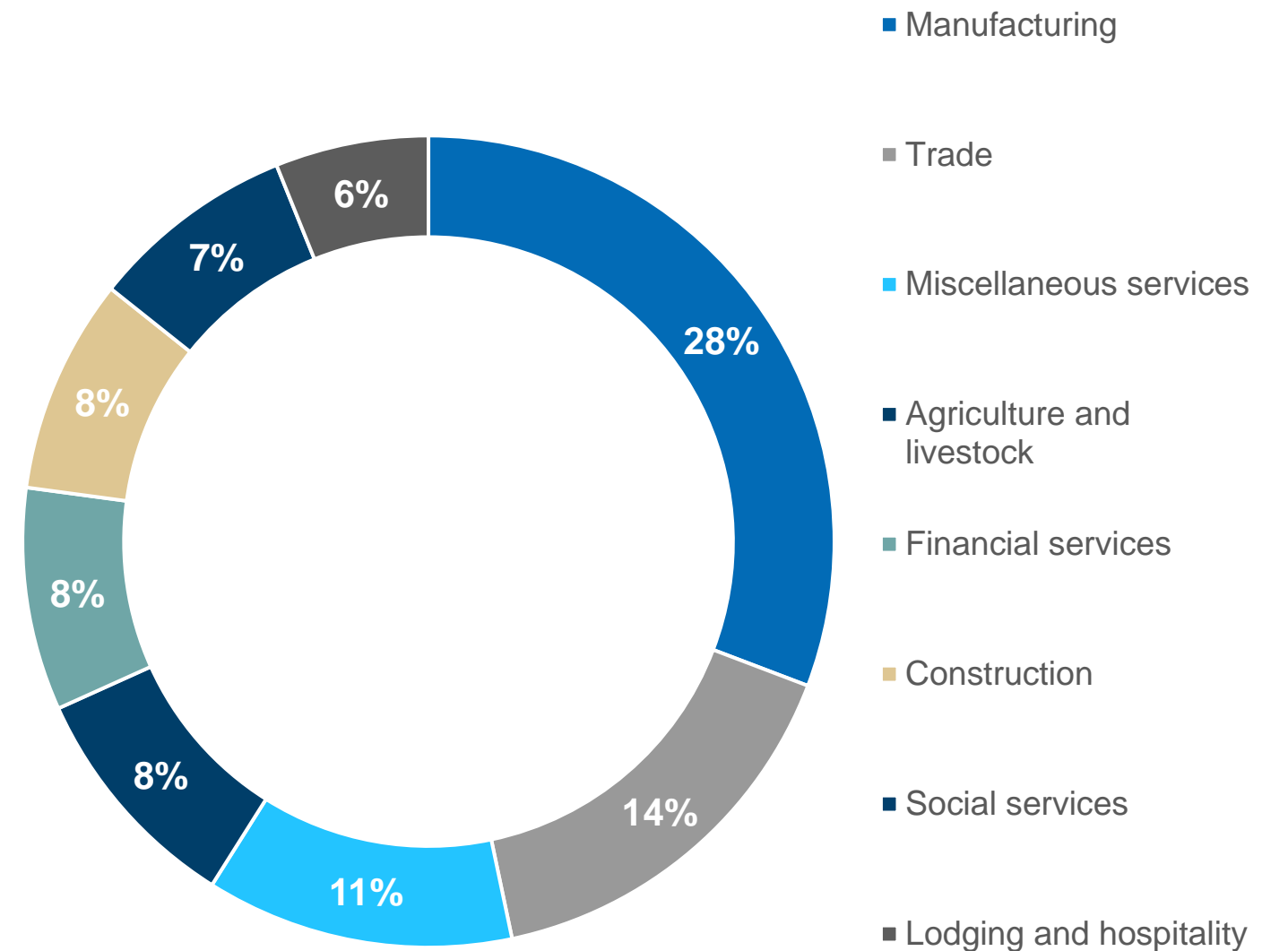
The downward trend in the state unemployment rate continues, similar to the national rate and the lowest since 2006, standing below the historical average (4.5%).

The employed population in the manufacturing subsector slightly slowed its growth trend due to the decrease in men employed in this subsector. It is noteworthy that the positive quarterly growth rates for women employed in the manufacturing subsector were maintained.

