

2Q2024

Guanajuato Industrial market



NEWMARK

Market analysis

Economy

- Elections and government changes in Mexico created uncertainty about the country's next economic policy, slowing investment recovery, which in Guanajuato reached similar levels since 2010.
- During the change of government, private investment in Mexico increased by 1%, but public investment decreased by 0.1%.
- The state's economic strength is manufacturing, and labor force growth has stagnated since the pandemic. During the change of government, the recovery of the sector has slowed.

Transactions

- IKD and Sailum (Chinese automotive companies) began the construction of plants in the Irapuato submarket. They are investing millions of dollars to manufacture aluminum parts and advanced tires.
- *BTS* spearheaded operations, including the expansion of the Mercado Libre warehouse in León and the expansion of Bosch in Apaseo.
- Puerto Interior also recorded the completion of a warehouse related to a *BTS* project for a food distributor.

Market fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-Month Forecast
Inventory (SF)	94.2M	93.1M	90.6M	↑
Vacancy Rate	3.0%	3.1%	2.7%	↓
Gross Absorption (SF)	1.2M	841,939	932,596	→
Net Absorption (SF)	-52,840	-325,062	256,229	↑
Asking Rent (USD/SF/year)	\$5.70	\$4.46	\$4.87	↑
U. Construction (SF)	2.5M	1.8M	2.6M	↑

Outlook

- It is anticipated that gross absorption values, inventory growth and price increases will experience a slowdown in the medium term, reflecting the deceleration in construction activity for *BTS* projects. Notwithstanding the aforementioned challenges, there are still investment opportunities in Guanajuato for manufacturing facilities, given the favorable infrastructure conditions, as evidenced by the surge in speculative warehouse construction this quarter.
- The main submarkets are expected to continue their strengthening and market dynamics.

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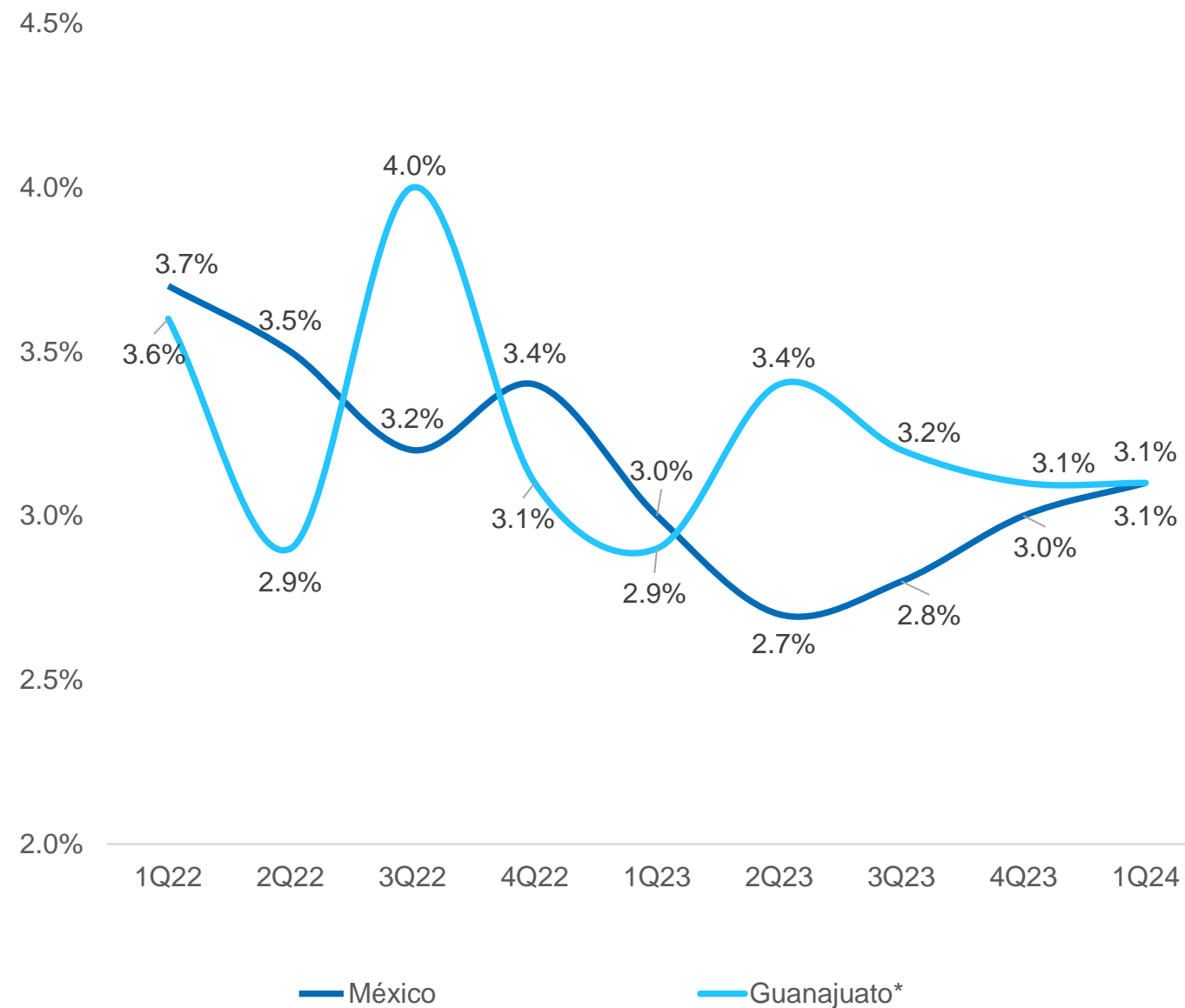
Economy



