
1S2024

Guadalajara Office Market



NEWMARK

Market Analysis

Economy

- Awaiting an election year in the United States, uncertainty is evident in the behavior and restructuring of Foreign Direct Investment that has taken place in the State during the first half of this year.
- Jalisco has been a significant technological hub in Mexico, especially in the information technology and electronics industry. Therefore, this semester continues with investments in startups, training programs, and talent development.

Transactions

- The Vallarta corridor showed the highest gross and net absorption, exceeding 15,000 square meters.
- Puerta de Hierro submarket was the second to show the highest gross absorption at the end of this quarter, representing 19% of the total transactions carried out in Guadalajara.

Market fundamentals

	Current semester	Prior semester	12-month Forecast
Inventory (sqm)	814,060	795,390	↑
Vacancy rate	11.84%	15.5%	↓
Gross Absorption (sqm)	30,550	15,667	↑
Net Absorption (sqm)	33,723	19,922	↑
Asking Price (USD/sqm/month)	\$20.58	\$20.85	↓

Outlook

- The office inventory showed an increase of 2.3%, exceeding 800,000 square meters. However, it is expected to remain stable due to construction delays and the change in use that some projects experienced.
- Gross absorption maintains positive and rising numbers for this semester, also seeing a decrease in the vacancy rate of more than 20%, which should lead to the establishment of a new strategy for the creation of spaces in the corporate market.
- During this semester, elections were held in Mexico, which saw some fluctuations in the dollar price. These fluctuations led to a 2% variation in the exit rental prices, which are expected to remain stable until the end of the year.

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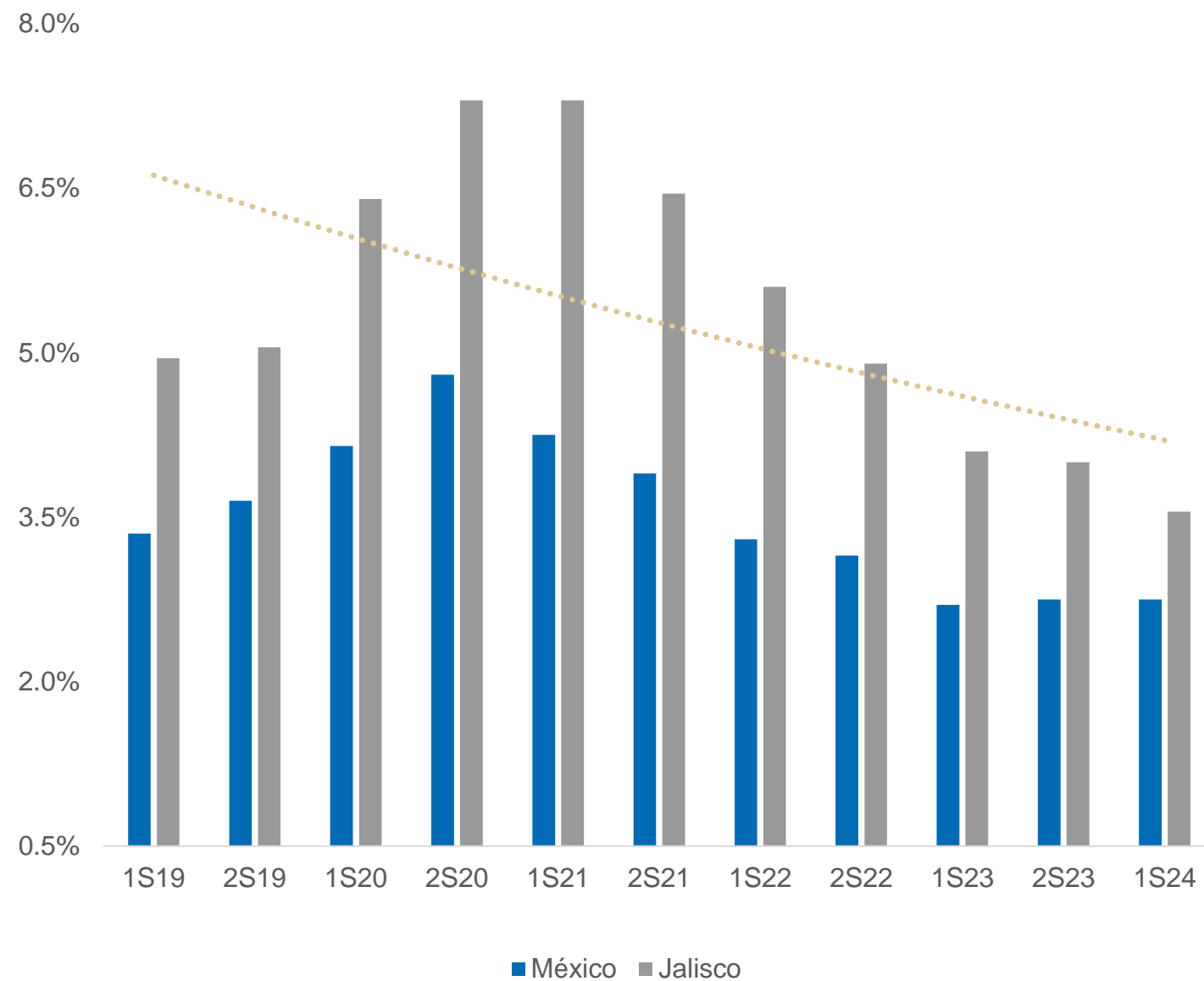
Economy