Unemployment Rate



Recent Employment Trends in Guanajuato



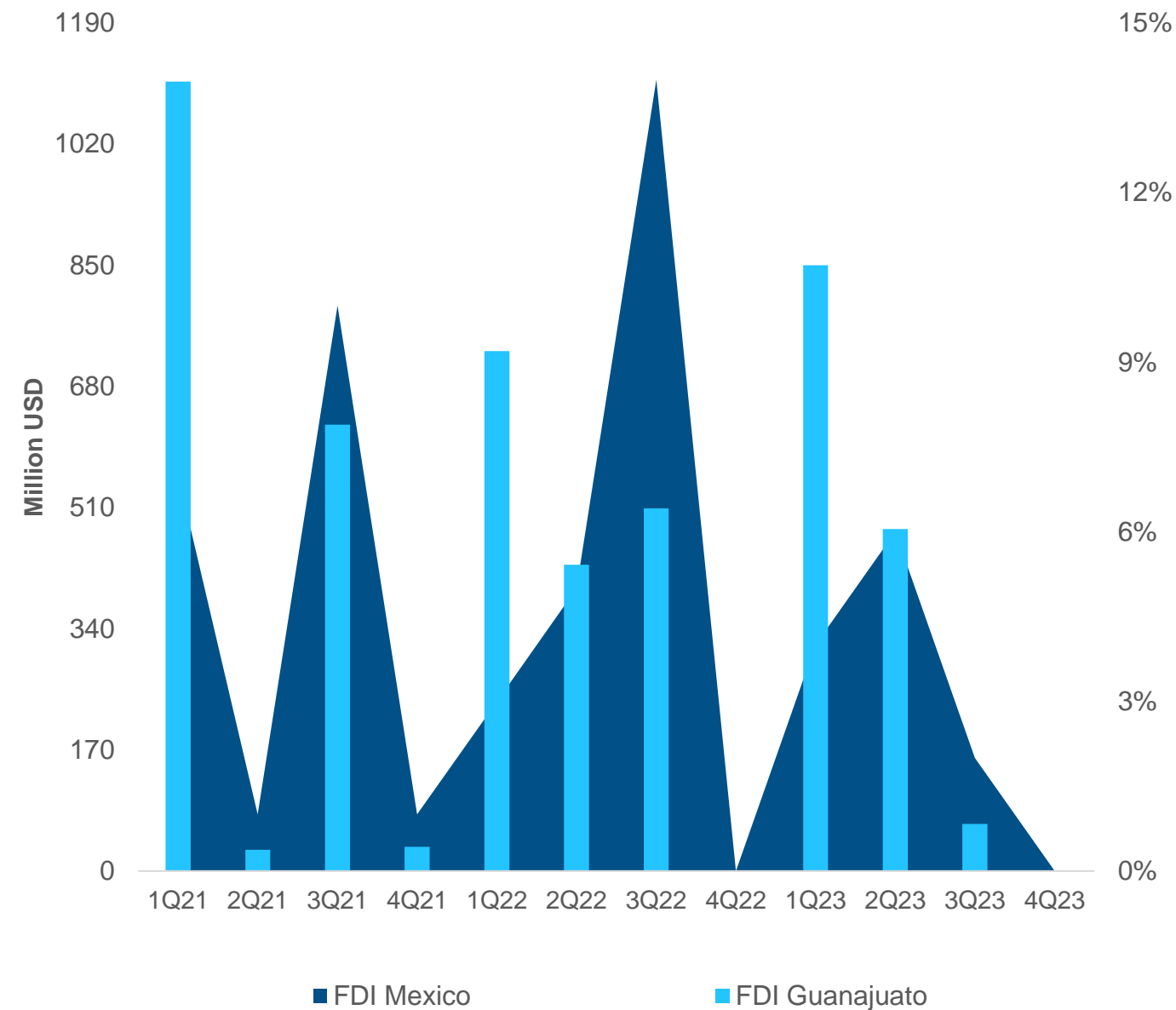
\*Statal  
Source: INEGI.