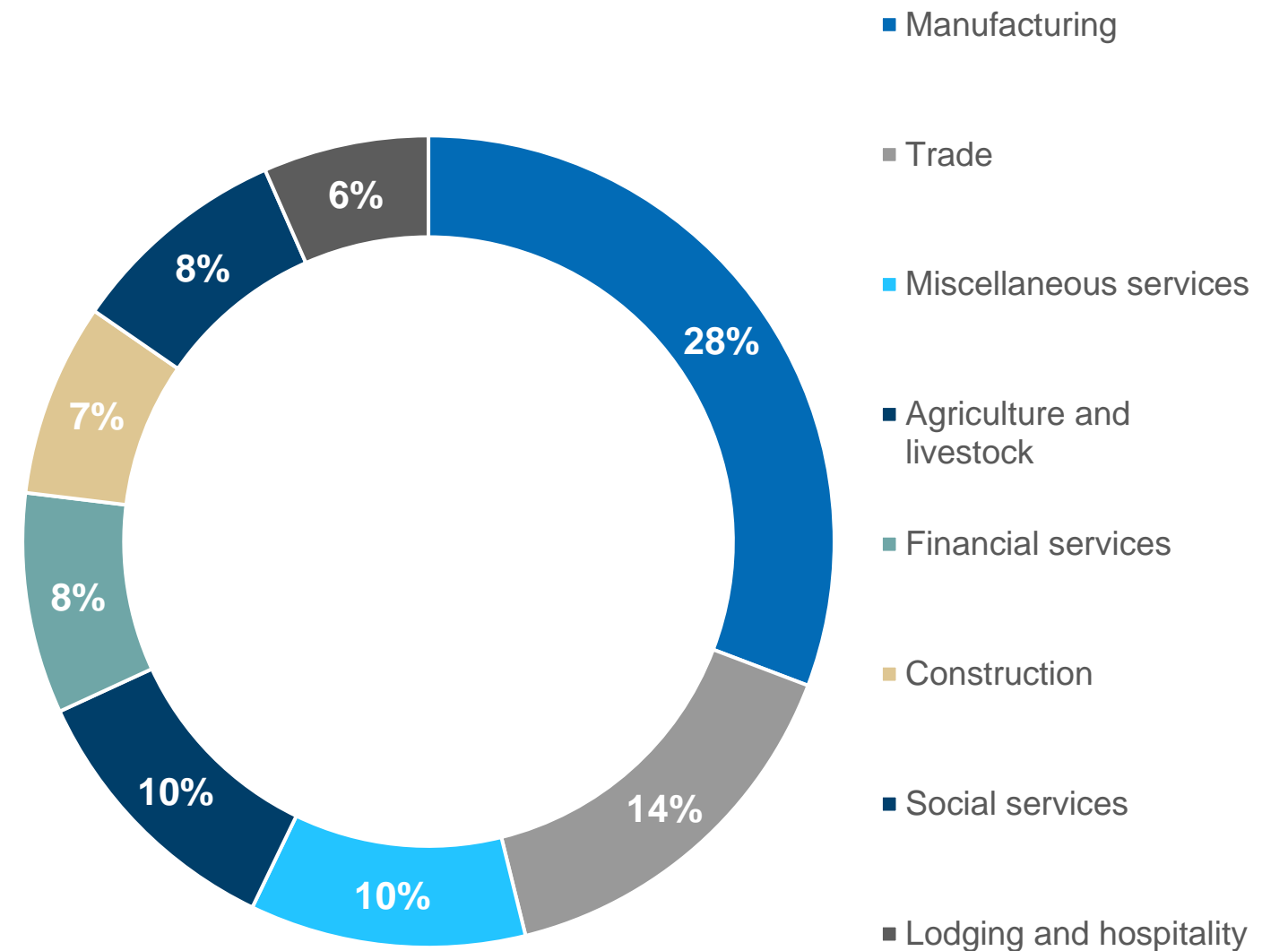
Employment

There has been a levelling off in the downward trend for both the national unemployment rate and that in Guanajuato, with figures remaining at similar levels compared to the previous quarter. The number of people employed in manufacturing saw a slight decline, but this was in line with the trends observed in 2018. Female participation in manufacturing remained stable and is comparable to 2022 figures.

