
1Q24

Monterrey Industrial Market Report



NEWMARK

Market Analysis

Economy

- As of Q4 2023 the economically active population of Nuevo Leon was 2.97 million people.
- From January 2006 to September 2023 the state of Nuevo Leon registered a Foreign Direct Investment of 48.8 billions dollars.
- The Ministry of Economy announced that from January 1 to March 15, 2024, 73 announcements related to an investment of 31.5 billion dollars were collected, which will be reflected in the Foreign Direct Investment data over the next two to four years. Highlighted federative entities are Queretaro 18%, State of Mexico 14%, Nuevo Leon 10%, Puebla 5%, and the remaining federative entities with 53%.

Major Transactions

Tenant	Submarket	Type	Square Feet
JCI	Apodaca	BTS	496,000
Confidential	Cienega de Flores	Spec	272,300
Toupu	Apodaca	Spec	265,800

Leasing Market Fundamentals

- The Market demand remains stable with a vacancy rate of 0.9%
- More than 2.3 million square feet were commercialized, 66.7% were leasing operations and 36.1% of the demand was related to the automotive sub-industry.
- Average asking rent was US\$7.27 per square feet per year.
- Space under construction for speculative Class A buildings recorded a figure over 9.1 million square feet, where Apodaca submarket had the highest figure with 4.0 million square feet.

Outlook

- With several projects in closing process, an increase in the commercialized space is expected in the next quarter, exceeding 4.3 million square feet of accumulated gross absorption.
- With the completion of new speculative Class A buildings regarding the asking price, an upward trend is anticipated, recording a figure of US\$7.47 per square feet per year.
- Regarding the industrial inventory in relation to the space under construction awaiting completion, a significant increase of more than 4.3 million square feet is expected, where more than 50% is already leased.