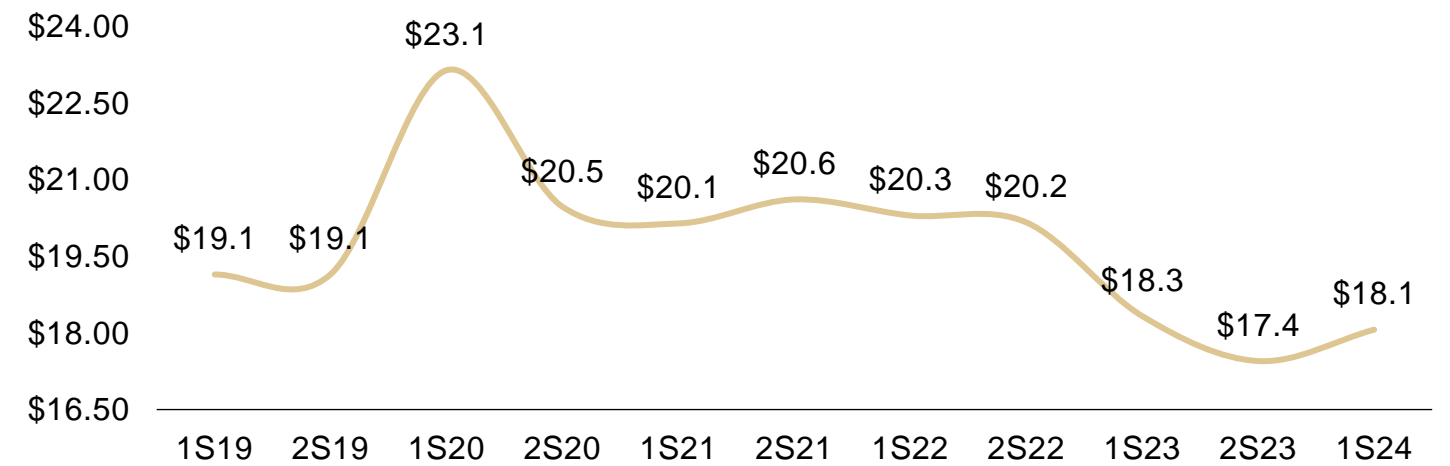
Economic outlook

The favorable employment conditions in the State reflect a dynamic economy, positioning Jalisco with the lowest rate of Critical Occupation Conditions in the country (20.6%), benefiting its population with better opportunities and greater job competitiveness.

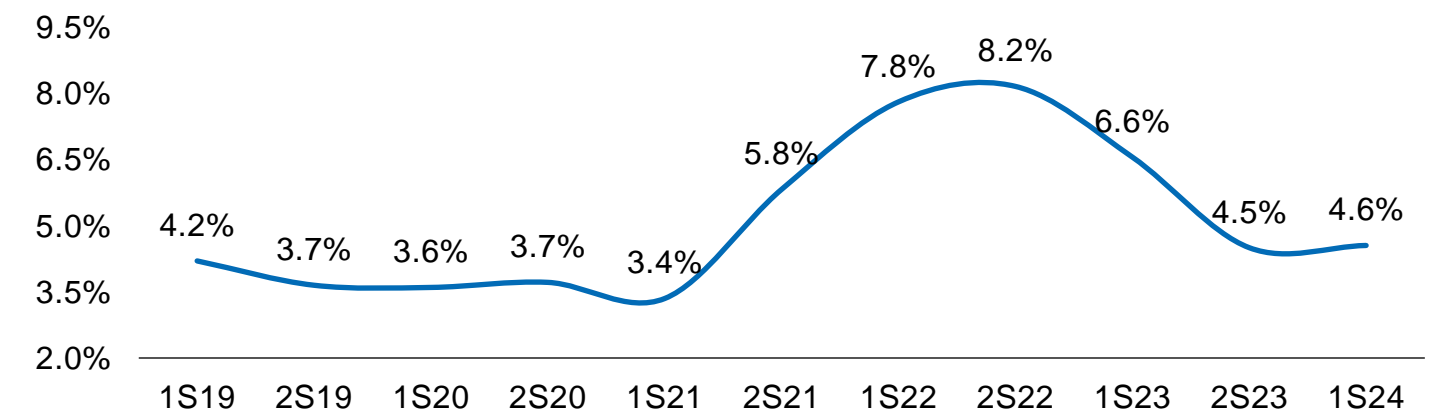
Unemployment Rate



Exchange Rate. Mexican pesos (MXN) per U.S. Dollar(USD)



Consumer Price Index (INPC)