Unemployment Rate



Recent Employment Trends in Guanajuato



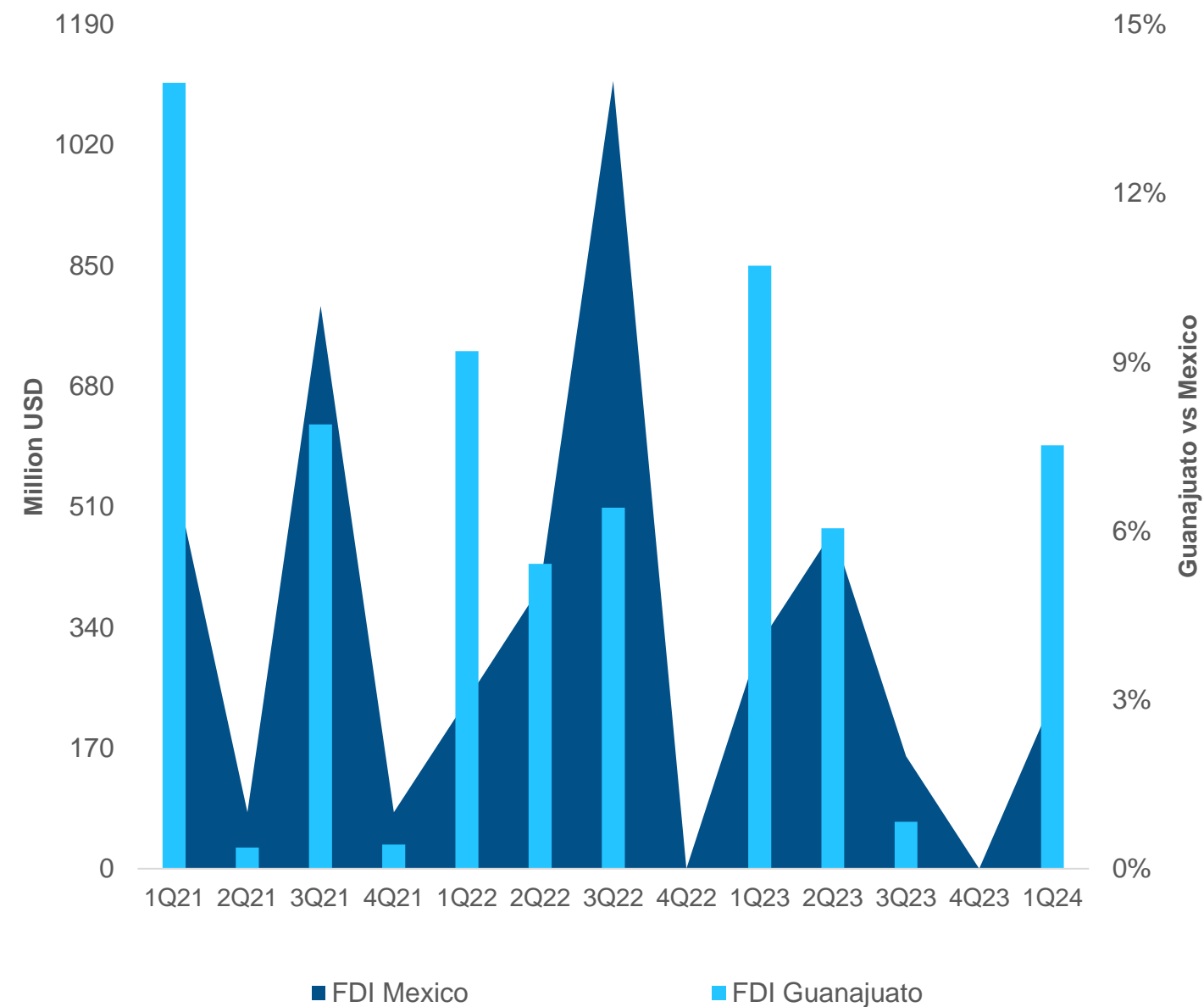
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 Source: INEGI.
 Note: Official information available through 1Q 2024.