# Investments

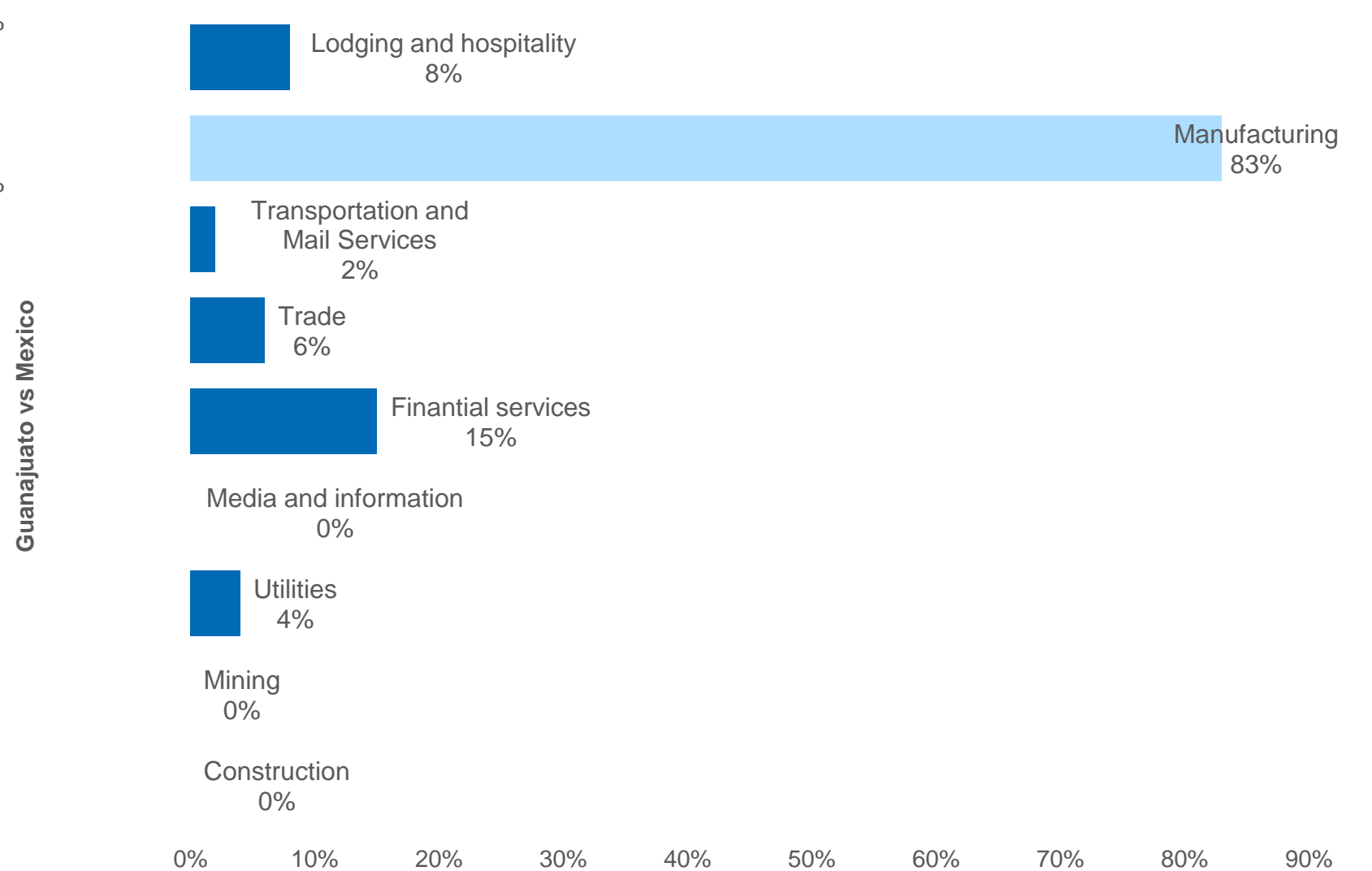
Foreign investment is expected to increase during the first quarter of the year and increase its national share.

FDI was 3 percentage points higher in the accumulated 2022-2023 for the manufacturing subsector.

Foreign Direct Investment (FDI)



FDI by subsector (Guanajuato state YTD 2023)



