

2S2024

San Luis Potosi Industrial market



NEWMARK

Market analysis

Economy

- The unemployment rate in the SLP was similar to the national rate, breaking the upward trend of the last three quarters.
- Foreign direct investment recovered and was the highest in the last three quarters, although 40% lower than in the same period last year.
- Industrial activity may slow down this year as a result of lower investment and rising inflation due to the change of government.

Transactions

- BTS projects with companies such as Daikin and Taxan accounted for 77% of transactions.
- On the speculative side, only one 20,000 sqm warehouse was registered with a verified tenant.

Market fundamentals

	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	31.5M	29.7M	29.1M	↑
Vacancy Rate	3.1%	2.7%	5.0%	↓
Gross Absorption (SF)	1.9M	1.1M	0.4M	→
Net Absorption (SF)	-0.2M	0.7M	0.3M	↑
Asking Rent (USD/SF/year)	\$6.14	\$5.77	\$4.91	↑
Construction (SF)	2.7M	3.1M	1.1M	↑

Views

- Companies continue to see investment niches in Guanajuato for the installation of manufacturing facilities, given the slowdown in gross absorption, inventory growth and price increases.
- The main submarkets are expected to continue their strengthening and market dynamics.

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Economy

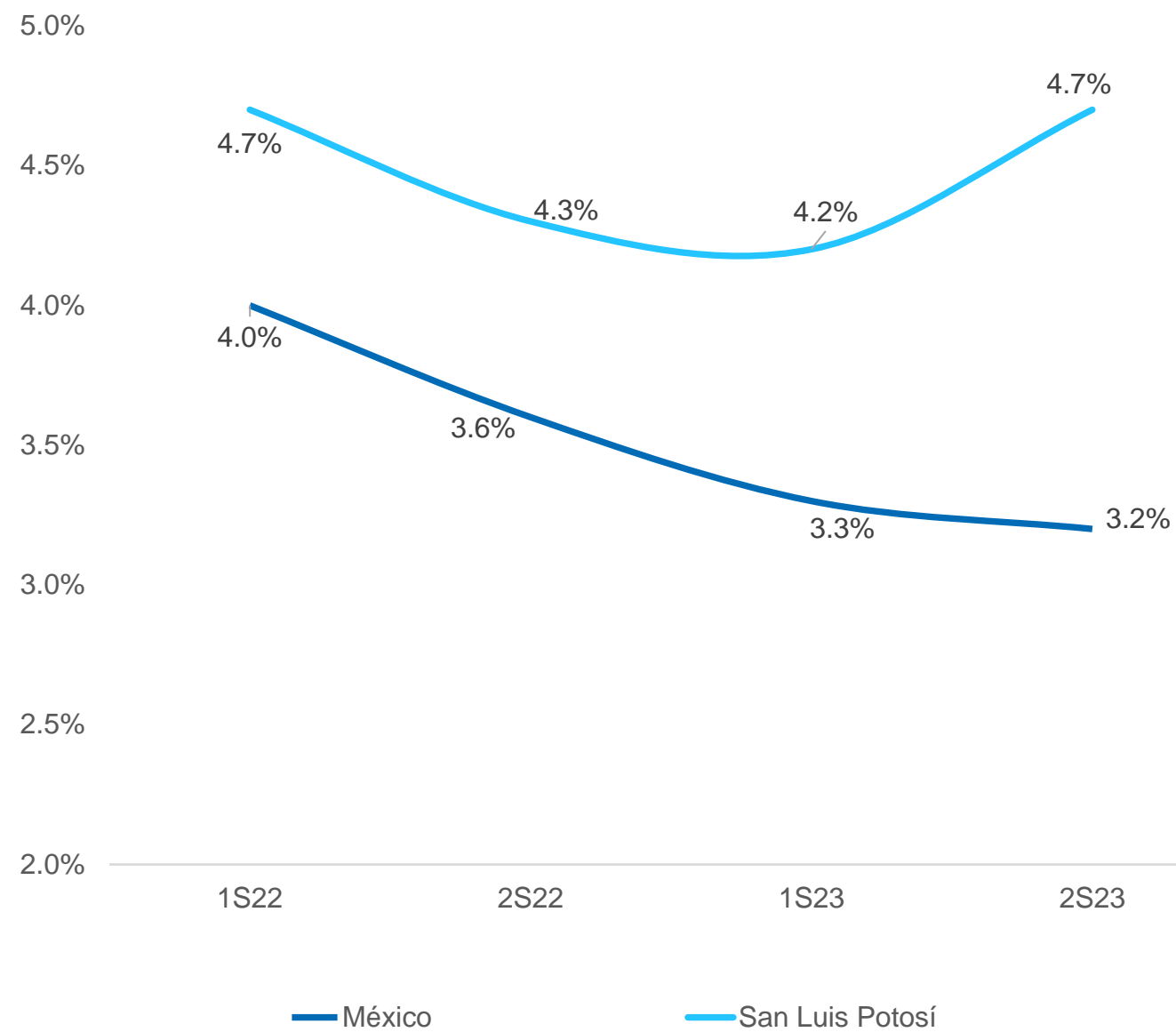


Employment

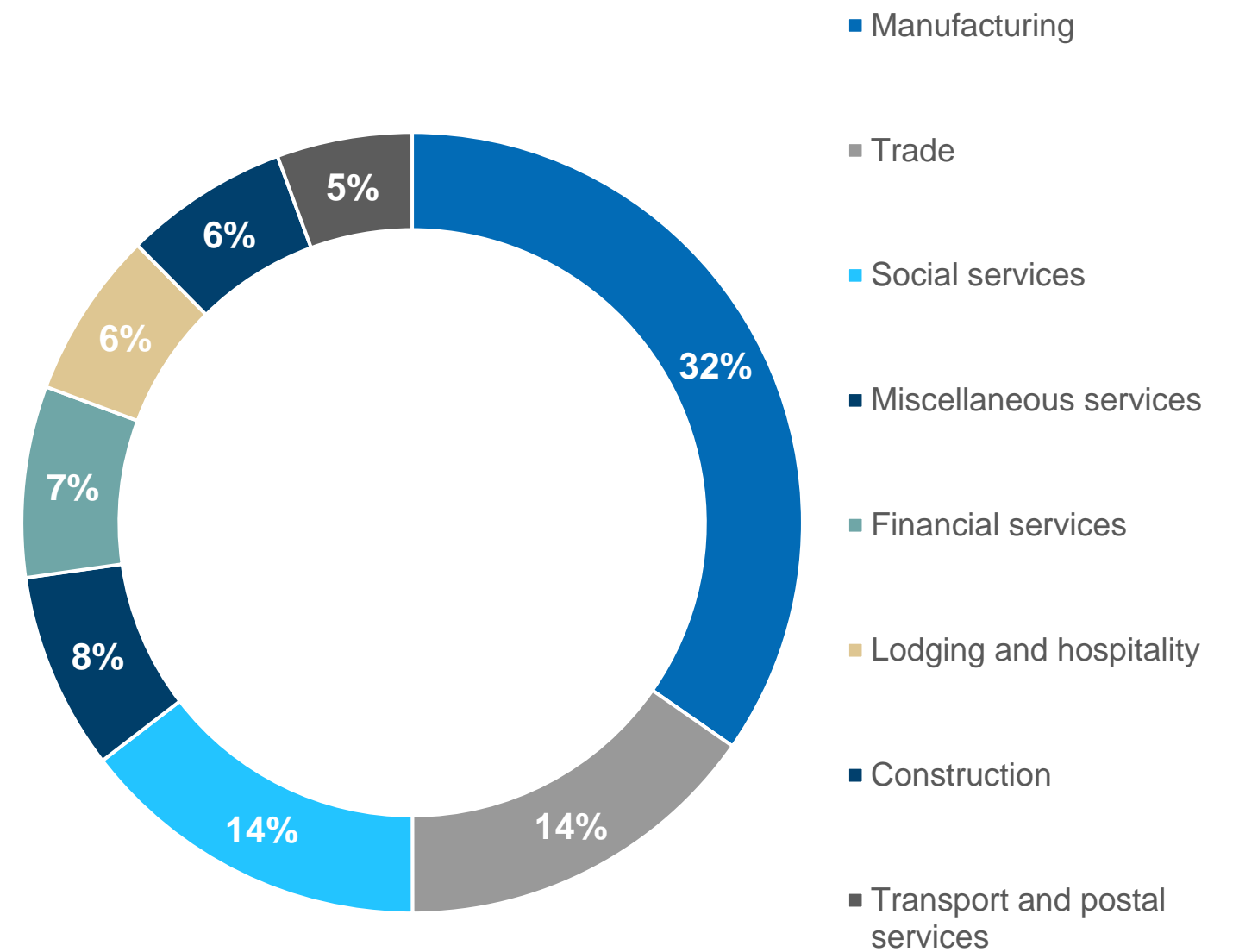
Fluctuations in the unemployment rate, where the SLP rate is similar to the national value, stabilised with a stable performance at the beginning of the year.

Employment in the manufacturing subsector continued to follow the same pattern recorded since 2017. It recorded an increase, led by the participation of women.