Investments

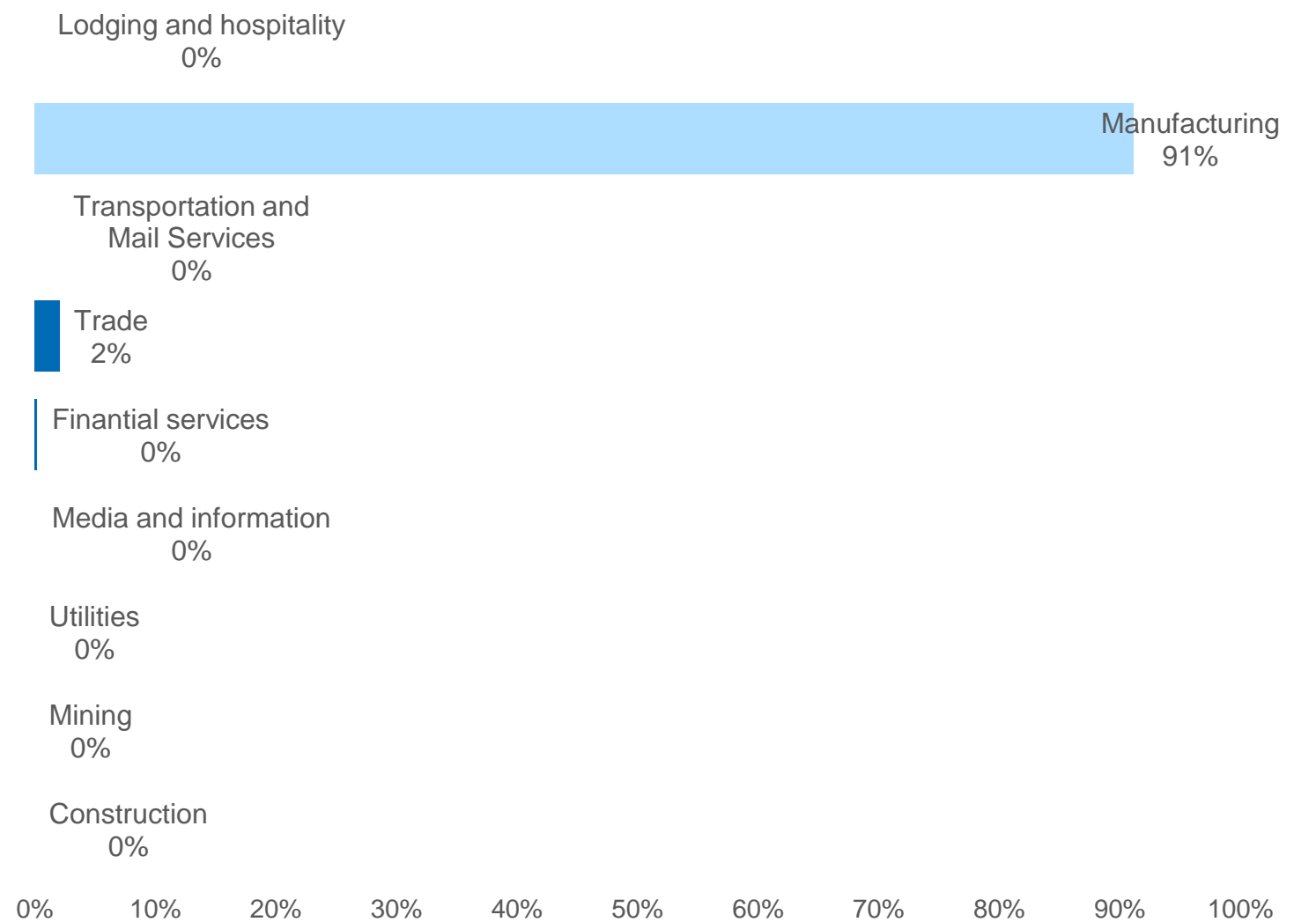
The level of foreign investment at the beginning of the year is the lowest recorded for the same period of time since 2021.

The pace of investment in manufacturing has slowed with the change of government, and it continues to be the main destination of foreign currency.

Foreign Direct Investment (FDI)



FDI by subsector (Guanajuato state YTD 2023)