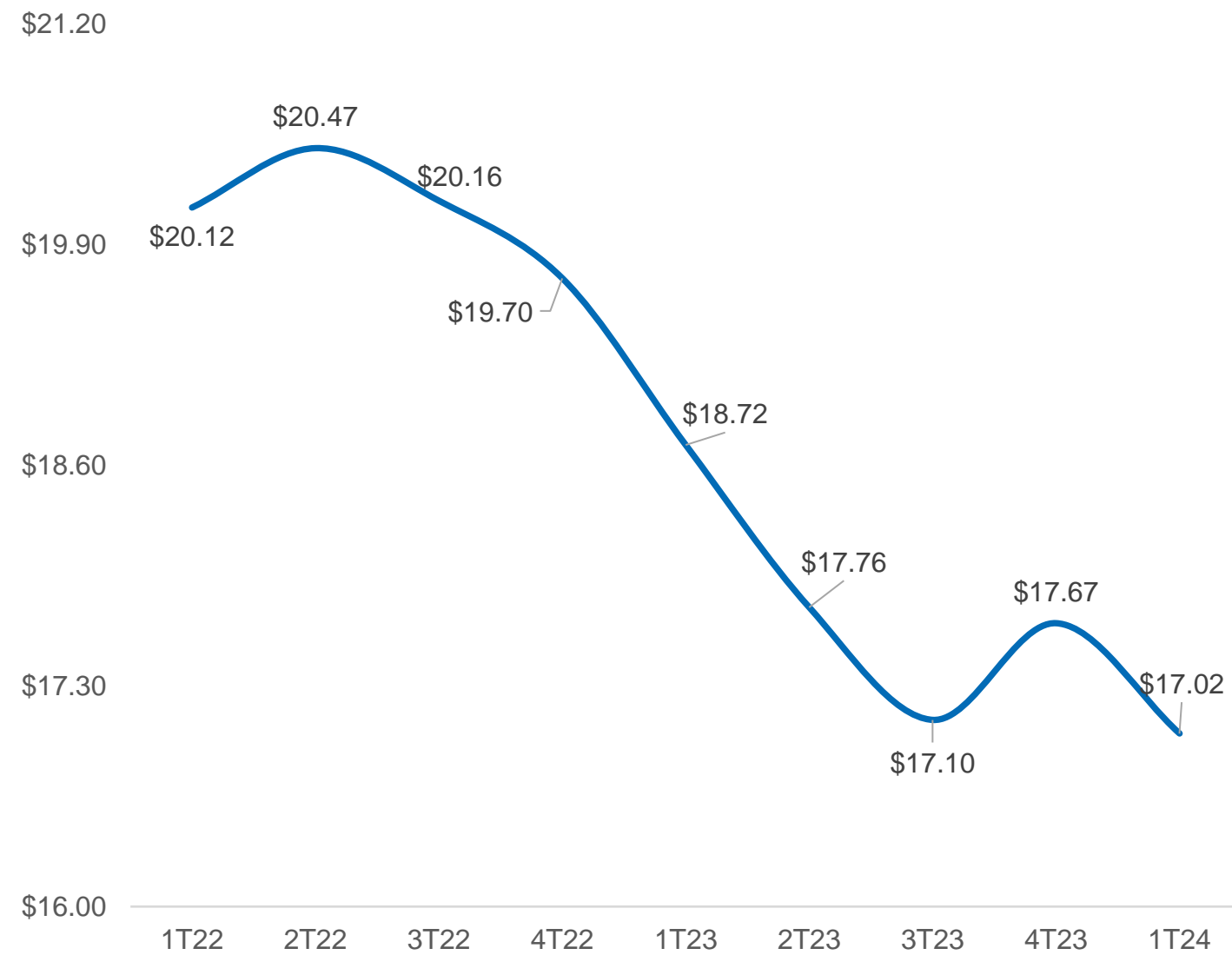
Source: Secretaría Economía

# Inflation-devaluation

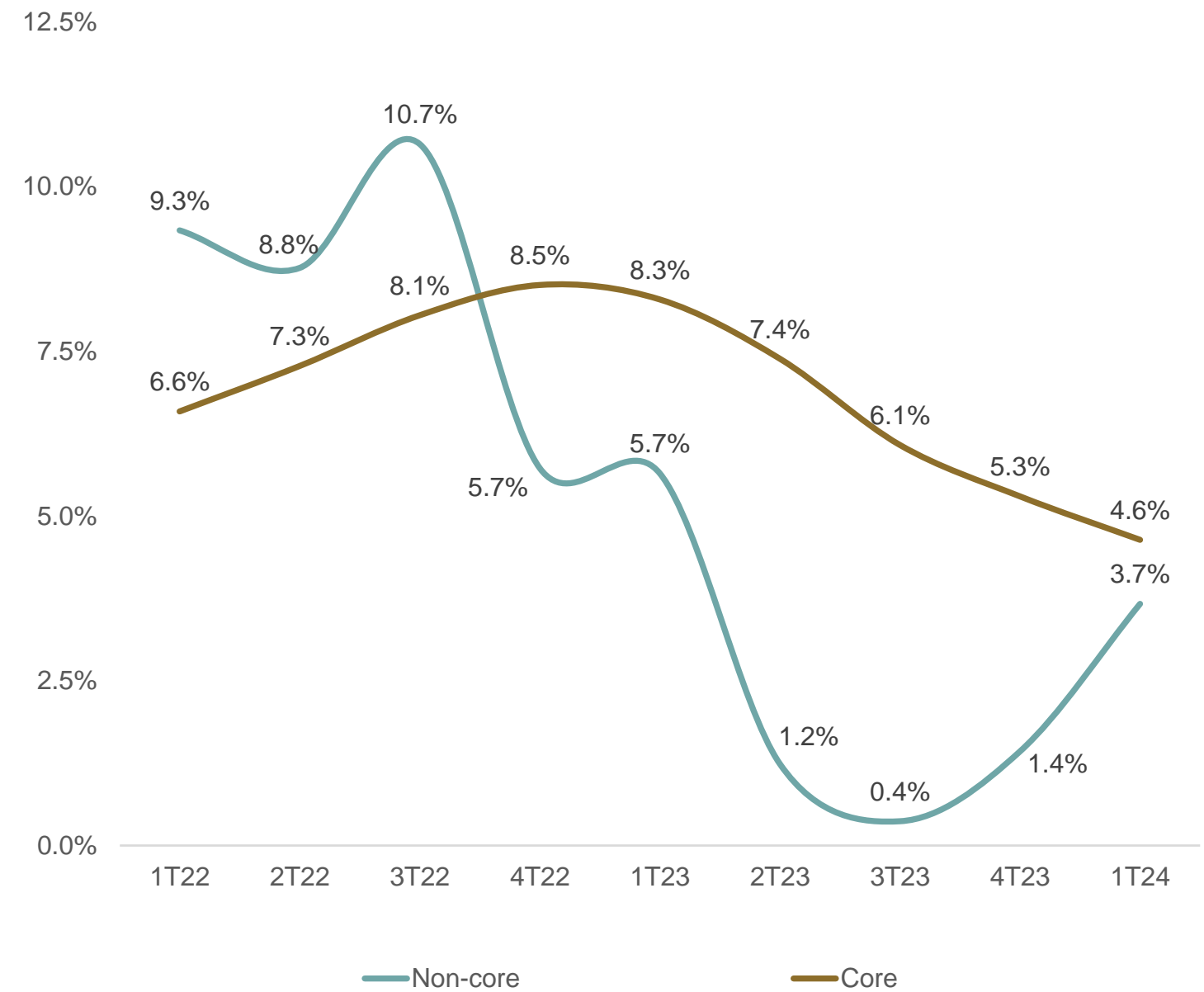
The peso continues its appreciation trend against the dollar and is expected to continue throughout the year.