1. Economy
2. Leasing Market Fundamentals

1Q24

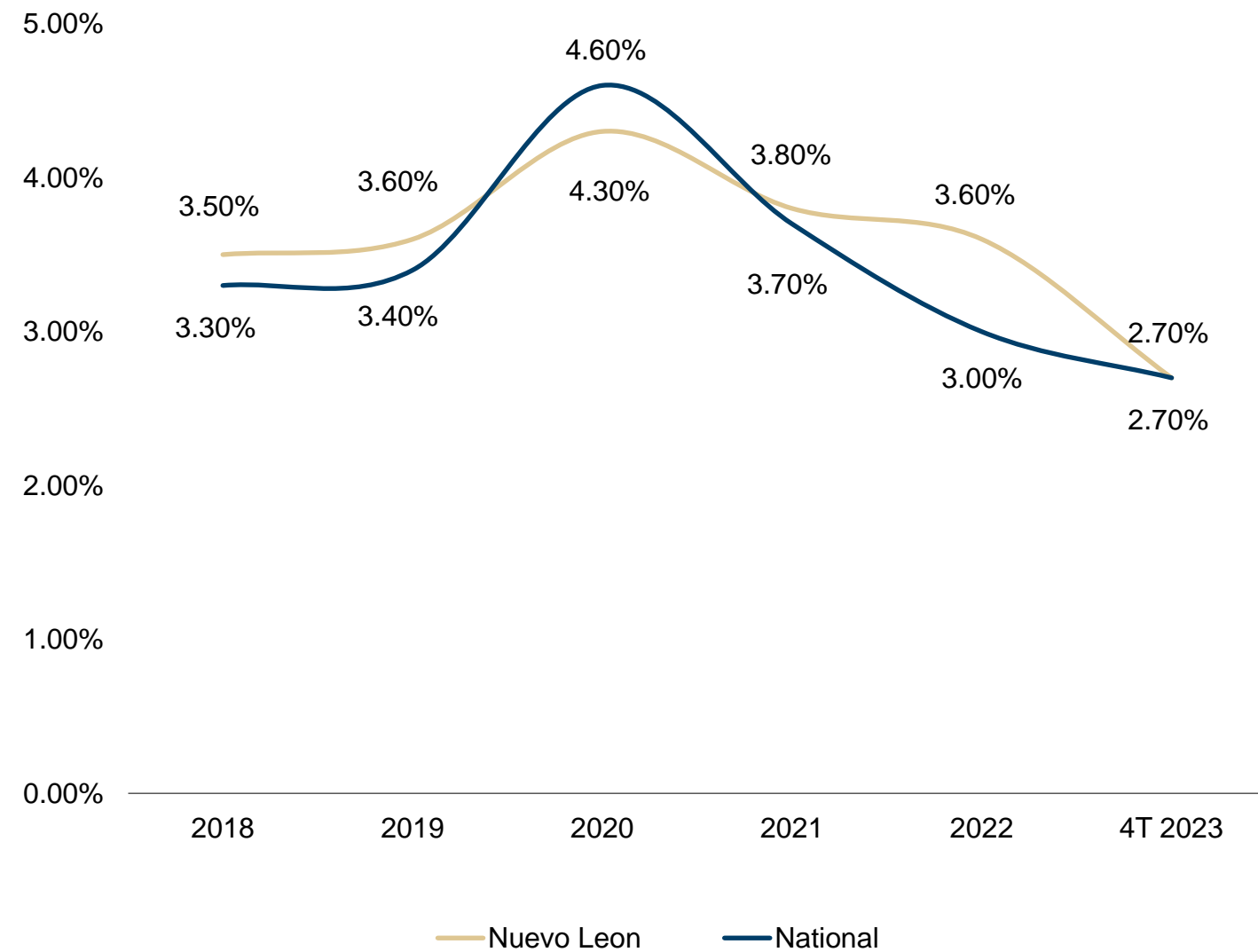
Economy



Economics

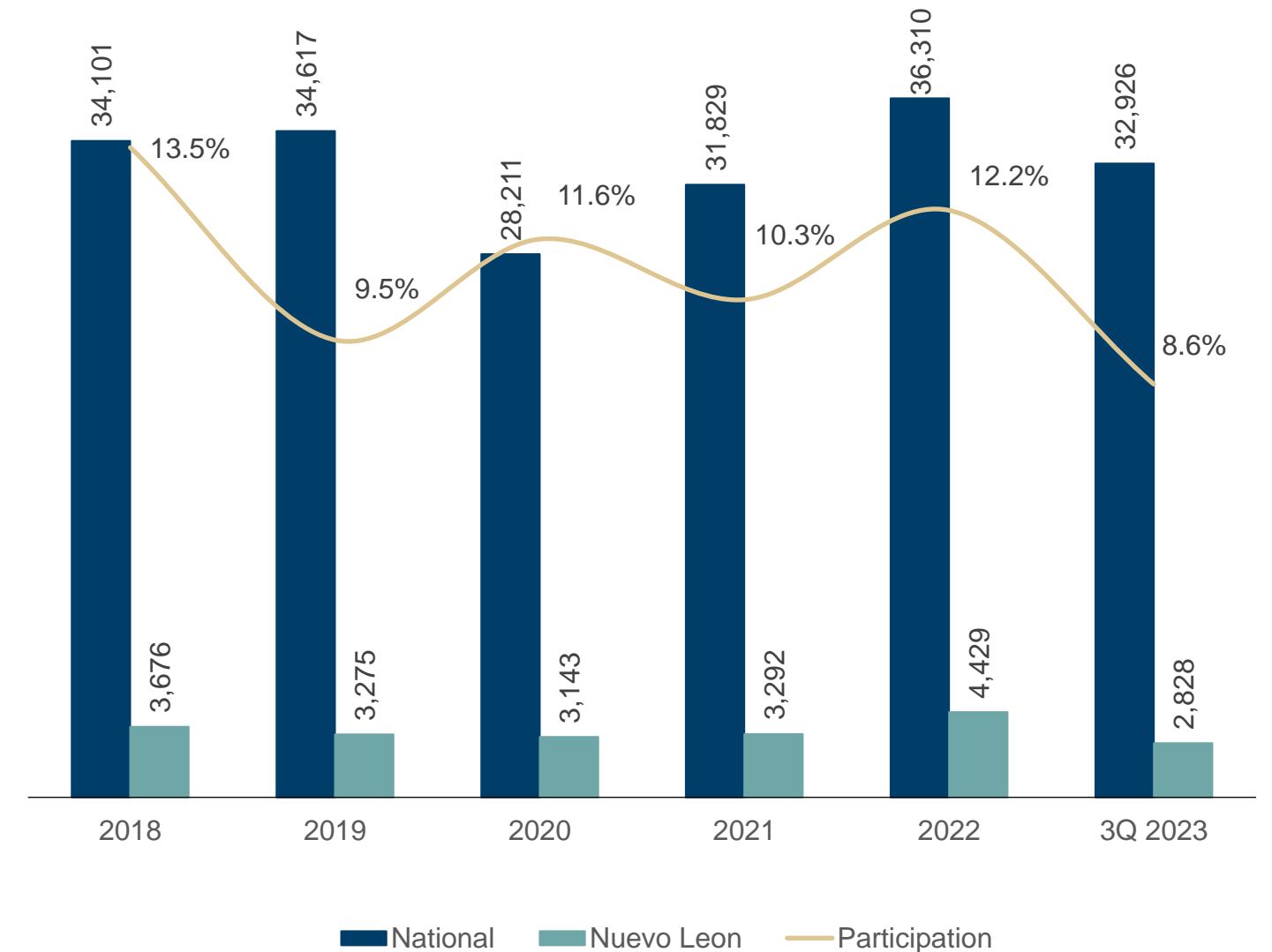
Unemployment rate in the 4Q 2023 registered a national figure of 2.7%, likewise to that recorded in the state of Nuevo Leon which was 2.7%. In addition, regarding Foreign Direct Investment in Mexico by federal entity with data from 3Q 2023, Mexico registered 32,926 million dollars where the state of Nuevo Leon accounts 8.6% of the total.

Unemployment Rate



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 4Q 2023

Foreign Direct Investment (Million Dollars)