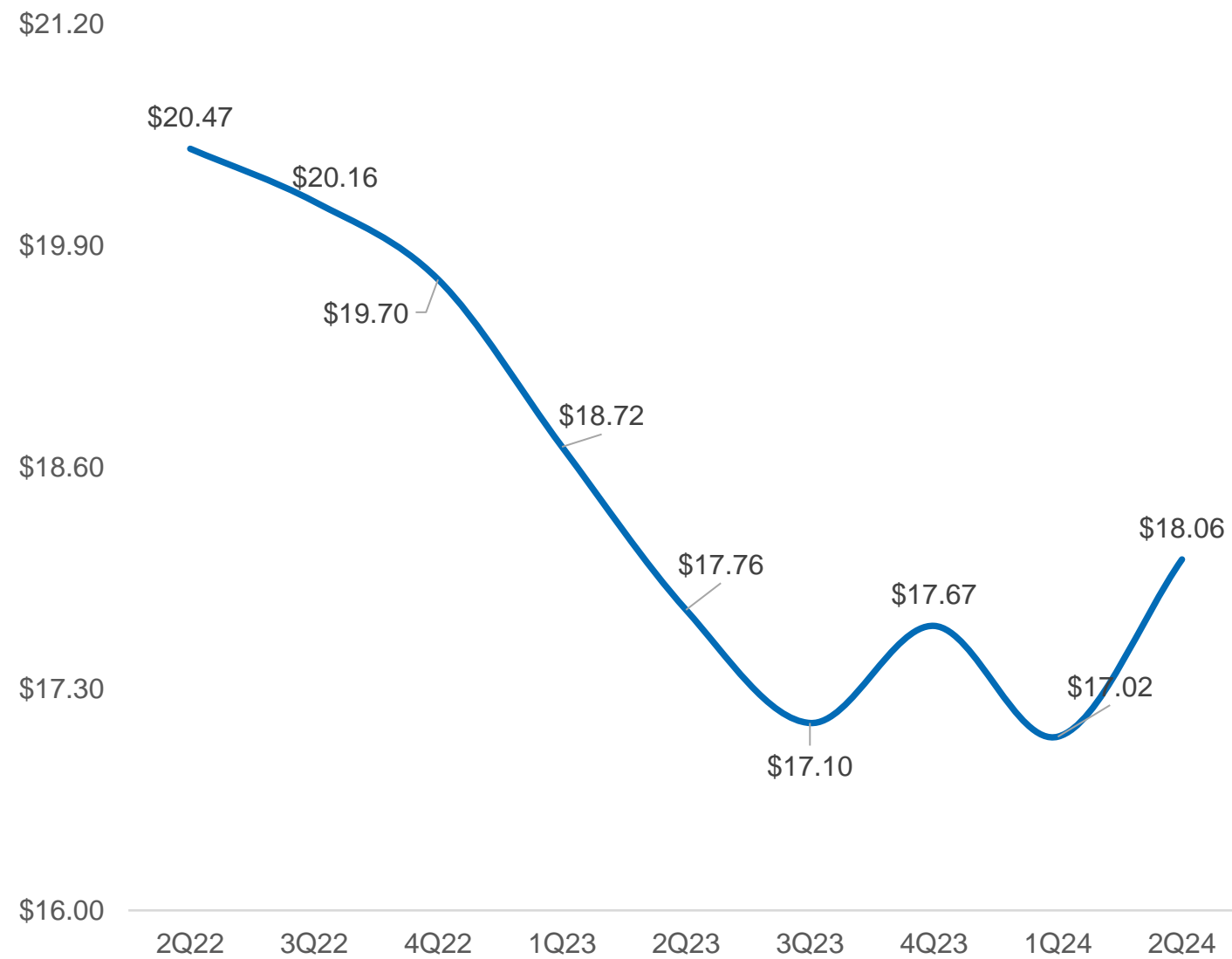
Source: Secretaría Economía
 Note: Official information available through 1Q 2024.