Monetary policy manages to reduce inflation and there seems to be a relationship between peso appreciation and non-core inflation.

## Exchange Rate



## Consumer Price Index (CPI)



Source: Banco de México and INEGI.

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# Market fundamentals





# Market Summary

Prices in the Silao and Apaseo submarkets have soared past \$5 per square foot due to their respective strengths: Silao's superior infrastructure and Apaseo's advantageous location.

## Submarket Statistics

	Total Inventory (Millions SF)	Under Construction (Millions SF)	New Supply (SF)	Total Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Rate (USD/SF/year)
Apaseo	8.8	0.2	406,772	233,578.80	2.7%	172,224	-234,548	-234,548	\$5.69
Celaya	13.1	0.1	107,640.00	515,294	3.9%	151,708	44,068	44,068	\$4.90
Irapuato	16.7	0.2	-	277,345	1.7%	-	-70,784	-70,784	\$4.86
León	10.8	0.9	-	198,079	1.8%	141,525	141,525	141,525	\$5.36
Salamanca	4.4	-	-	284,148	6.4%	-	-	-	\$5.14
San José Iturbide	9.5	0.04	118,404.00	-	-	118,404.00	-	-	\$ -
San Miguel de Allende	2.3	-	-	369,324	16.4%	68,362.16	68,362.16	68,362	\$5.56
Silao	27.5	0.3	443,315.34	986,015	3.6%	189,716	-273,685	-273,685	\$5.93
<b>Total</b>	<b>93.1</b>	<b>1.8</b>	<b>1,076,131</b>	<b>2,863,784</b>	<b>3.1%</b>	<b>841,939</b>	<b>-325,062</b>	<b>-325,062</b>	<b>\$5.46</b>

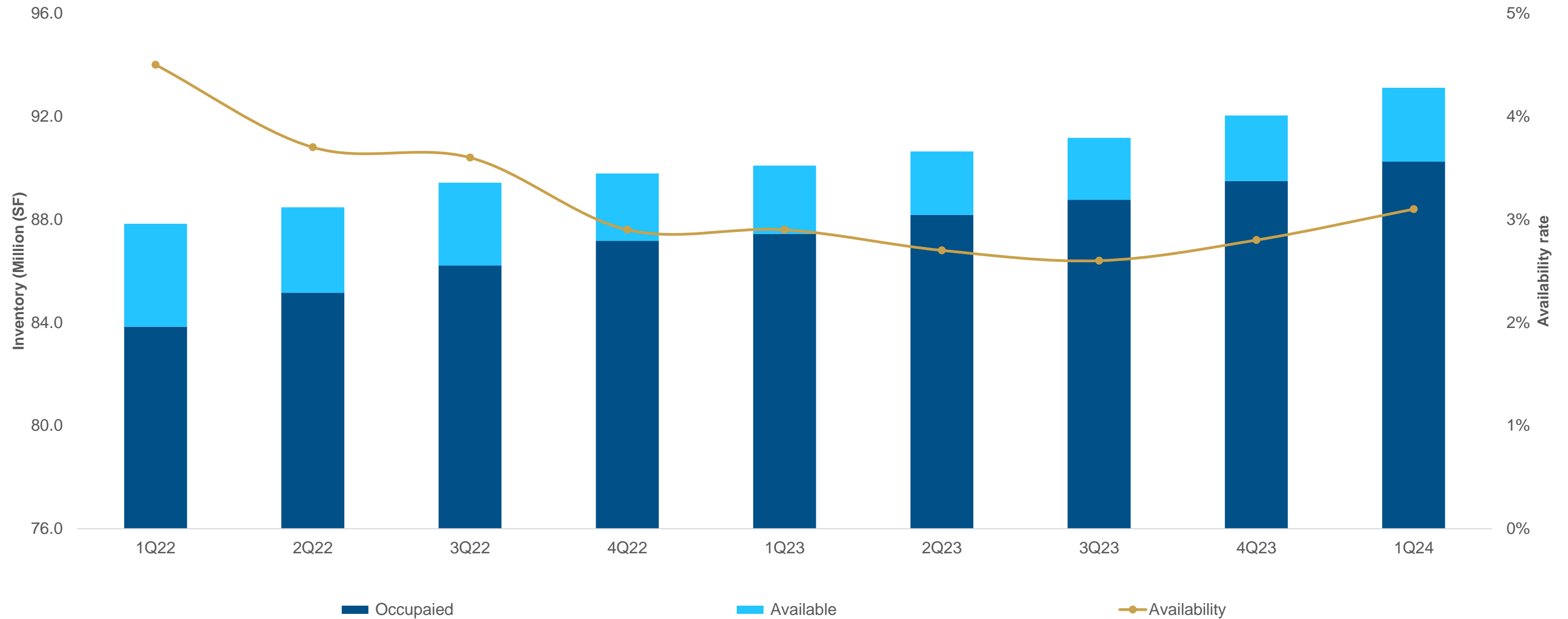
\*Adjustment for verification of construction status of planned warehouses.