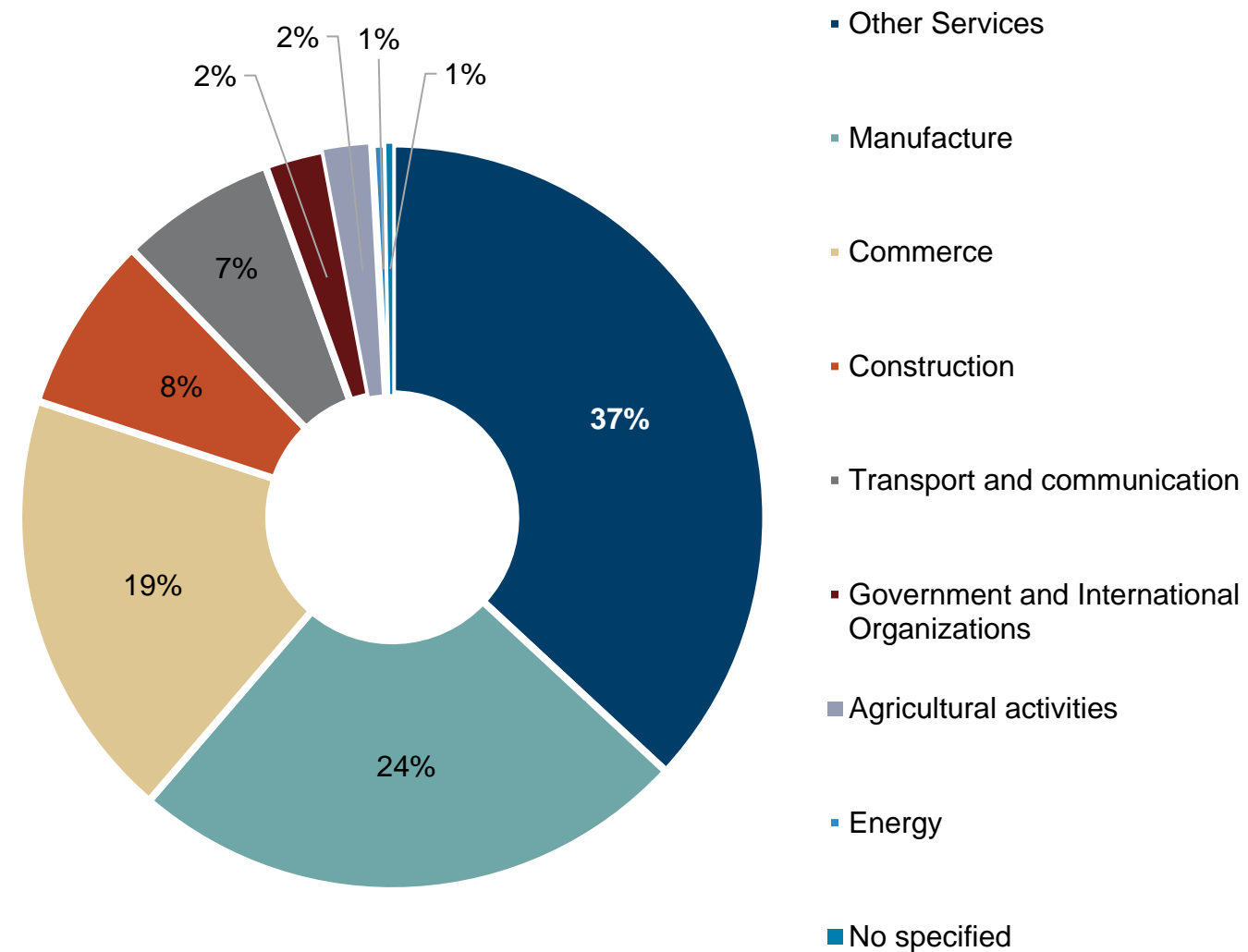


Source: Ministry of Economy, 3Q 2023

Employment by Sector and Economic Position in Nuevo Leon

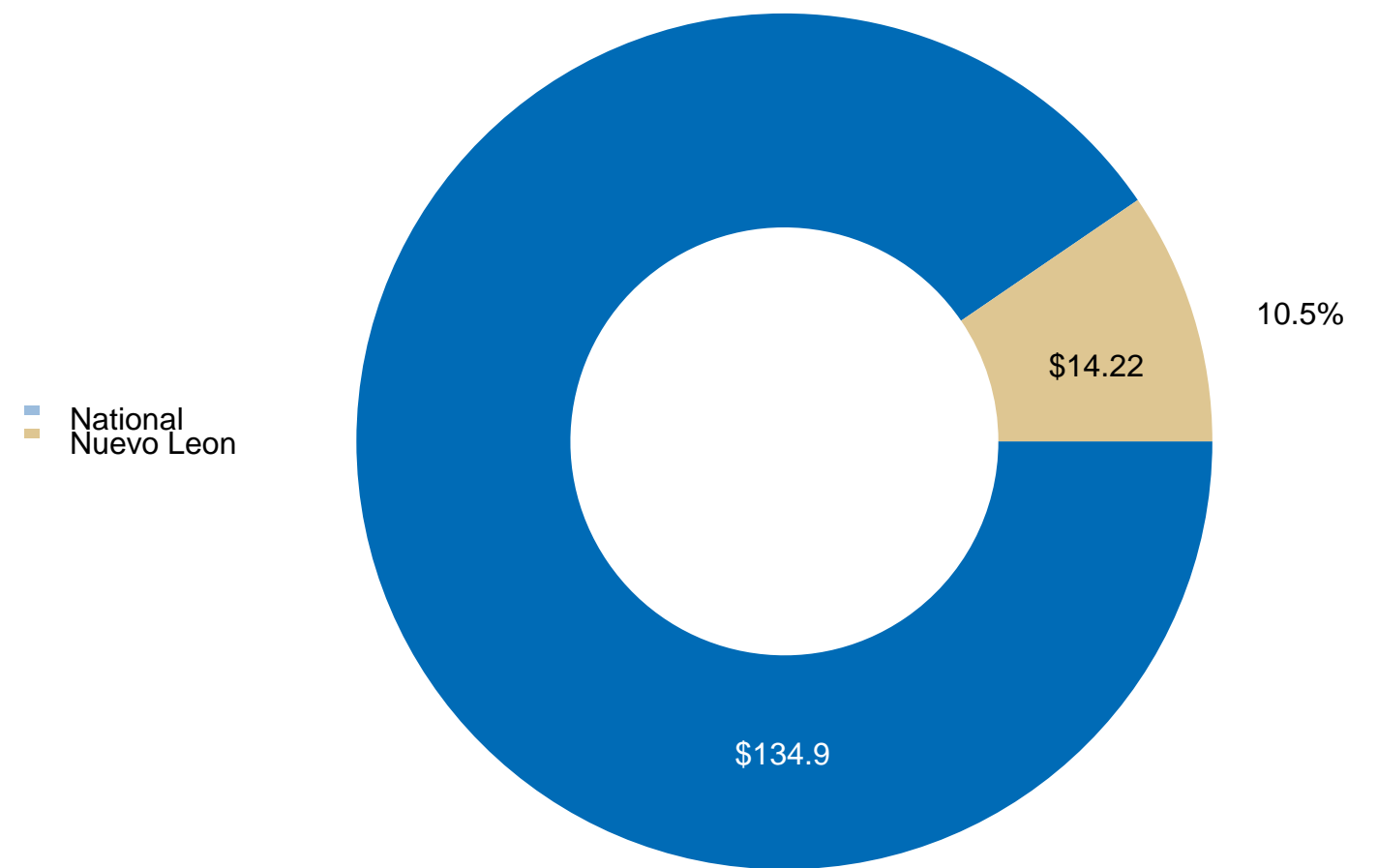
The Secretariat of Labor and Social Welfare of Nuevo Leon reported in its Labor Information document for the month of March of the current year that de economic activity by branch with data from 4Q 2023 recorded the following information: 37% other services, 24% manufacturing industry, 19% commerce, among others. INEGI's press release on Quarterly Exports by Federal Entity (QEFE) statement with information from 3Q 2023 indicated that Nuevo Leon accounted for 10.5% of a level of 134.9 billion dollars.

Branch by Economic Activity



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 4Q 2023

Export Value (Million Dollars)