Inflation-devaluation

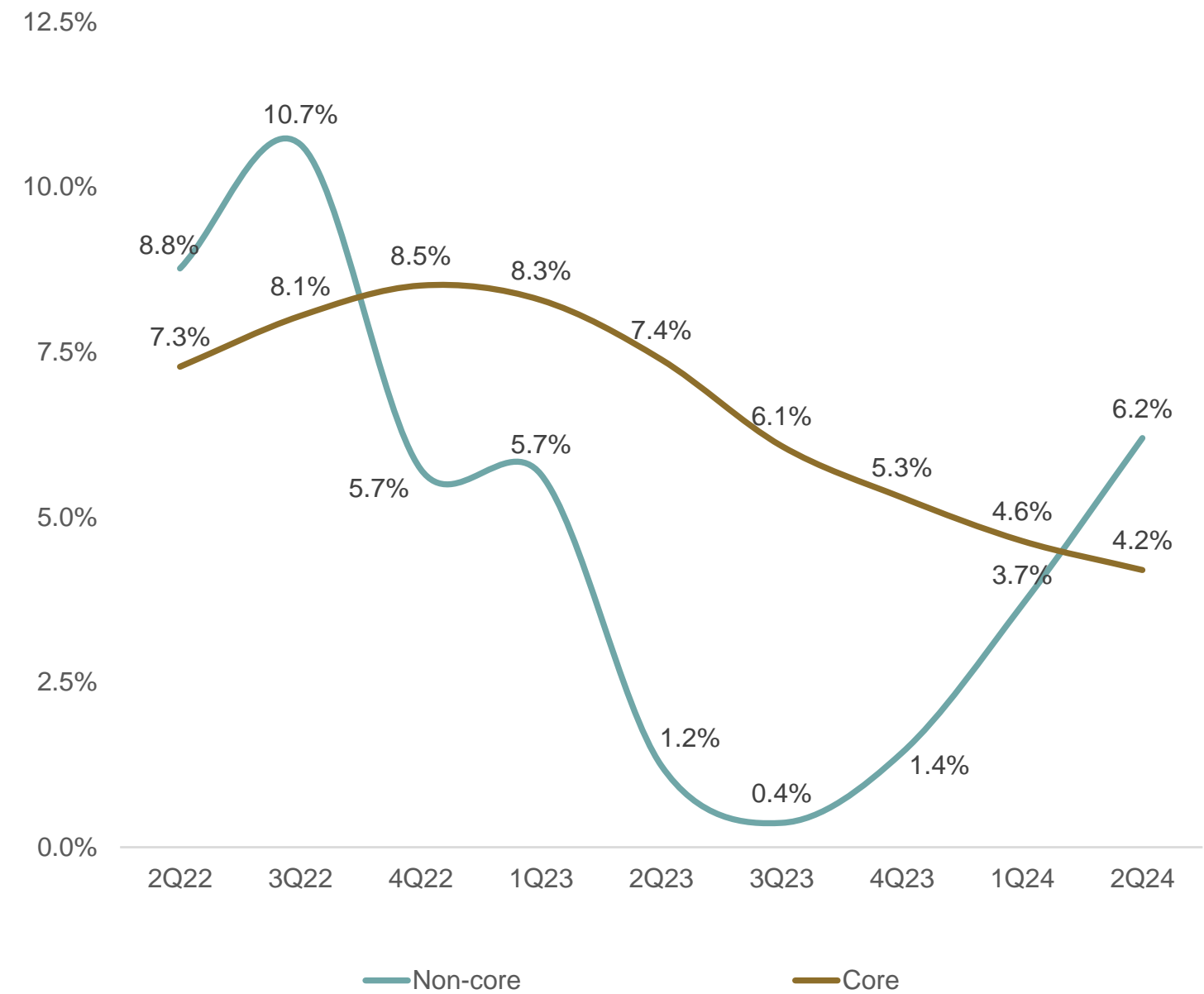
The depreciation of the peso against the dollar as a result of the change of government led to a slight decline in prices in local currency terms.

At the same time, the non-core indicator of inflation rose sharply and the core indicator remained elevated.

Exchange Rate



Consumer Price Index (CPI)



Source: Banco de México and INEGI.

2Q24

Market fundamentals



Market Summary

Compared to the last two years, stock growth and starting prices remained at a constant level.

Gross absorption increased for the second consecutive quarter and this trend is expected to continue as construction values remain stable. .

Submarket Statistics

	Inventory (Millions SF)	Under Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Gross Absorption YTD (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Lease Rate (USD/SF/year)	U. Construction Asking Rate (USD/SF/year)
Apaseo	9.2	409,032	278,357	3.0%	495,144	667,368	-44,778	-279,326	\$5.66	-
Celaya	13.1	-	515,294	3.9%	-	151,708	-	44,068	\$4.97	-
Irapuato	16.7	670,640	266,387	1.6%	-	-	-79,697	-150,481	\$4.89	\$6.32
León	11.2	1,040,201	198,079	1.8%	430,560	572,085	-	141,525	\$5.64	\$6.37
Salamanca	4.4	-	284,148	6.4%	-	-	-	-	\$5.14	-
San José Iturbide	9.5	150,696	-	-	-	118,404	-	-	-	-
San Miguel de Allende	2.3	150,696	369,324	16.4%	-	68,362.16	-	68,362	\$5.56	-
Silao	27.8	134,550	914,380	3.3%	314,578	504,293	71,634	-202,051	\$5.80	\$6.35
Total	94.2	2,555,815	2,825,970	3.0%	1,240,282	2,082,220	-52,840	-377,903	\$5.70	\$6.35