# Inventory and Availability Trends

The market is not waiting for minimum availability numbers, and the upward trend in speculative warehouse supply continues into the second quarter.

Inventory growth remains steady, driven by BTS warehouses.

## Ready inventory and vacancy



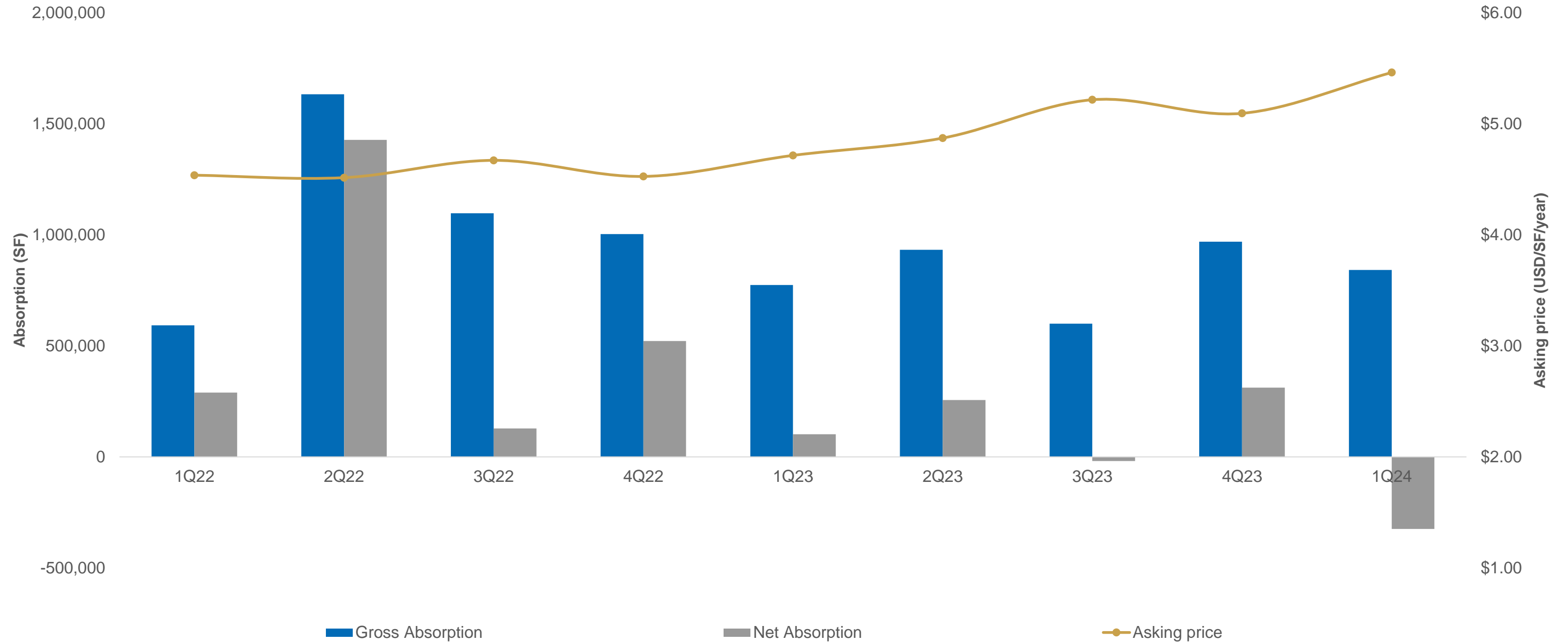


# Absorption and asking price

Gross absorption values decreased 13% compared to the previous quarter but remain at the same level observed in the last two years. The entry of new unoccupied speculative warehouses into inventory pushed net absorption values into negative territory during the current quarter.

Asking prices for finished warehouses had one of their highest growths (7%) and are heading towards the \$5 barrier in the general market.