Source: QEFE INEGI, 3Q 2023

1Q24

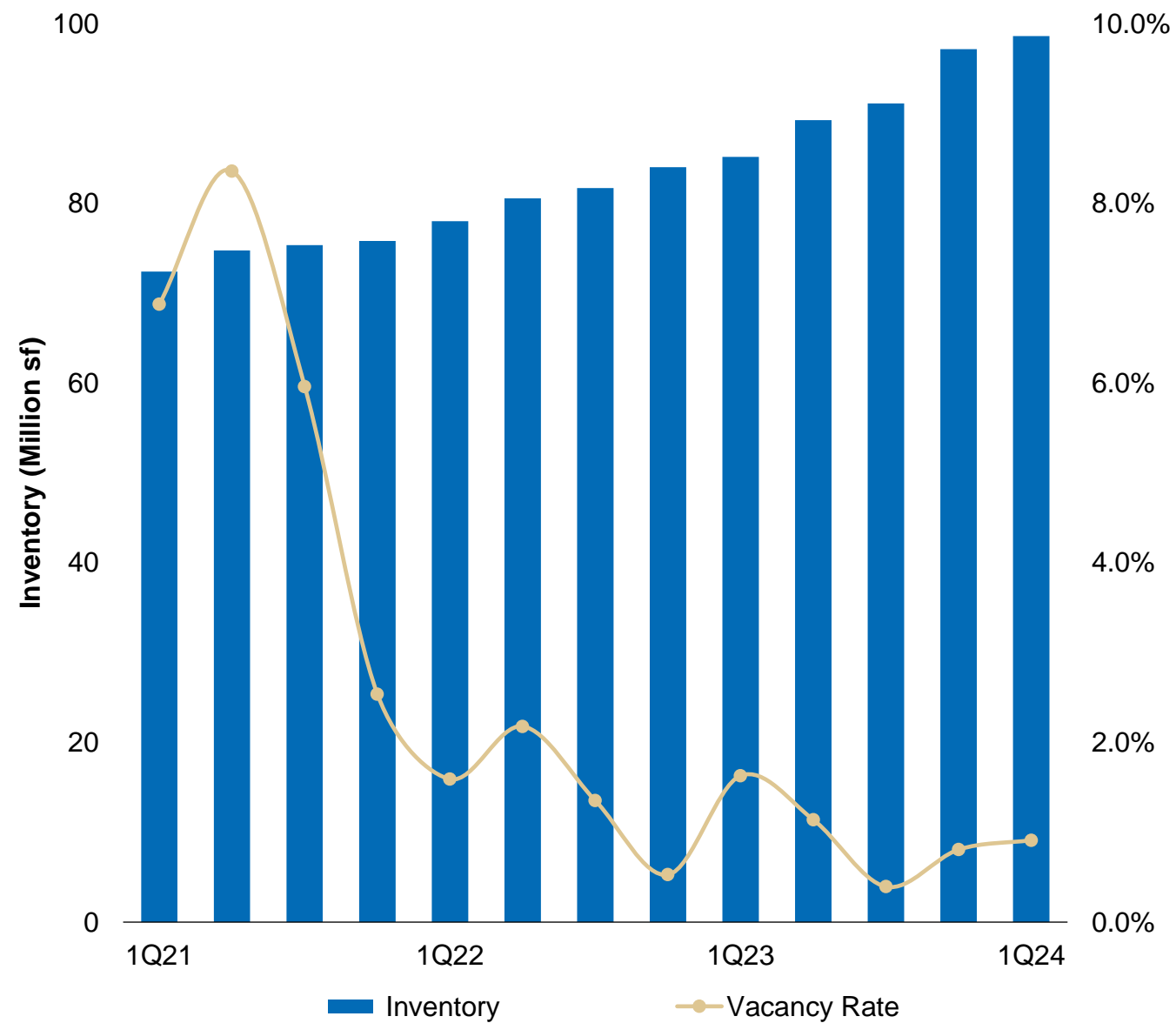
Leasing Market Fundamentals



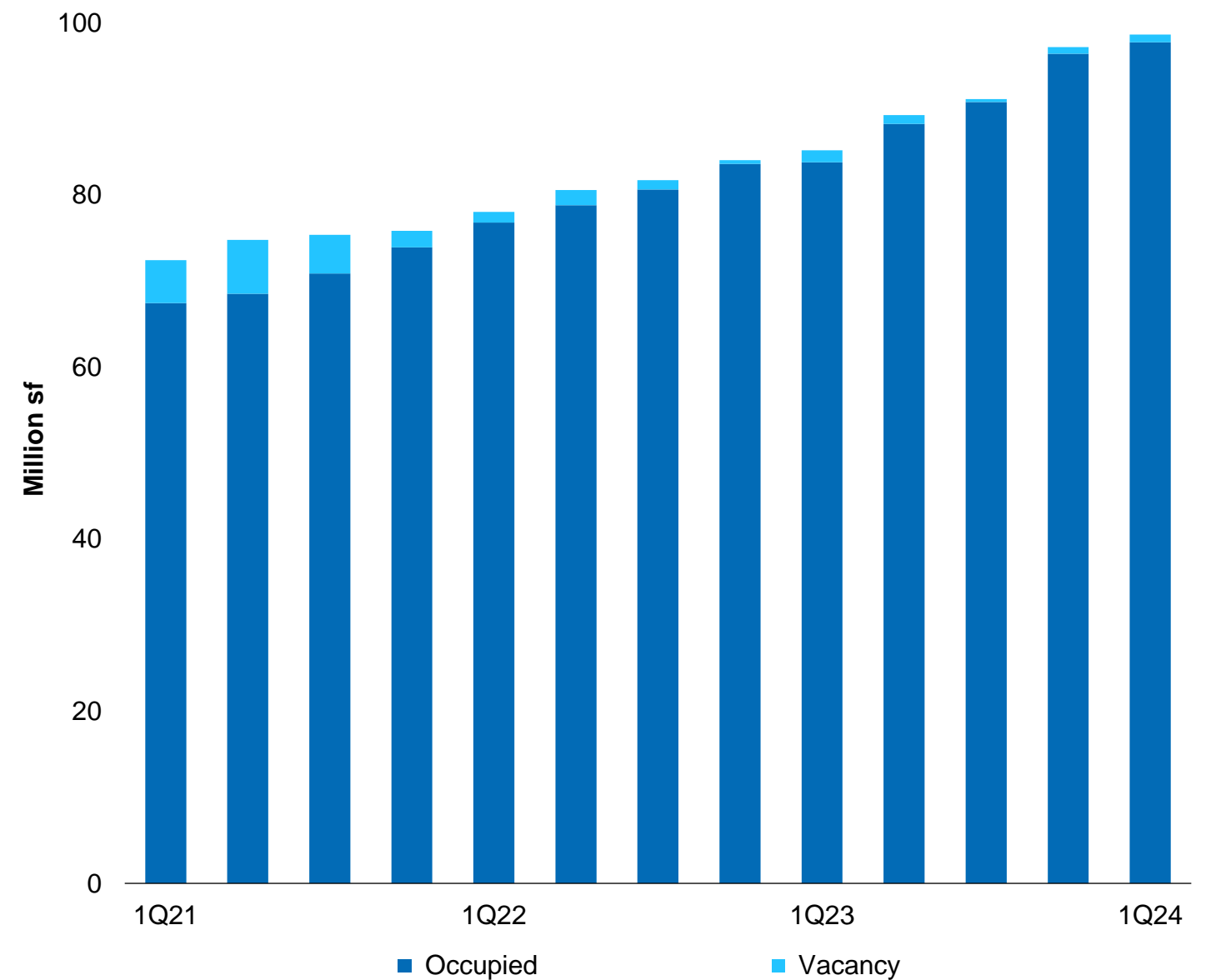
Market Demand

At the end of the first quarter with a demand of just over 2.3 million square feet in terms of gross absorption and a new supply (majority previously leased), the Class A industrial market recorded a vacancy rate of 0.9%, lower than what was observed in the same period a year ago, which was 1.6%. This is interpreted as a new inventory of 98.6 million square feet with an industrial vacancy of 900,000 square feet.