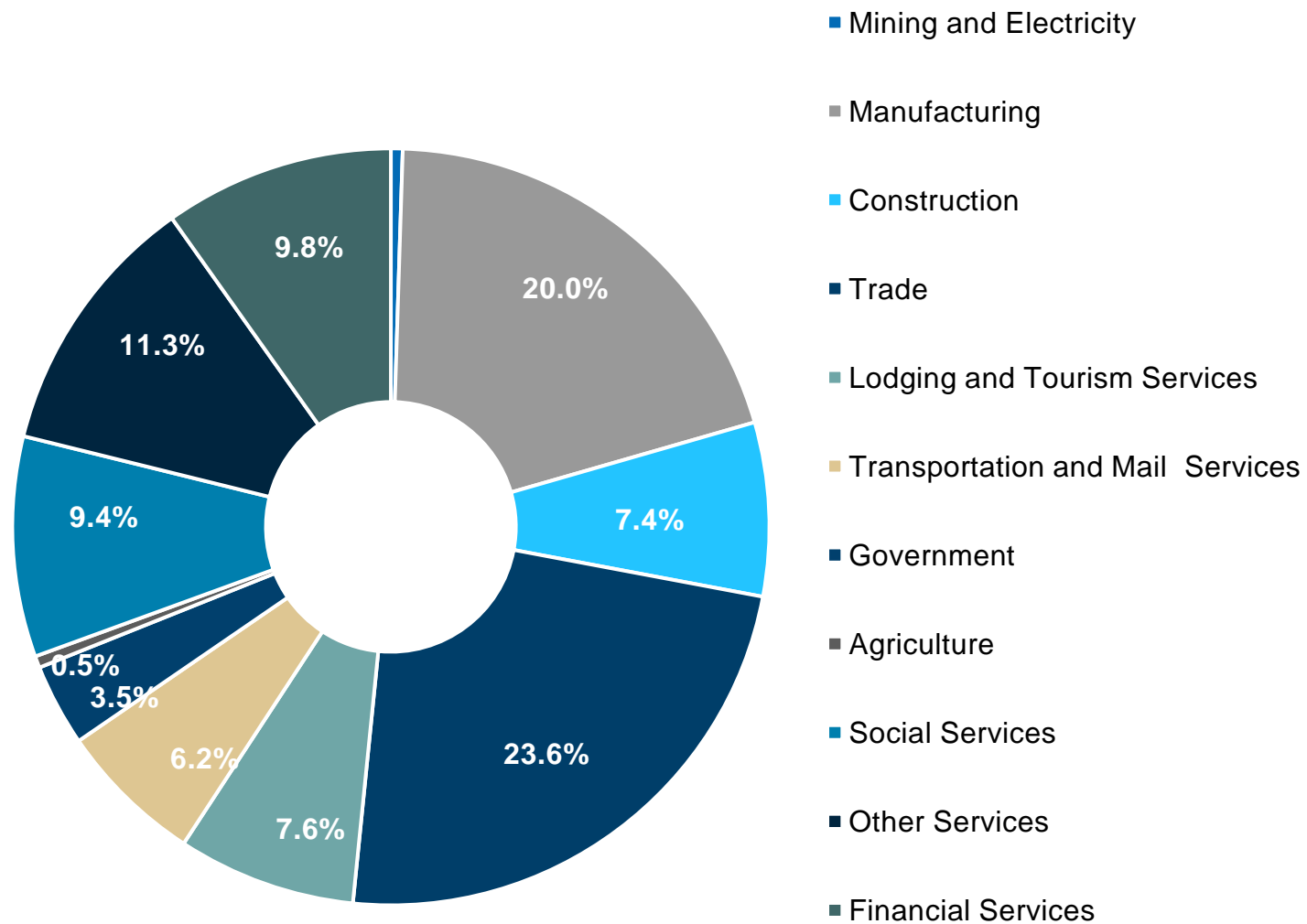


Source: Inegi, Banxico

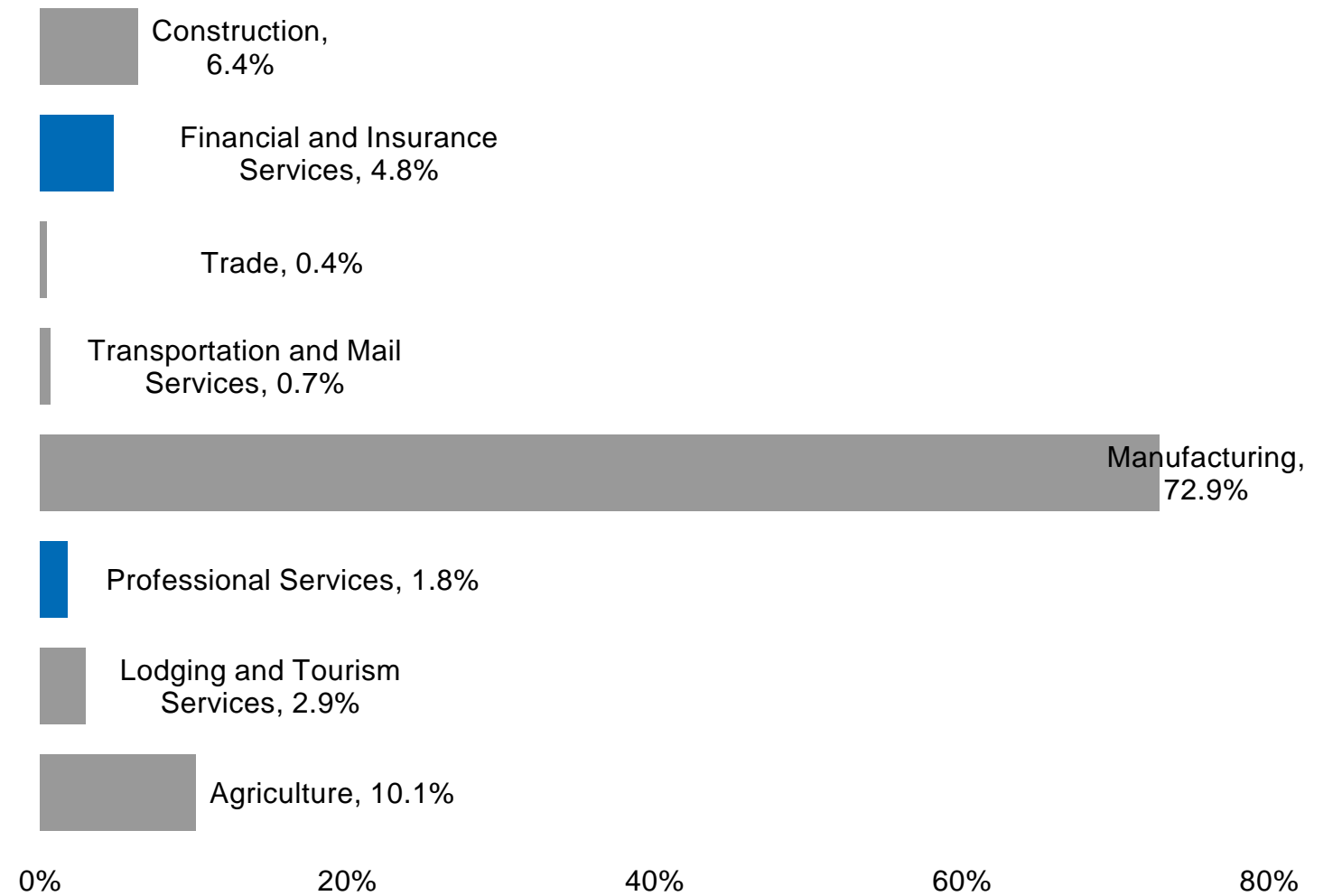
Economic sectors

In the State, Foreign Direct Investments were dominated by the manufacturing sector, placing Jalisco in ninth place at the state level, overtaken by other entities located