Unemployment Rate



Employment by sub-sector of economy SLP



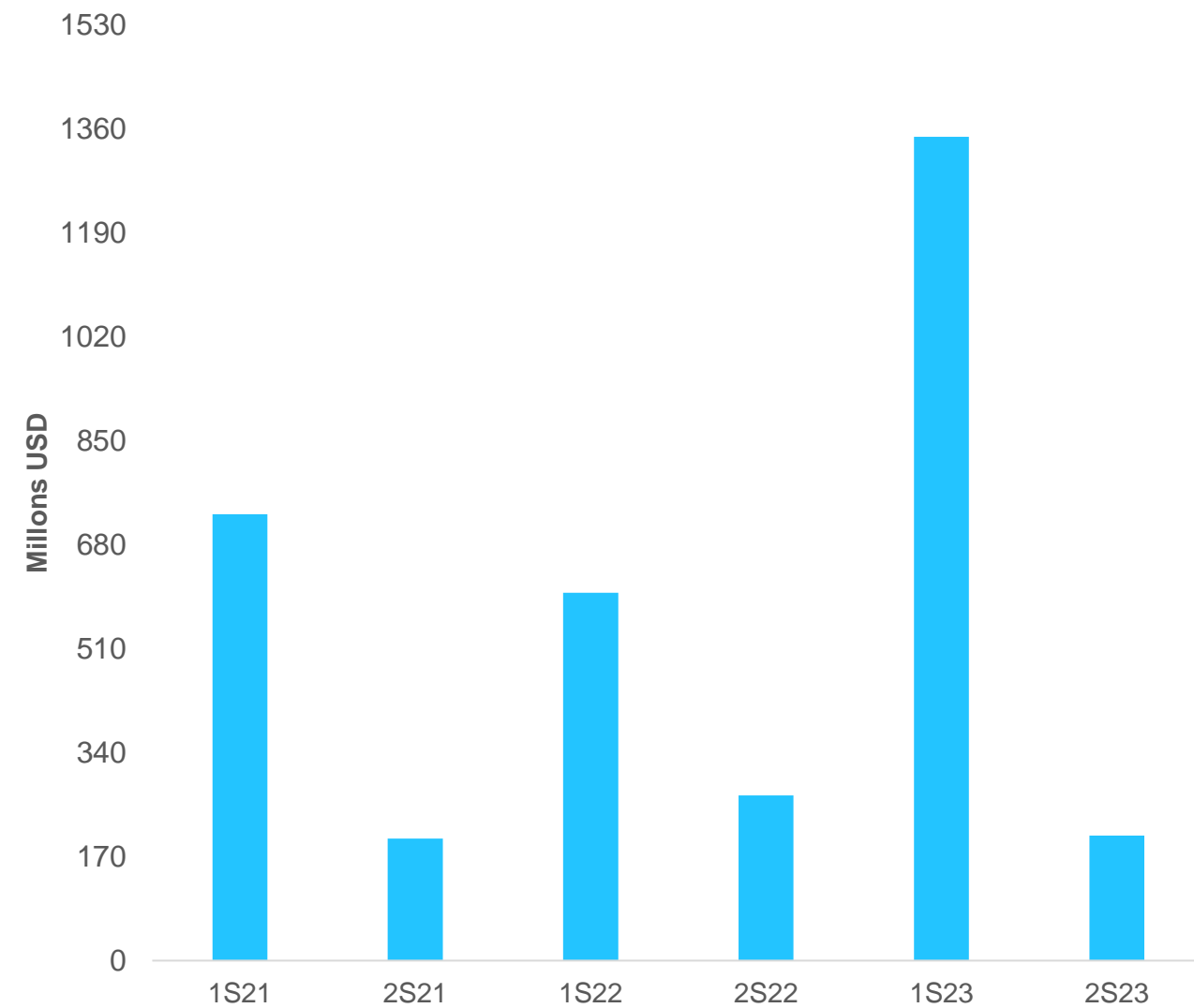
*Statal
Source: INEGI.
Note: Official information available through 1Q 2024.

Investments

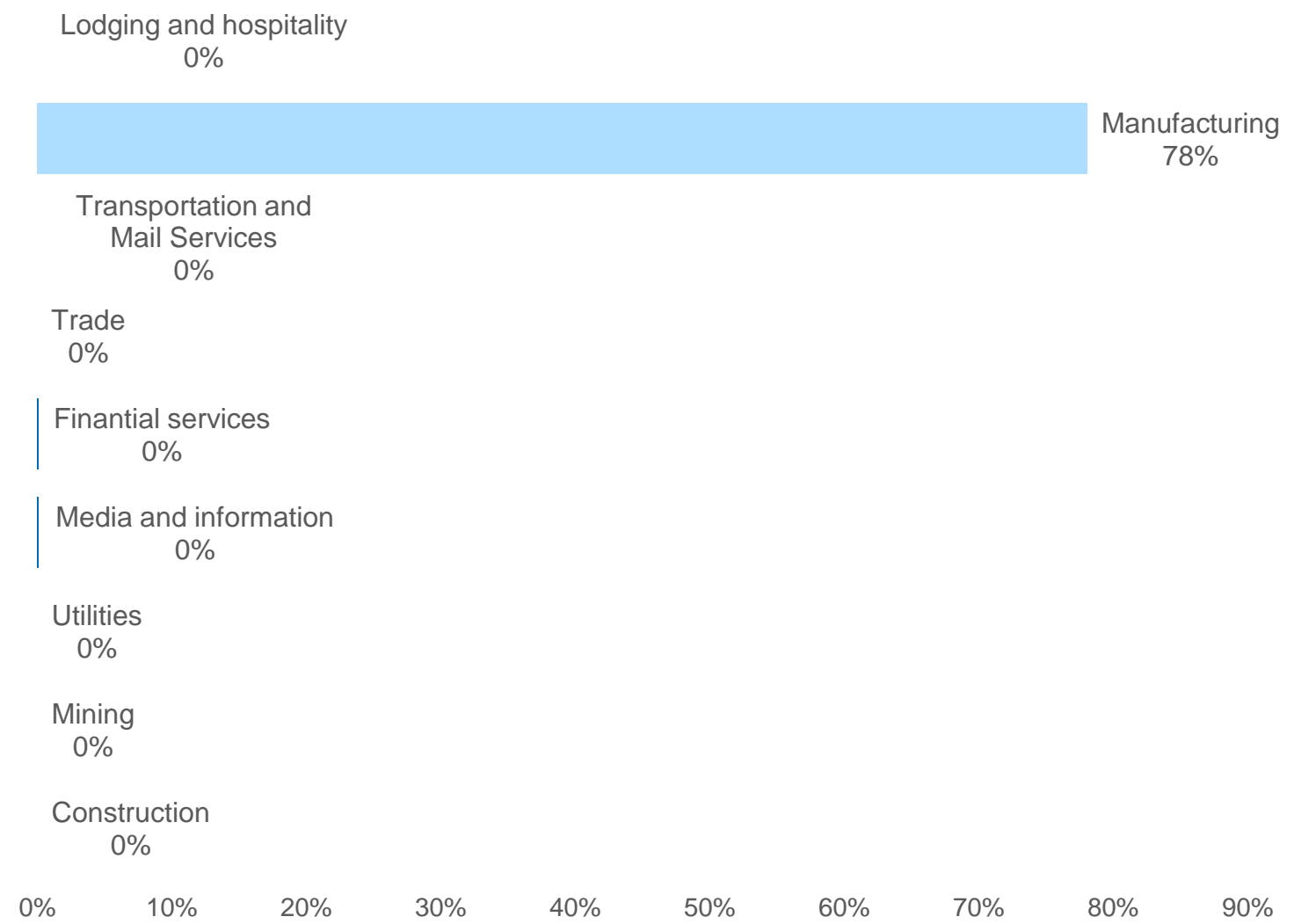
FDIs in SLPs declined starting in 2018 and recovered in 2022. This recovery is expected to be slowed by the change of government.