Inventory & Vacancy Rate



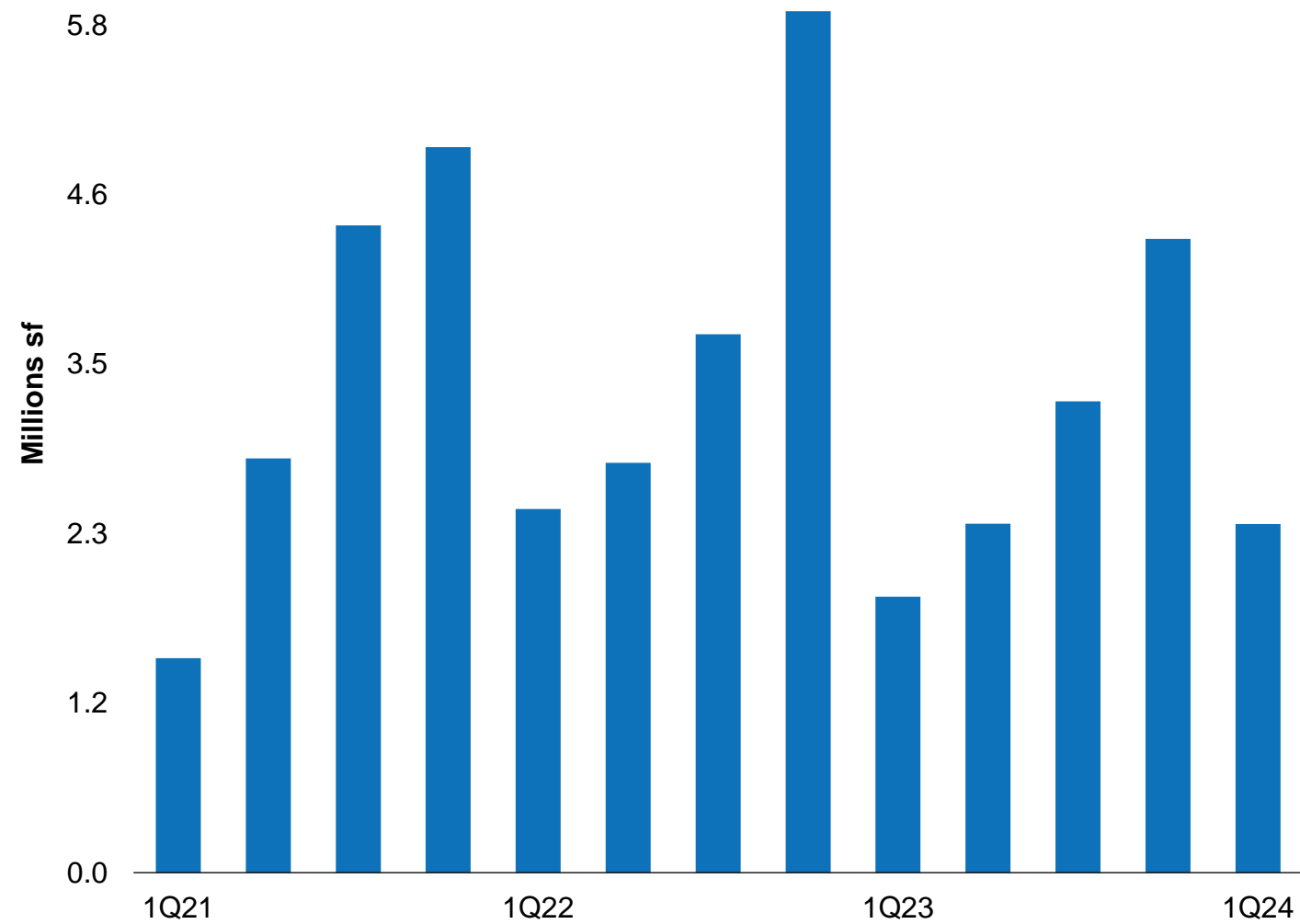
Occupied Space & Vacancy Space



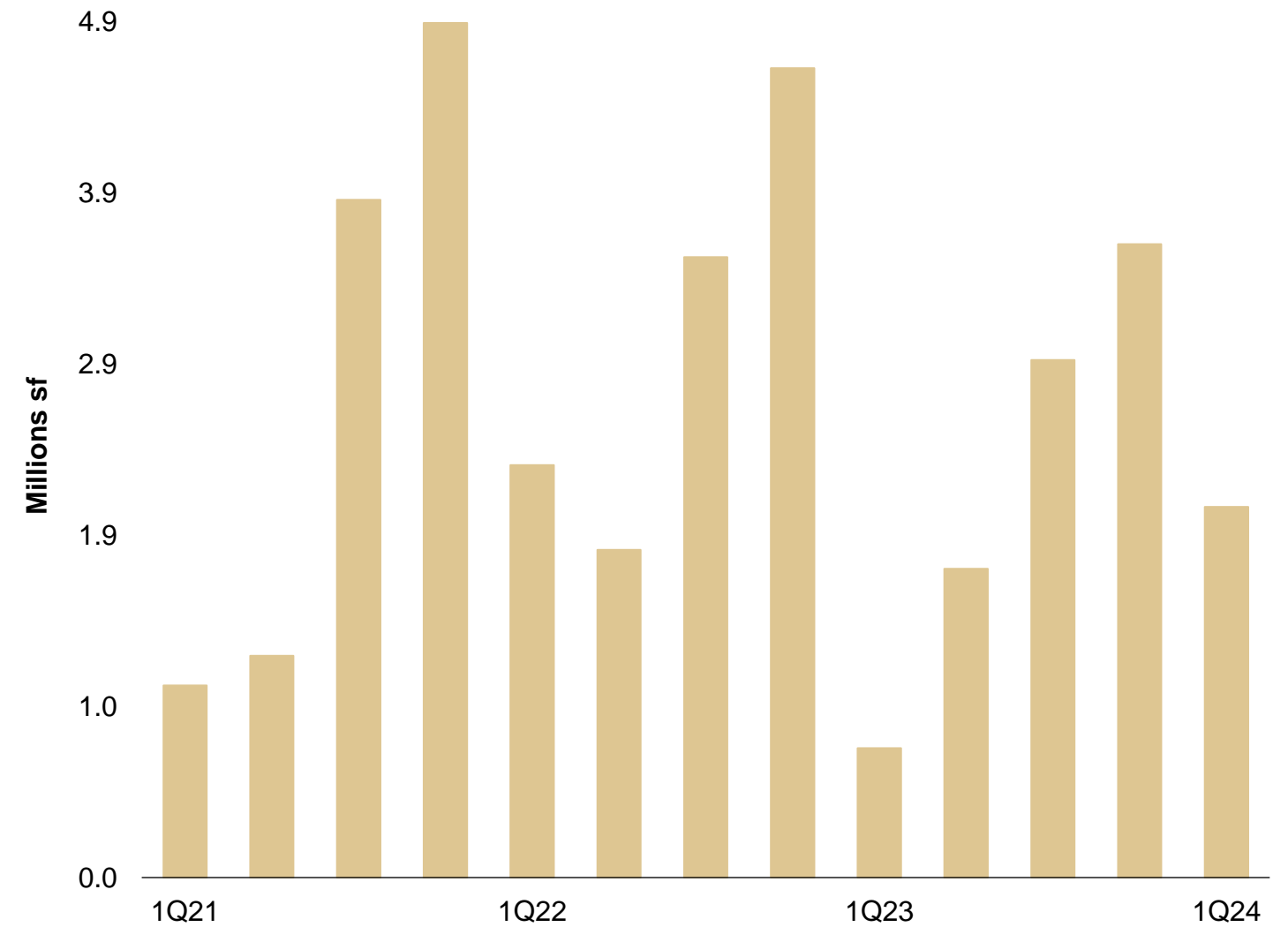
Absorptions

The market demand remained stable and showed an upward trend compared to 1Q 2023, moving from 1.8 million square feet of gross absorption to 2.3 million square feet. The submarket with the highest demand in this quarter was Apodaca, accounting for 66.9%. Likewise, the type of operation that stood out the most was leasing operations with 66.7%. Regarding net absorption, an increase was also recorded, moving from 1Q 2023 with 733,000 square feet to 1Q 2024 with 2.1 million square feet.