in the Bajío region which show greater capture due to nearshoring.

Employed per Economic Sector



Foreign Direct Investment



Source: Inegi, Banxico, Secretaría de Economía

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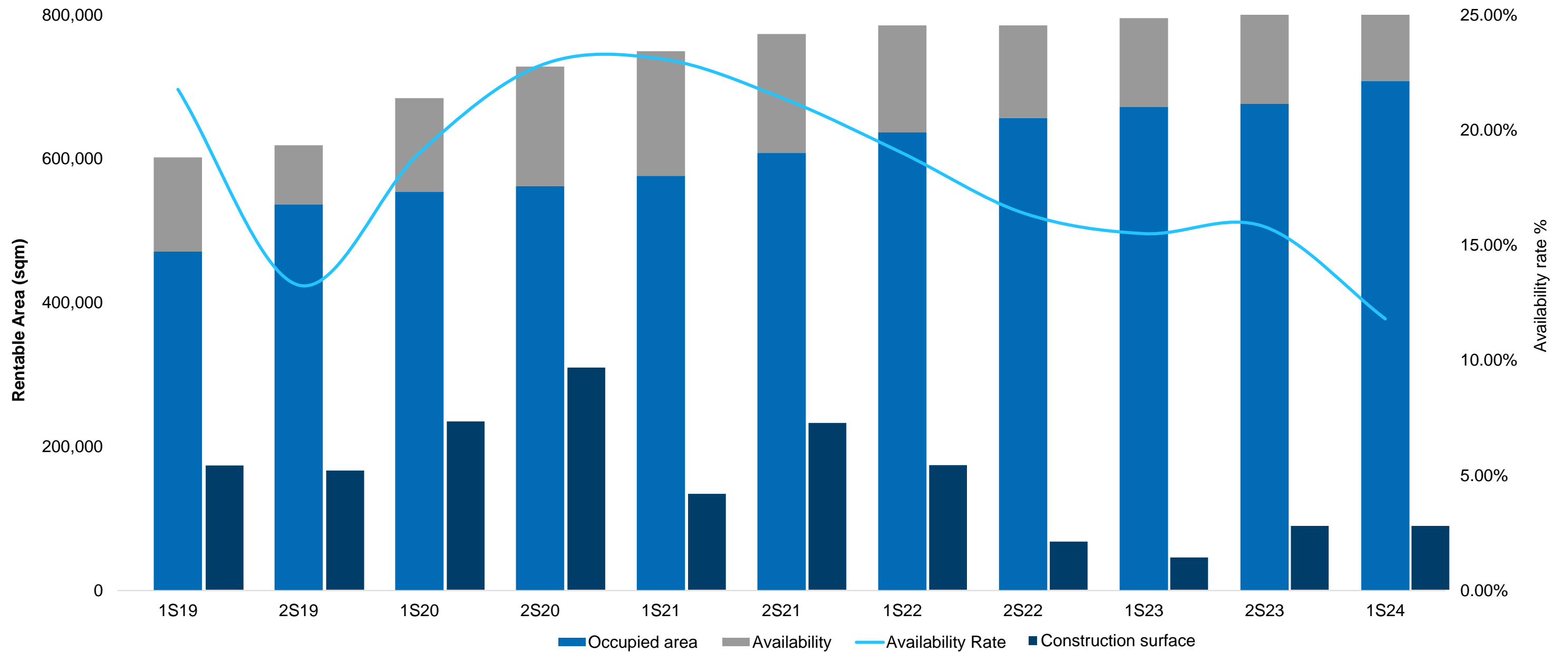
Market Fundamentals