Investment in SLP was directed towards manufacturing. It followed the same recovery pattern as total investment.

Foreign Direct Investment (FDI)



FDI by subsector (SLP state YTD 2023)



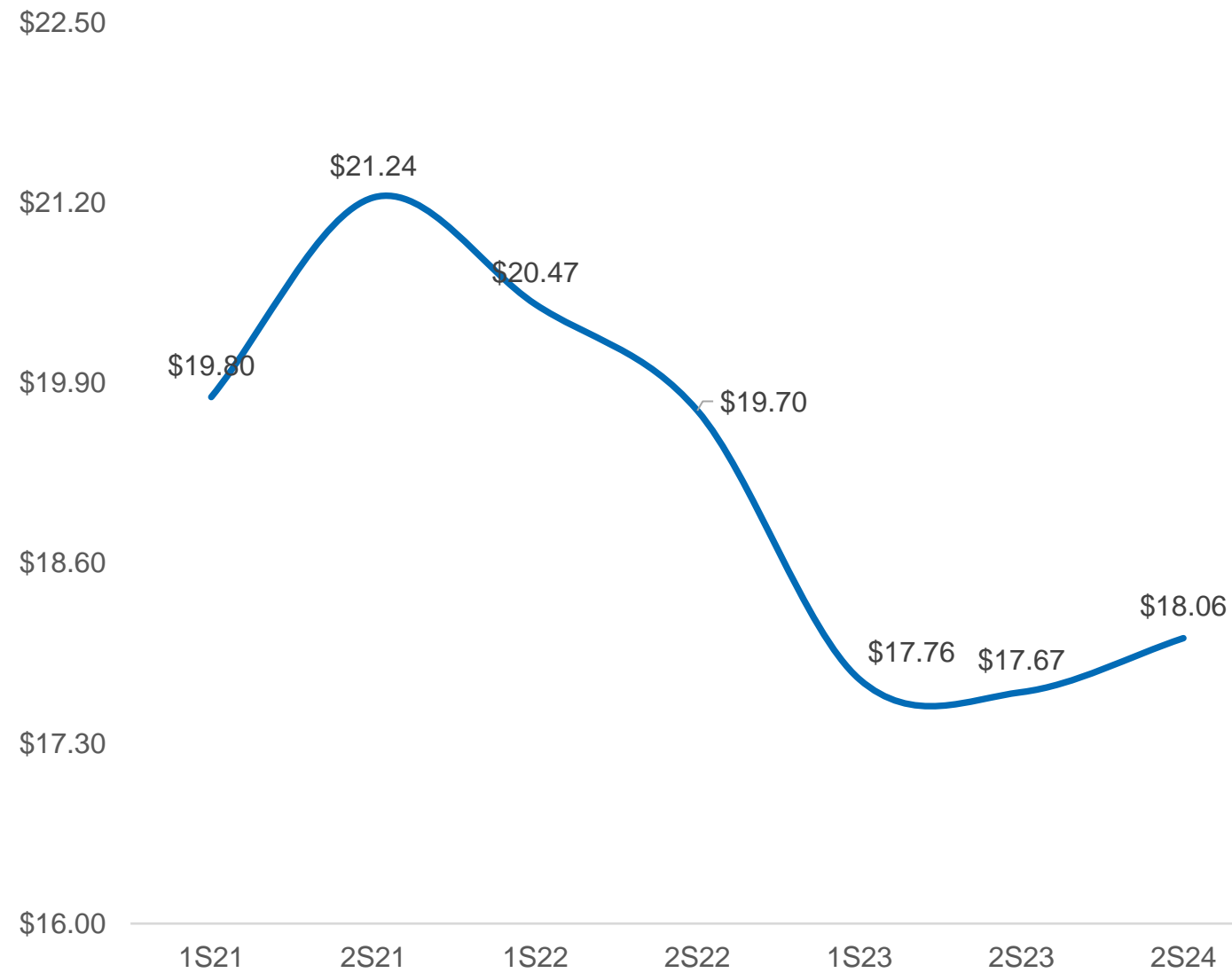
Source: Secretaría Economía
 Note: Official information available through 1Q 2024.