Gross Absorption



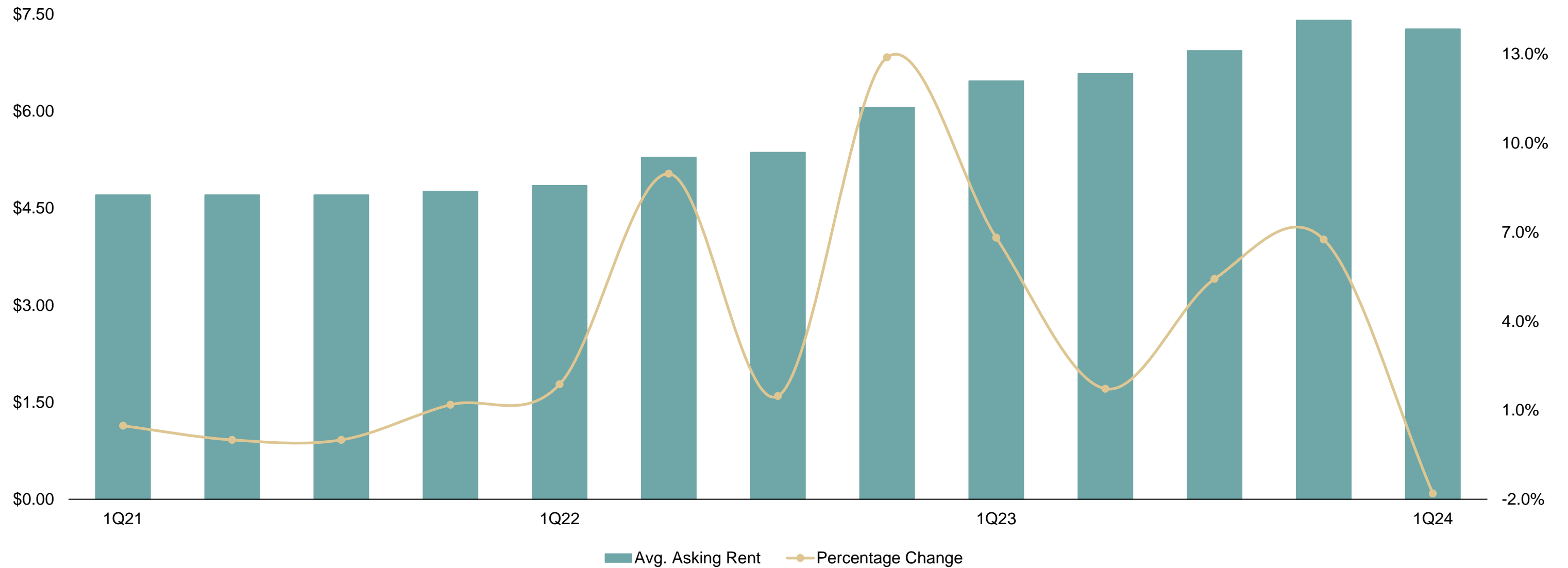
Net Absorption



Average Asking Rent

The 1Q 2024 closed with an average asking rate of US\$7.27 per square feet per year, which when compared to the same period a year ago, showed an upward trend against US\$6.47 per square feet per year. The Escobedo submarket has the highest rental price at US\$7.37 per square feet per year. An increase is expected in the next quarter due to the completion of several speculative buildings in the construction stage.