Inventory

The inventory of Class A and A+ offices is above 800,000 square meters, with the corridor holding the largest share being Puerta de Hierro with 33% of the total inventory. This is followed by the Financial District with 21%, Providencia with 15%, and the remaining 31% is divided among the Plaza del Sol, Vallarta, and Peripheral South corridors. The availability rate has remained constant at 11.8% at the end of the quarter.

Occupied, Available, and Area Under Construction vs. Vacancy Rate

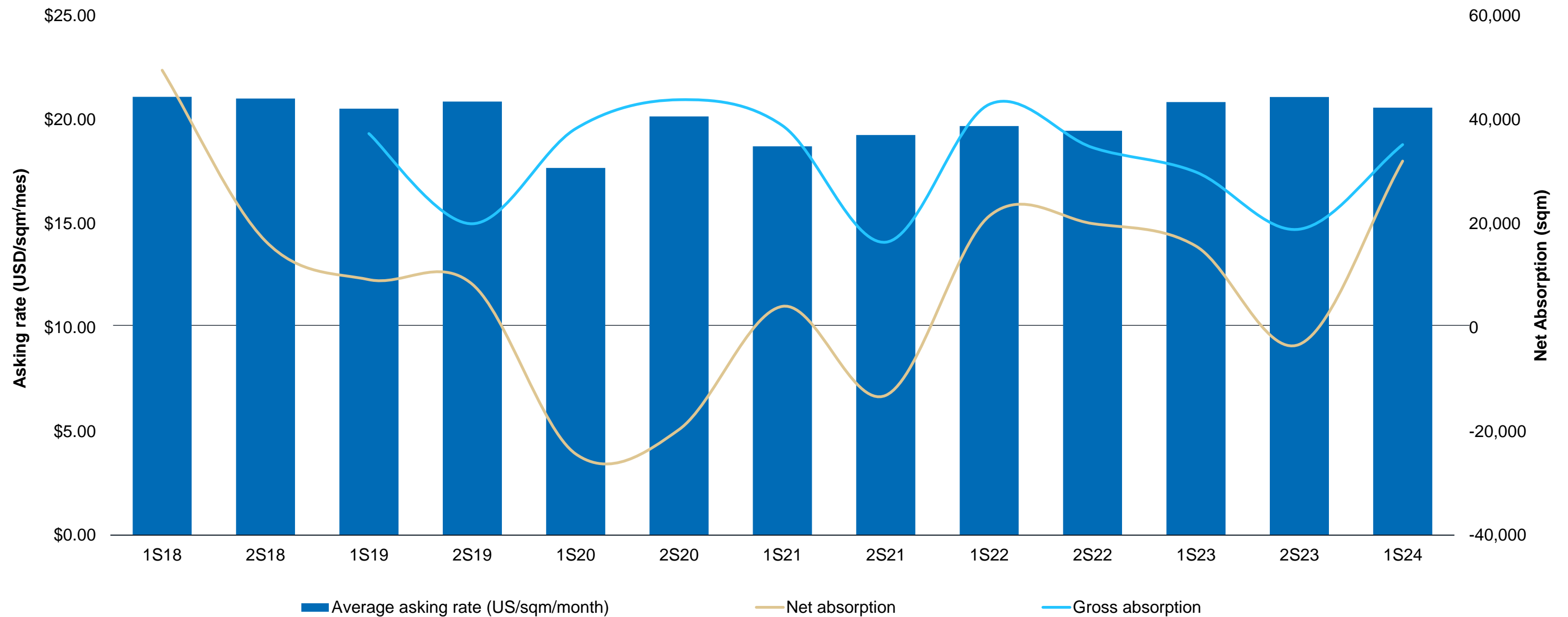


Source: Newmark Research

Occupation and Vacancy

The average asking price saw a slight decrease in its values, moving from \$21.09 to \$20.58 at the end of this quarter. This represents a 2.4% decrease compared to the previous quarter. The market's gross absorption recorded 35,209 m², while the net absorption was 32,035 square meters.