Inflation-devaluation

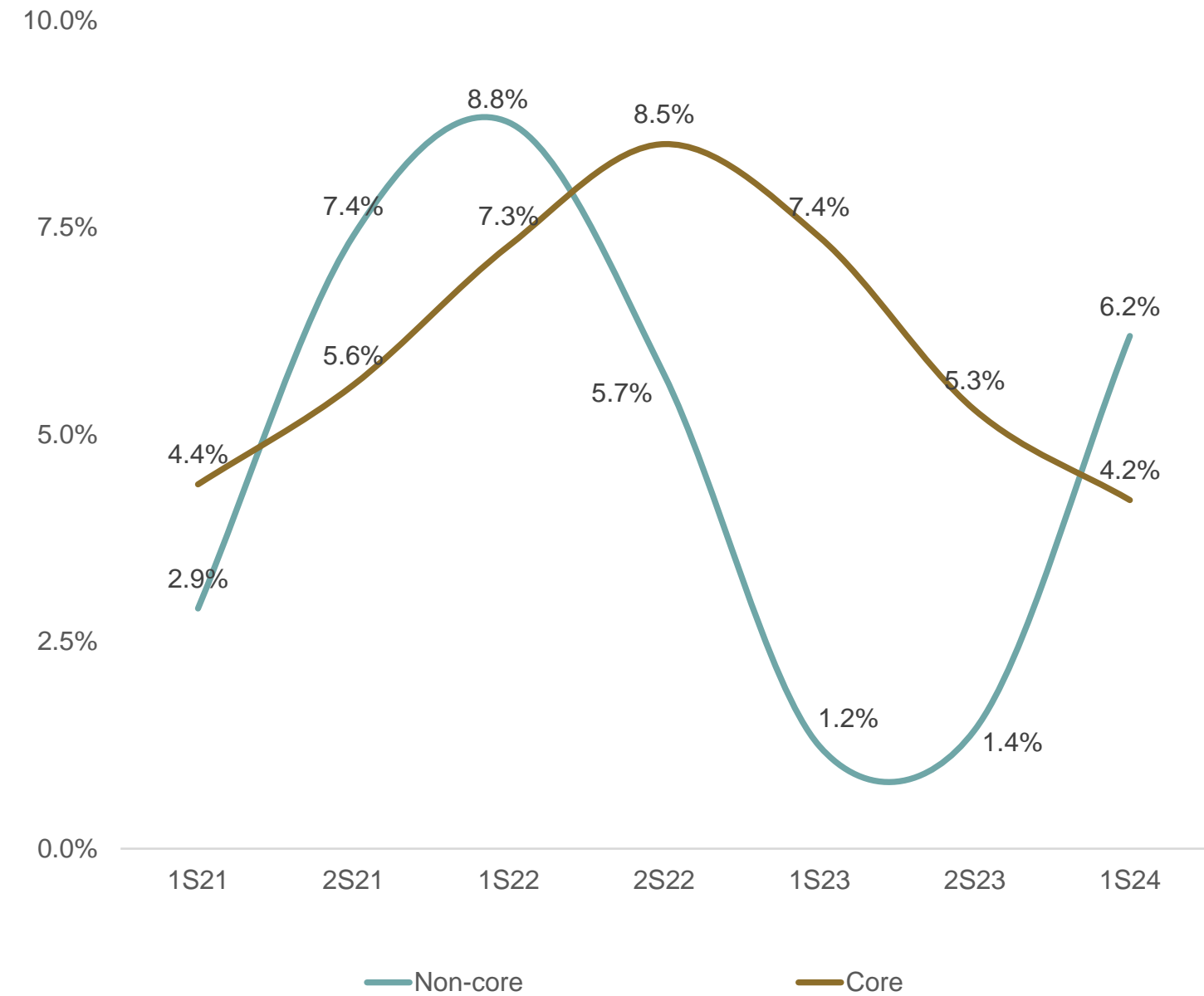
As a result of the change in government, the peso depreciated against the dollar to levels similar to those recorded a year ago.

There was an increase in non-core inflation and a continued rise in core inflation.

Exchange Rate



Consumer Price Index (CPI)



Source: Banco de México and INEGI.

2S24

Market fundamentals



Market Summary

The completion of BTS projects drove a significant rise in inventory, accompanied by an uptick in gross absorption rates. In addition, the availability of and exit prices for property also increased compared to the preceding six-month period.