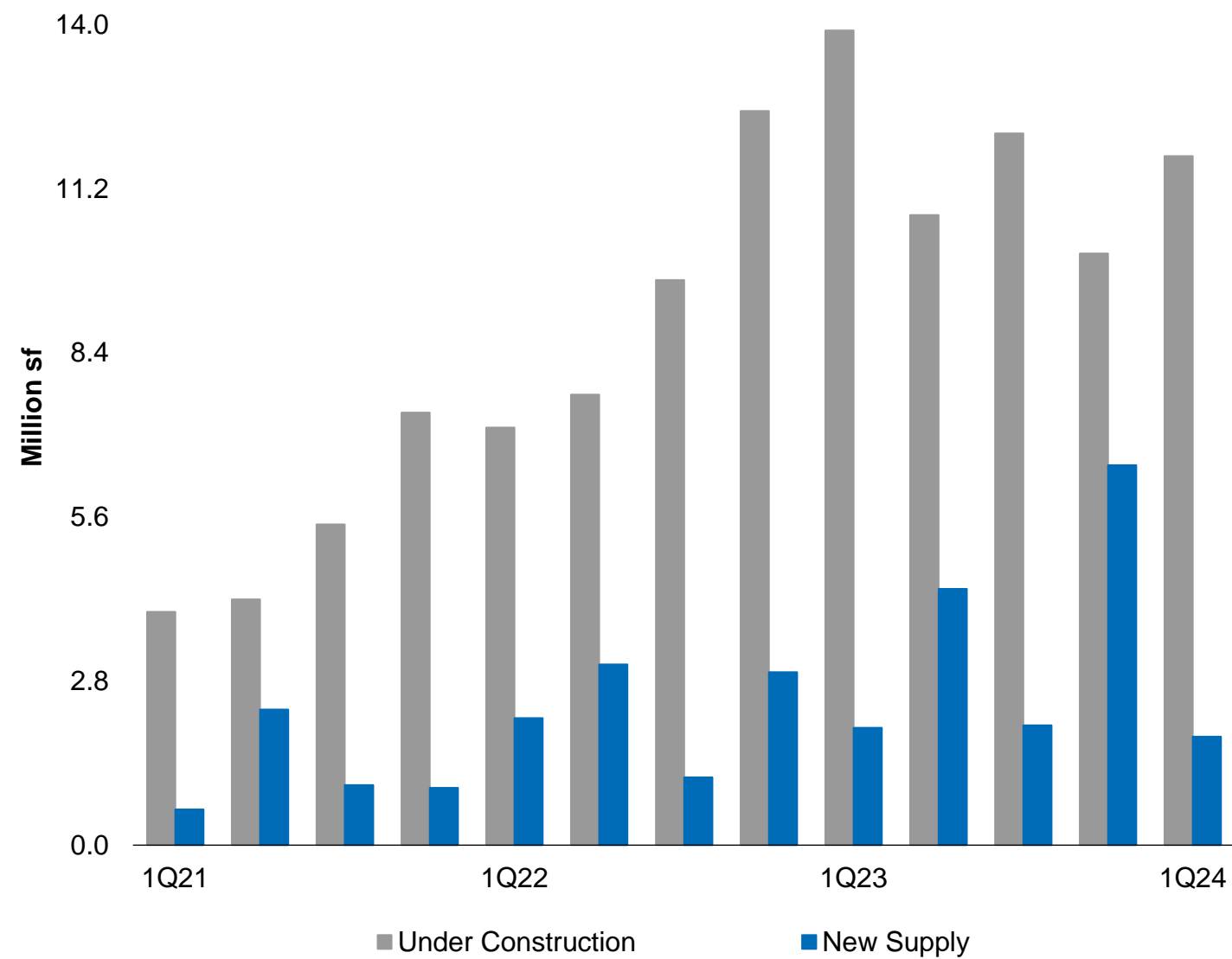
Avg. Asking Rent (USD/SF/Year) & Percentage Change



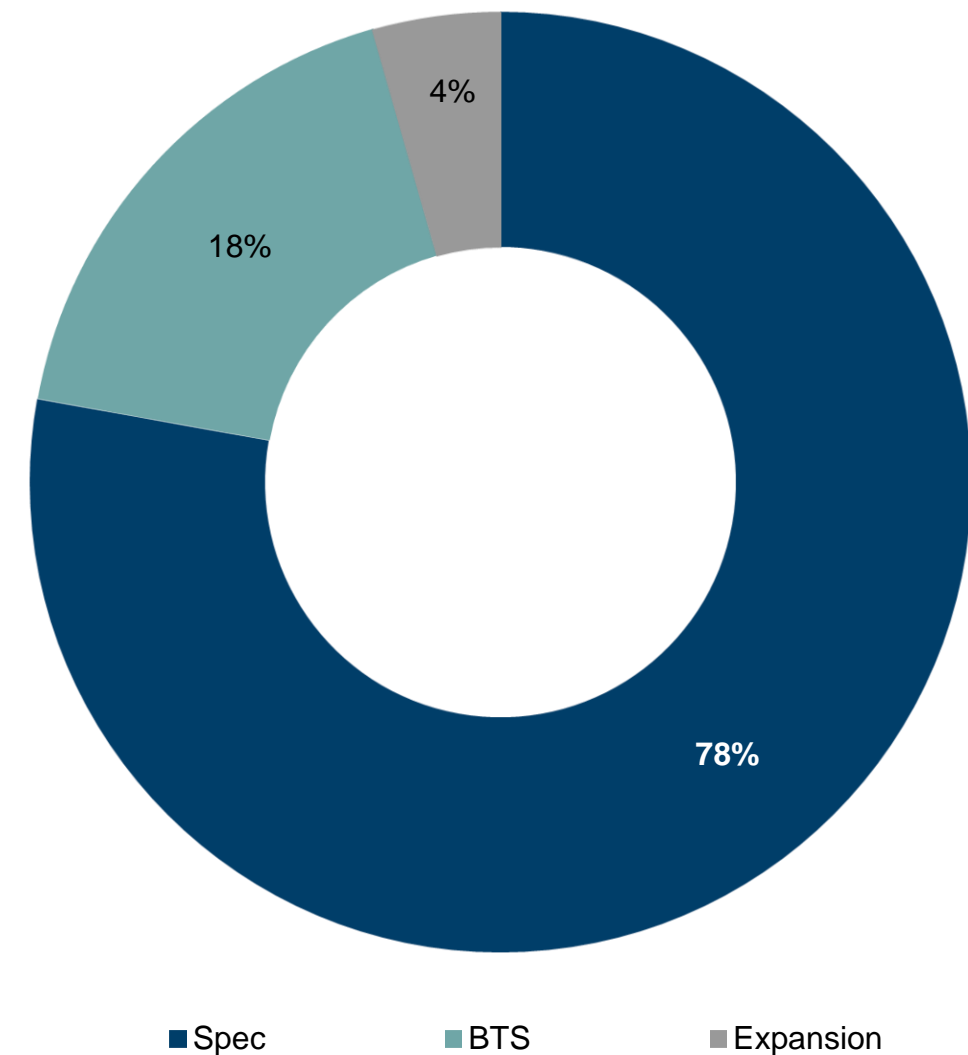
Space Under Construction

The Class A under construction space recorded a figure over 11.7 million square feet, lower than what was observed a year ago which was 13.9 million square feet. Additionally, a new offer of more than 1.8 million square feet was registered. Regarding the type of buildings under construction in this quarter, 78% corresponds to speculative buildings, 18% to build-to-suit projects and 4% to expansions of existing buildings. As for the speculative space in the planning phase, there is a figure of 17.3 million square feet.