Asking Price (USD/sqm/month), Net Absorption (sqm) and Gross Absorption (sqm) Quarterly

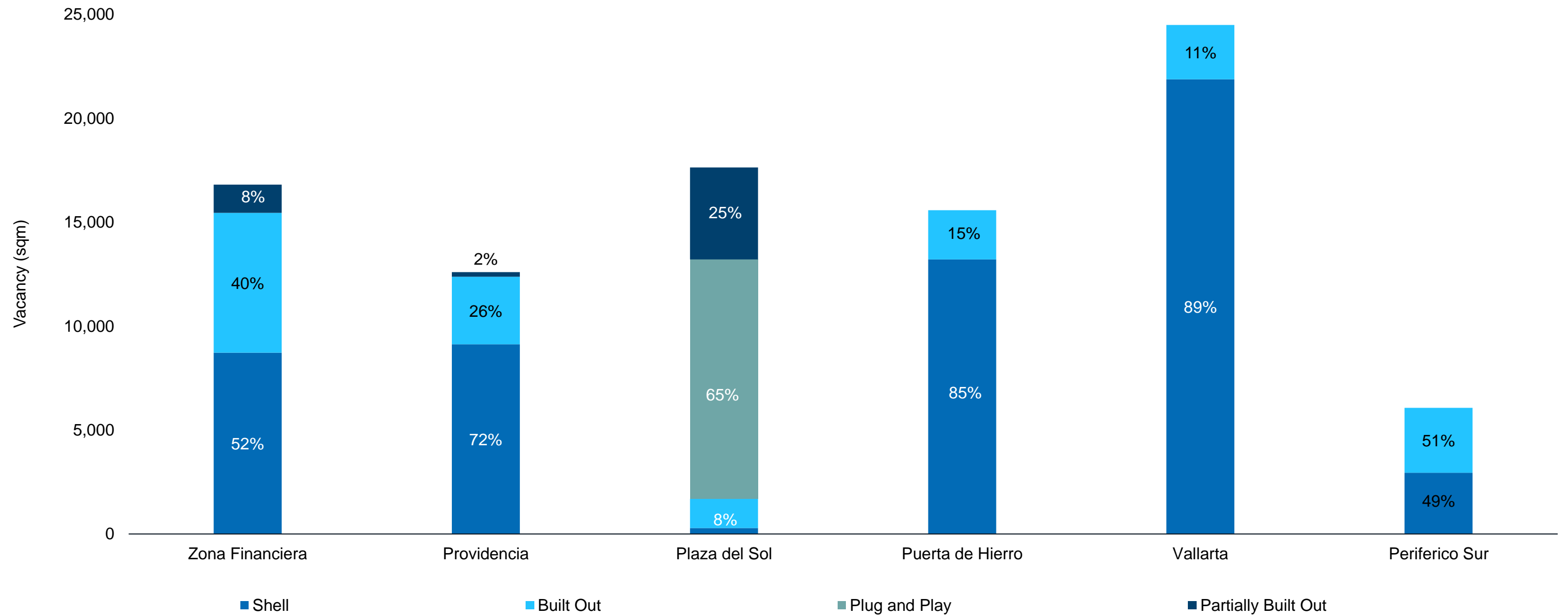


Source: Newmark Research

Delivery Condition

60% of the available office rental area is delivered as shell space. 21% deliver fitted-out spaces, and the remaining percentage are delivered furnished or semi-fitted. Only the Plaza del Sol corridor offers 65% of its spaces furnished.