Submarket Statistics

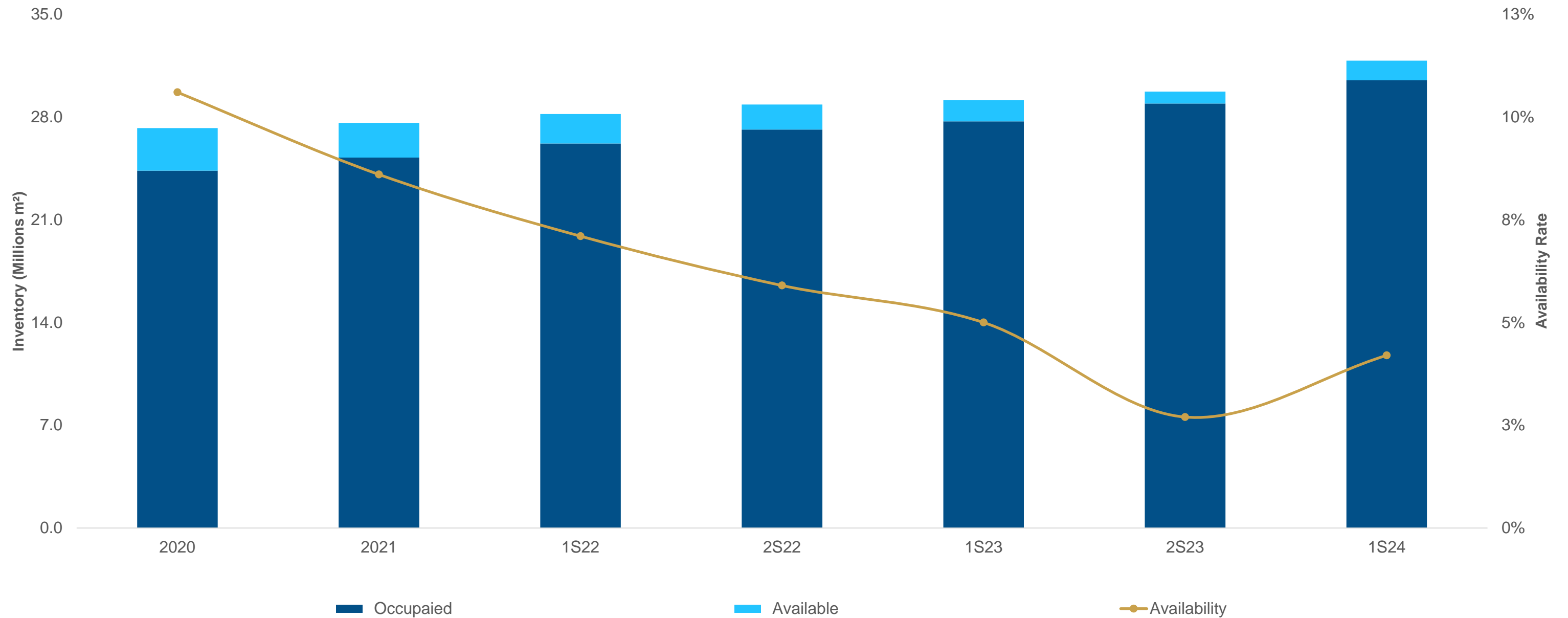
	Inventory (Millions SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Asking Rate (USD/SF/year)	U. Construction Asking Rent (USD/SF/year)
Total	31.8	2,340,220	1,329,537	4.2%	1,937,369	-514,745	\$6.29	\$6.09

Inventory and Availability Trends

The completion of BTS projects led to an increase in inventory and a rise in gross absorption.

Availability and exit prices also increased compared to the previous half-year, resulting in a negative impact on net absorption.

Ready inventory and vacancy

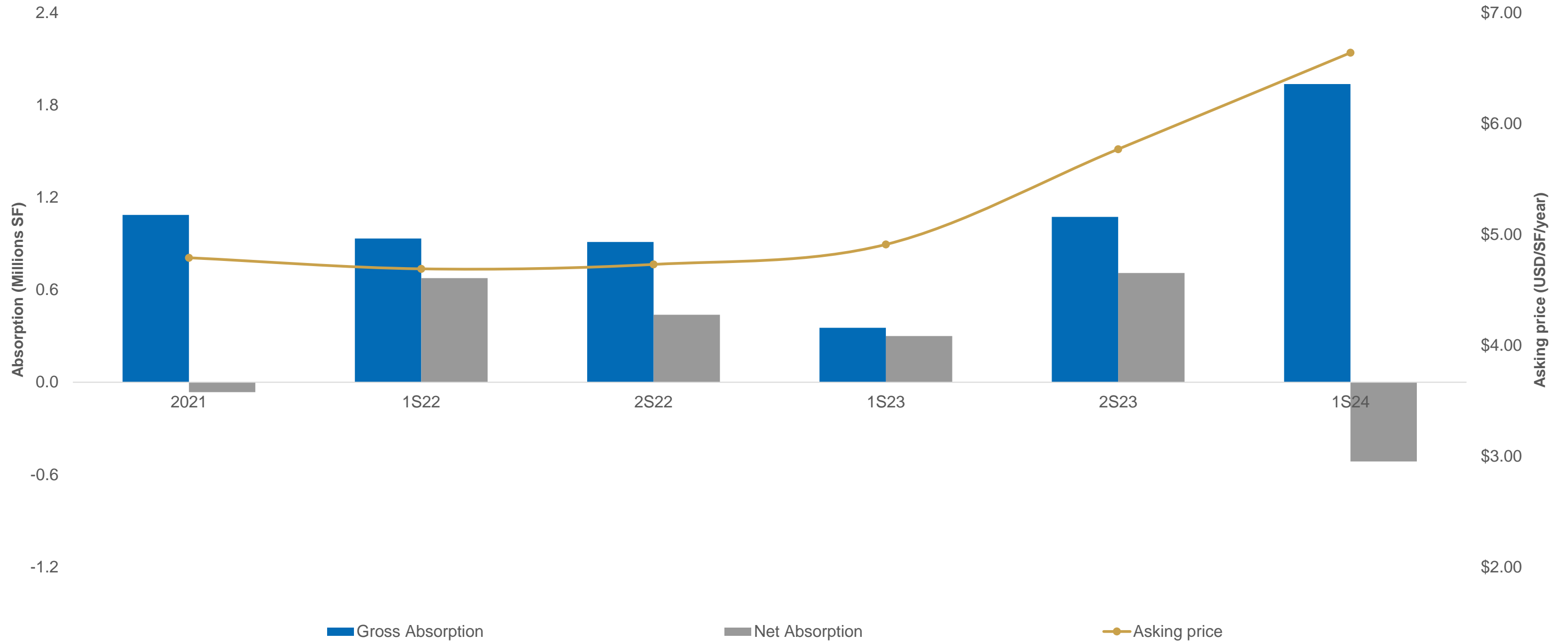


Absorption and asking price

Net absorption value more than doubled due to the entry of industrial complexes developed by BTS projects such as Daikin.