Under Construction & New Supply



Type of Buildings (1Q24)



Market Indicators

	Inventory (million SF)	Under Construction (million SF)	Vacancy (million SF)	Vacancy Rate	Gross Absorption (million SF)	Net Absorption (million SF)	Accumulated Net Absorption (million SF)	Total Asking Rent (USD/SF/Year)	Under Construction Asking Rent (USD/SF/Year)
Apodaca	34.8	5.36	0.53	1.5%	1.58	1.58	1.58	\$7.28	\$7.61
Cienega de Flores	16.3	2.32	0.23	1.4%	0.27	0.03	0.03	\$7.20	\$7.05
Escobedo	9.32	0.87	0.11	1.2%	0.0	0.0	0.0	\$7.37	\$7.20
Guadalupe	14.2	0.78	0.02	0.2%	0.0	-0.02	-0.02	\$7.20	\$7.00
Monterrey	1.33	0.0	0.0	0.0%	0.0	0.0	0.0	-	-
Pesqueria	2.98	0.13	0.0	0.0%	0.0	0.0	0.0	-	\$6.00
Salinas Victoria	5.11	0.41	0.0	0.0%	0.0	0.0	0.0	-	\$7.08
San Nicolas	0.73	0.0	0.0	0.0%	0.0	0.0	0.0	-	-
Santa Catarina	13.6	1.85	0.0	0.0%	0.51	0.51	0.51	-	\$7.20
Market	98.6	11.7	0.90	0.9%	2.36	2.10	2.10	\$7.27	\$7.20

For more information:

Monterrey

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

Luis Moreno

Senior Market Research Analyst
luis.moreno@nmrk.com

Armando de la Fuente

Senior Managing Director
armando.delafuente@nmrk.com

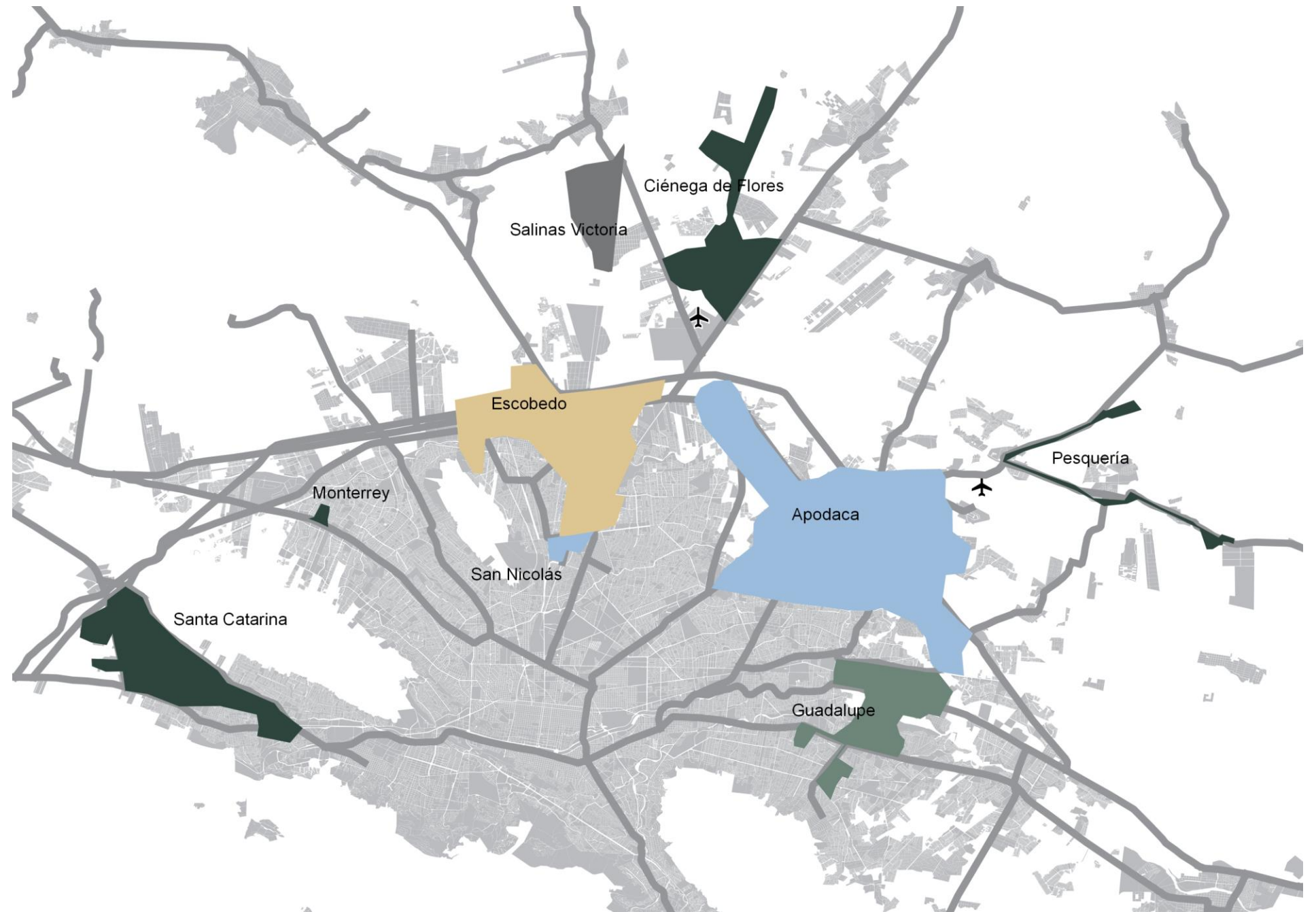
Mexico City

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@nmrk.com

[newmark.mx](https://www.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://nmrk.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.