Available Space by Condition

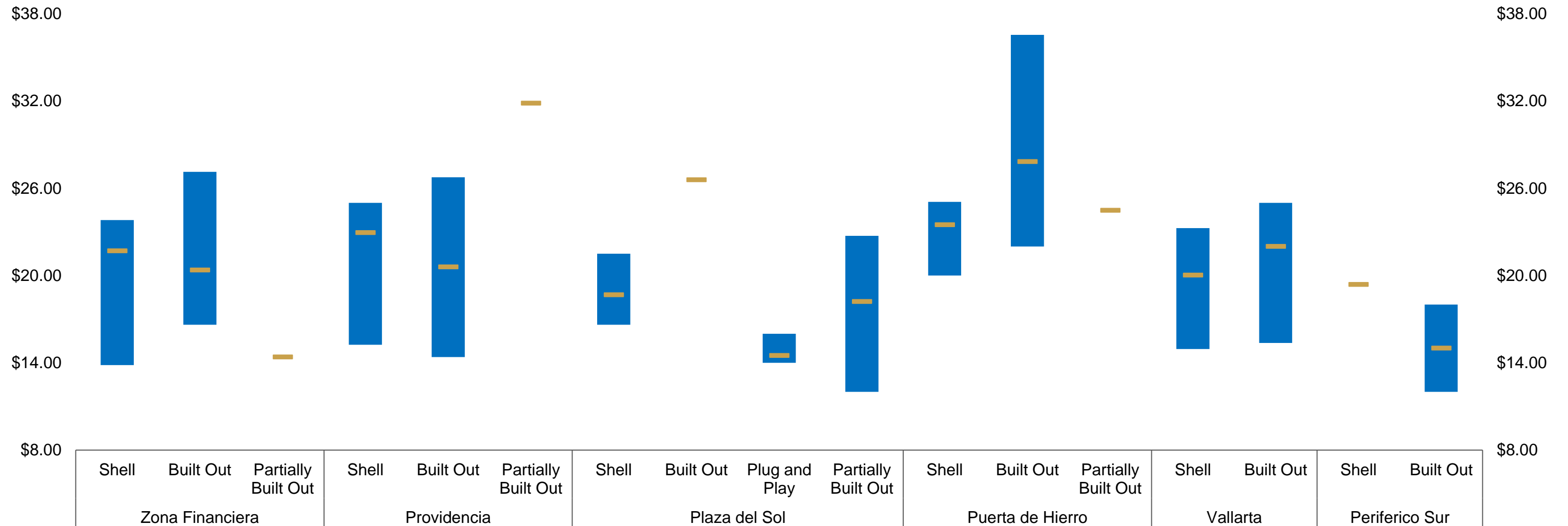


Source: Newmark Research

Asking Prices

The price range for delivery conditions in some cases goes from \$12.00 to \$36.54 USD/m². Spaces delivered as shell space offer prices ranging from \$13.84 to \$25.06 USD/m², while for fitted-out spaces, prices range from \$12.00 to \$36.54 USD/m². These values depend on the location, finishes, infrastructure, included services, and the layout of the spaces.

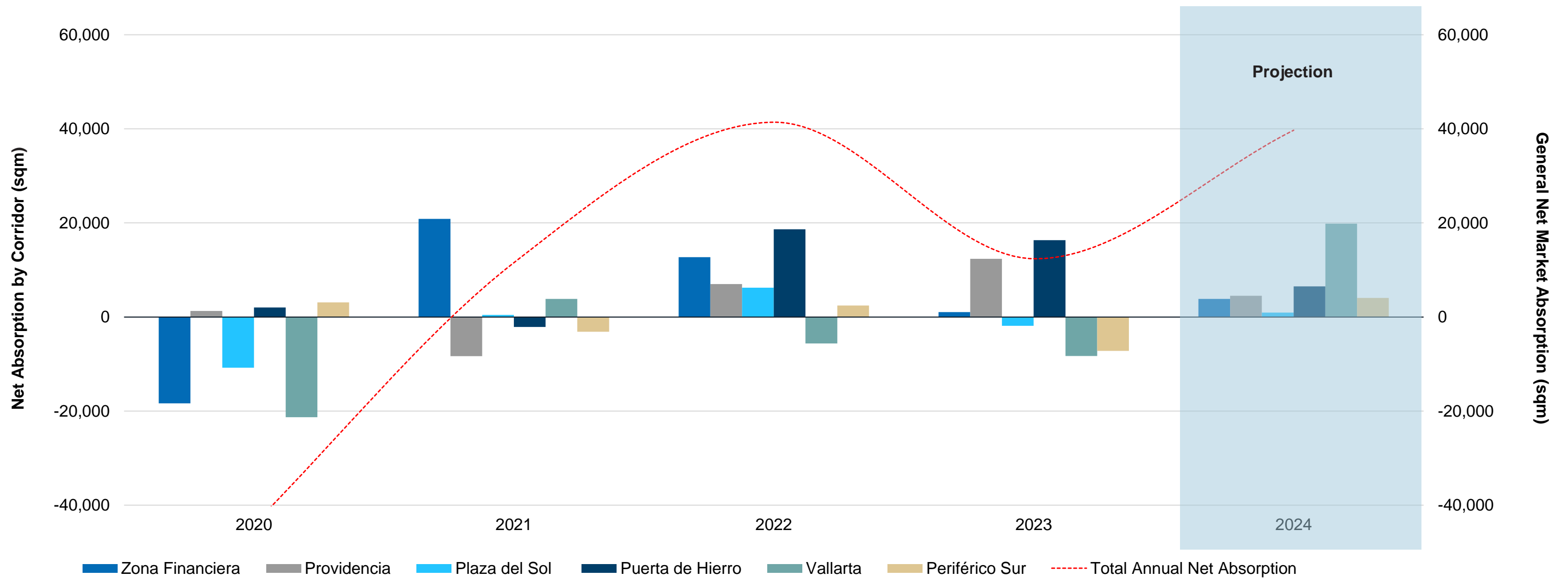
Average Asking Rates Range



Net Absorptions by corridor

At the end of each year, the net absorption has remained positive since 2021, with a constant absorption observed, expecting that by the end of 2024, it will exceed 39,000 sqm.