Exit prices also continued to rise by 8.9% compared to the previous half year.

Absorption and asking price types

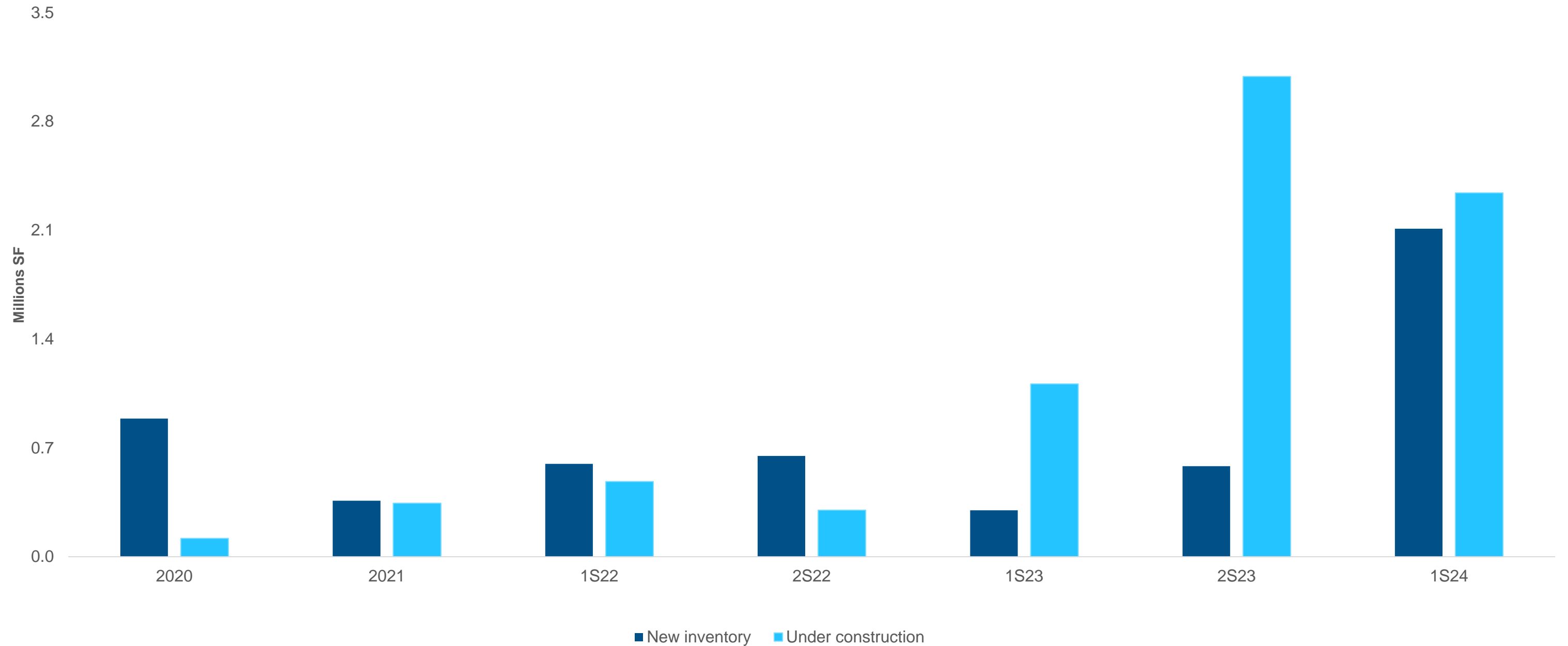


New supply

There was a slowdown in the rate of construction, but it is important to note that the rate of construction of some projects under construction was too slow to be included in the half-year figures.

Inventory turnover increased significantly, driven by the development of the BTS projects.

New Inventory and warehouses under construction



Construction and main operations

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

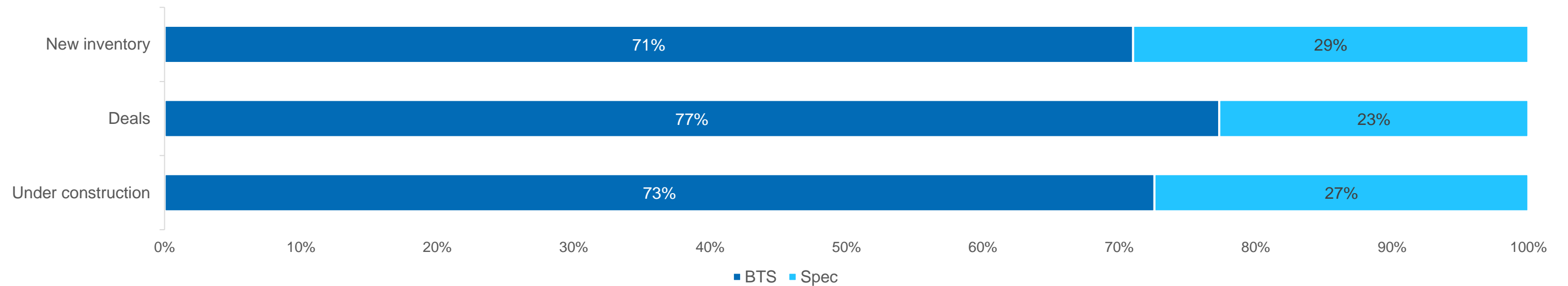
Closings recorded during the current quarter had a slightly majority share for BTS.