## Absorption and asking price types

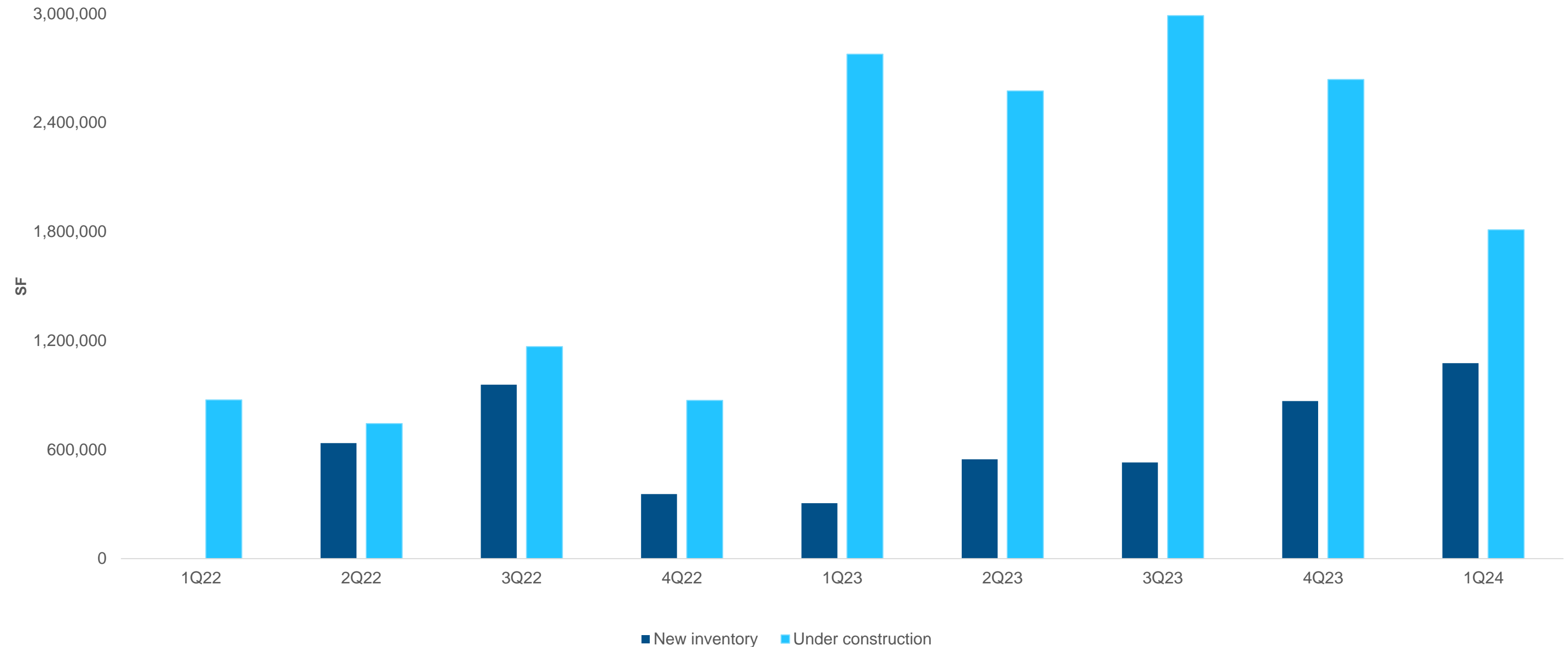


# New supply

Construction pace has slowed down but is expected to recover throughout the year.

Inventory inflows have been on an upward trend since the beginning of the previous year and continue into the current quarter.

## New Inventory and warehouses under construction





# Construction and main operations

Projects under construction have a similar share of speculative and BTS projects.

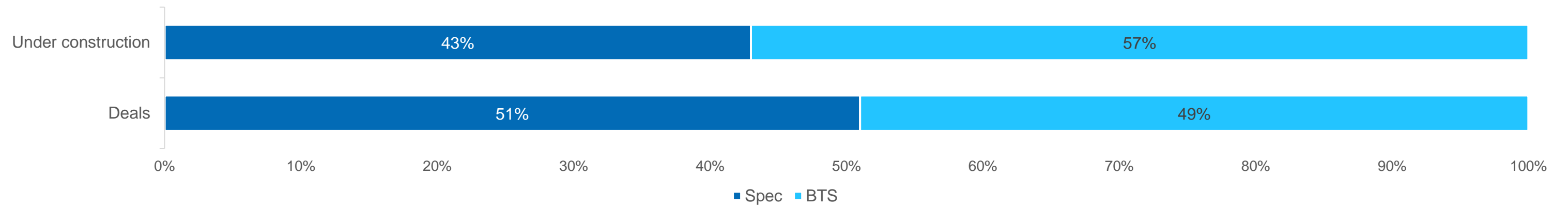
Closings recorded during the current quarter had a slightly majority share for BTS.