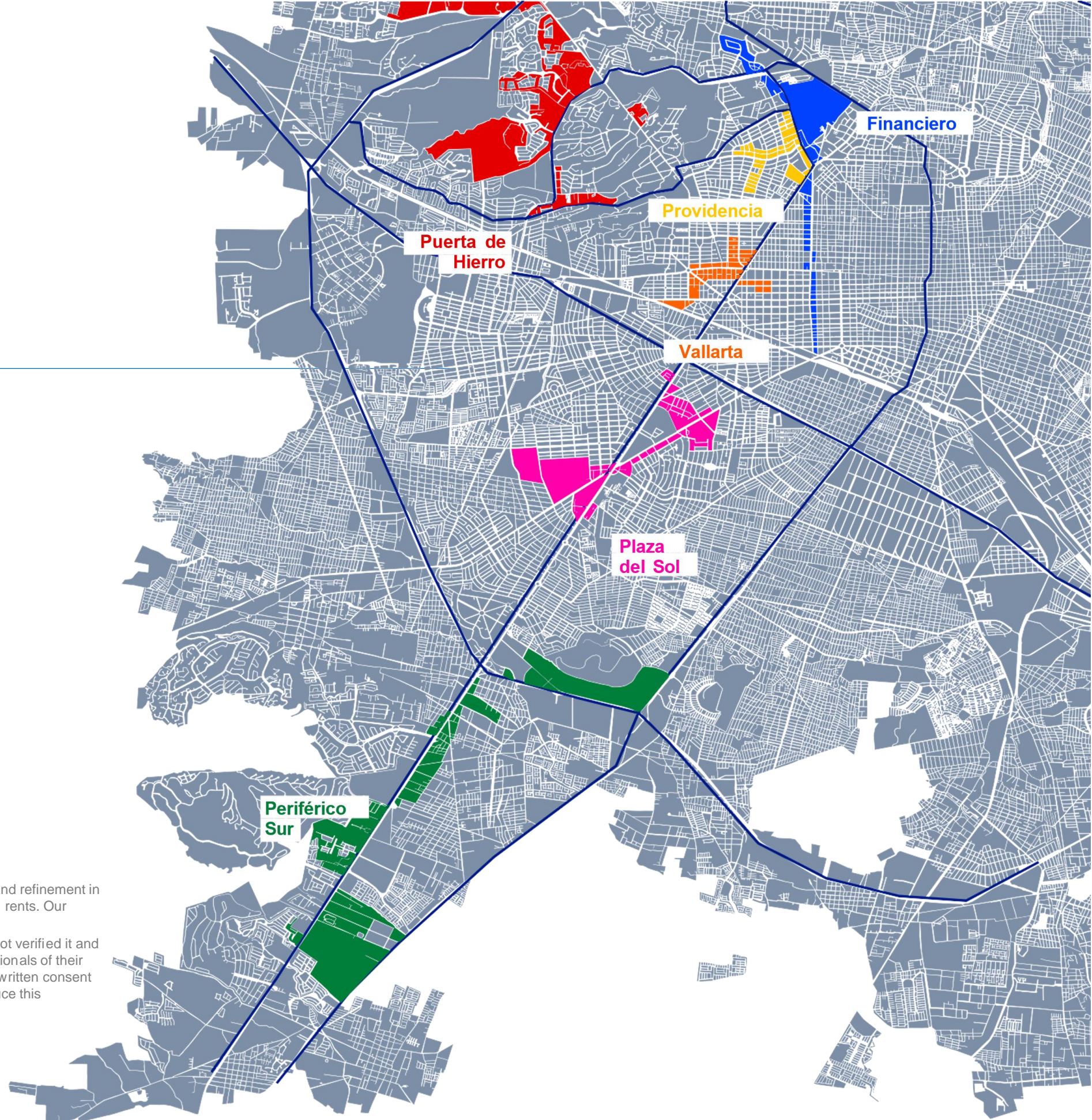
Annualized Net Absorptions by Corridor and total Market



Source: Newmark Research

Statistics by submarket

	Inventory (sqm)	Deliveries (sqm)	Under Construction (sqm)	Vacancy (sqm)	Vacancy Rate	Gross Absorption (sqm)	Net Absorption (sqm)	Asking Price (USD/sqm/month)
Zona Financiera	167,714		44,153	14,587	8.7%	3,533	2,953	\$22.59
Providencia	120,092			14,631	12.2%	4,387	3,457	\$22.40
Plaza del Sol	94,185		31,487	22,656	24.1%	2,270	2,214	\$17.91
Puerta de Hierro	268,972			19,018	7.1%	6,627	5,019	\$20.12
Vallarta	114,114		13,405	17,946	15.7%	15,268	15,268	\$22.25
Periférico Sur	38,079			6,067	15.9%	3,124	3,124	\$17.62
Totals	803,156		89,045	94,905	11.8%	35,209	32,035	\$20.58



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Newmark has implemented its own database, and the follow-up methodology has been revised. With this expansion and refinement in our data, there may be adjustments to historical statistics, including availability, rental prices, absorption, and effective rents. Our market reports are available at <https://nrmk.lat/reportes-de-mercado/>.

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