Parks under construction

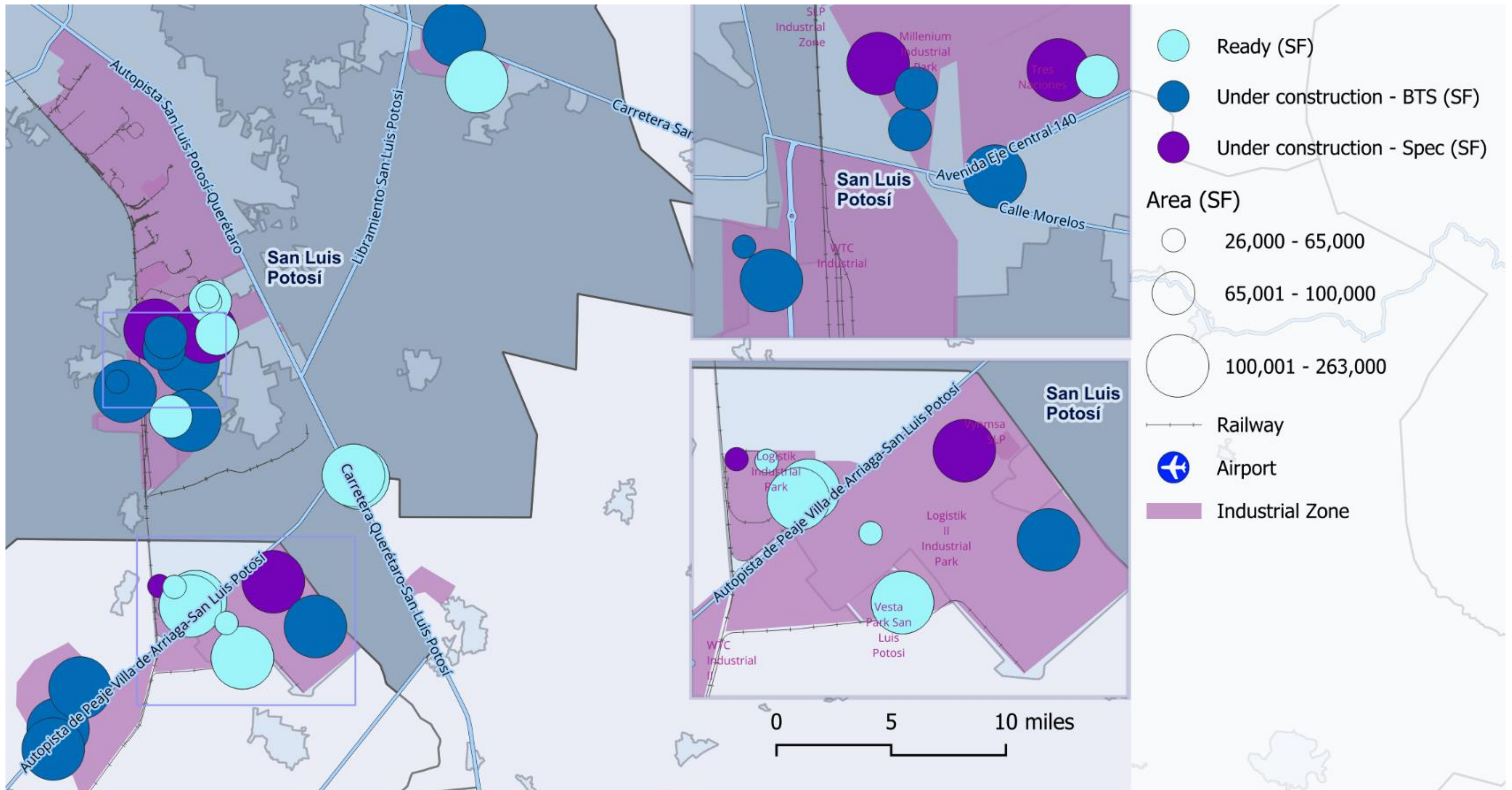
Industrial Park	Area (SF)	Type building
Zona Industrial	238,024	Spec
Logistics	217,196	Spec
Planta BMW	193,752	BTS
WTC Industrial	618,930	BTS
WTC Industrial II	462,852	BTS
WTC Industrial III	145,314	BTS
Millenium Industrial Park	148,543	BTS
Logistik Industrial Park	273,147	Spec

Main deals

Industrial Park	TipoType building	Area (SF)
Millenium Industrial Park	BTS	753,480
Millenium Industrial Park	BTS	452,088
WTC Industrial	Spec	247,163
Millenium Industrial Park	BTS	215,280
Logistik II Industrial Park	BTS	80,784
Millenium Industrial Park	BTS	77,501



Locations for speculative developments



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