## Parks under construction

Industrial park	Submarket	Tye
Villagrán Industrial Park	Celaya	Spec
Guanajuato Industrial Park	Irapuato	Spec
Puerto Interior Industrial Park	Silao	Spec
Parque Industrial Colinas De León	León	BTS
Parque Industrial Amistad Chuy María	Apaseo	BTS
Vynmsa León Industrial Park	León	Spec
Stiva Leon Industrial Park	León	Spec
Stiva Leon Industrial Park	León	BTS
Puerto Interior Industrial Park	Silao	Spec
Castro del Río Industrial Park	Irapuato	Spec
Parque Opción	San José Iturbide	BTS

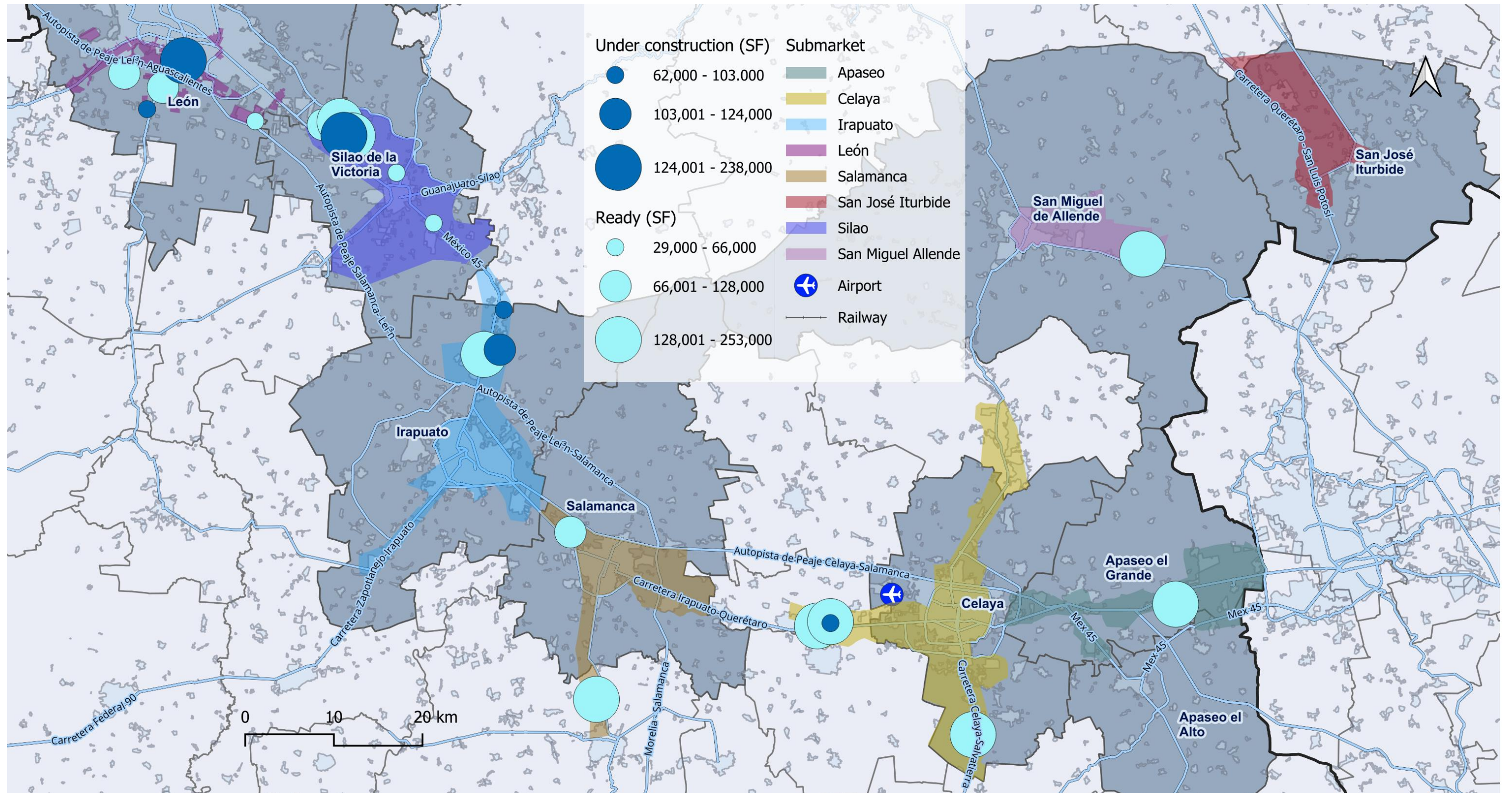
## Main deals

Parque Industrial	Submarket	Type	Area (SF)
Advance Santa Fe II	Silao	Spec	75,918
Planta Toyota Guanajuato	Apaseo	BTS	172,224
Villagran Industrial Park	Celaya	BTS	107,640
Parque Industrial León Bajío (PILBA)	León	Spec	141,525
Puerto Interior Industrial Park	Silao	BTS	80,730





# Locations for speculative developments





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*For further information:*

**Fernando Lara**

*Market Research Analyst*

*Bajío*

fernando.lara@nmrk.com

**Juan Flores**

*Director of Research*

*Latinoamérica*

juan.flores@nmrk.com

**Ciudad de México**

Corporativo Espacio Santa Fe  
Carr. México Toluca 5420-PH  
Santa Fe, Cuajimalpa, México  
CDMX 05320

t 555-980-2000

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