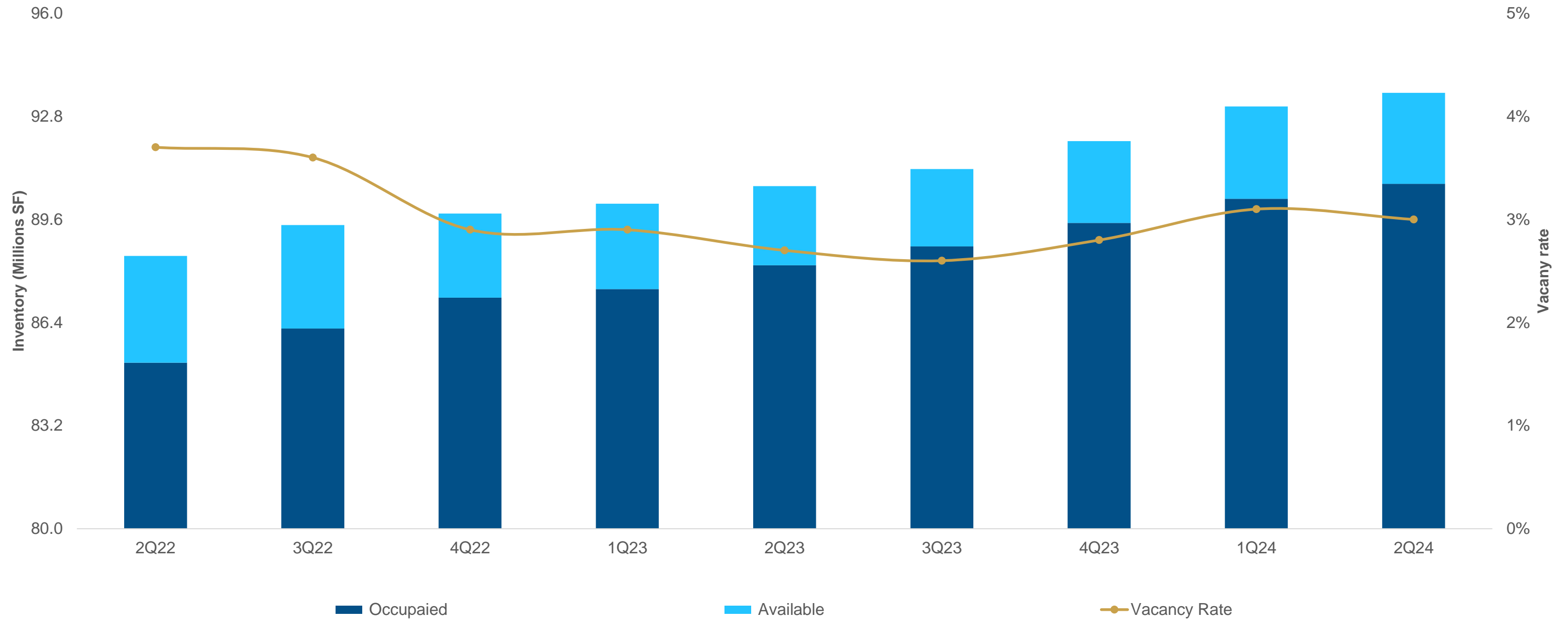
**Adjustment of availability for duplicate value and reclassification warehouse

Inventory and Vacancy Trends

Inventory growth remained at 1.2%, driven by *BTS* projects.

Availability remained unchanged and at similar levels to the previous quarters.

Ready inventory and vacancy

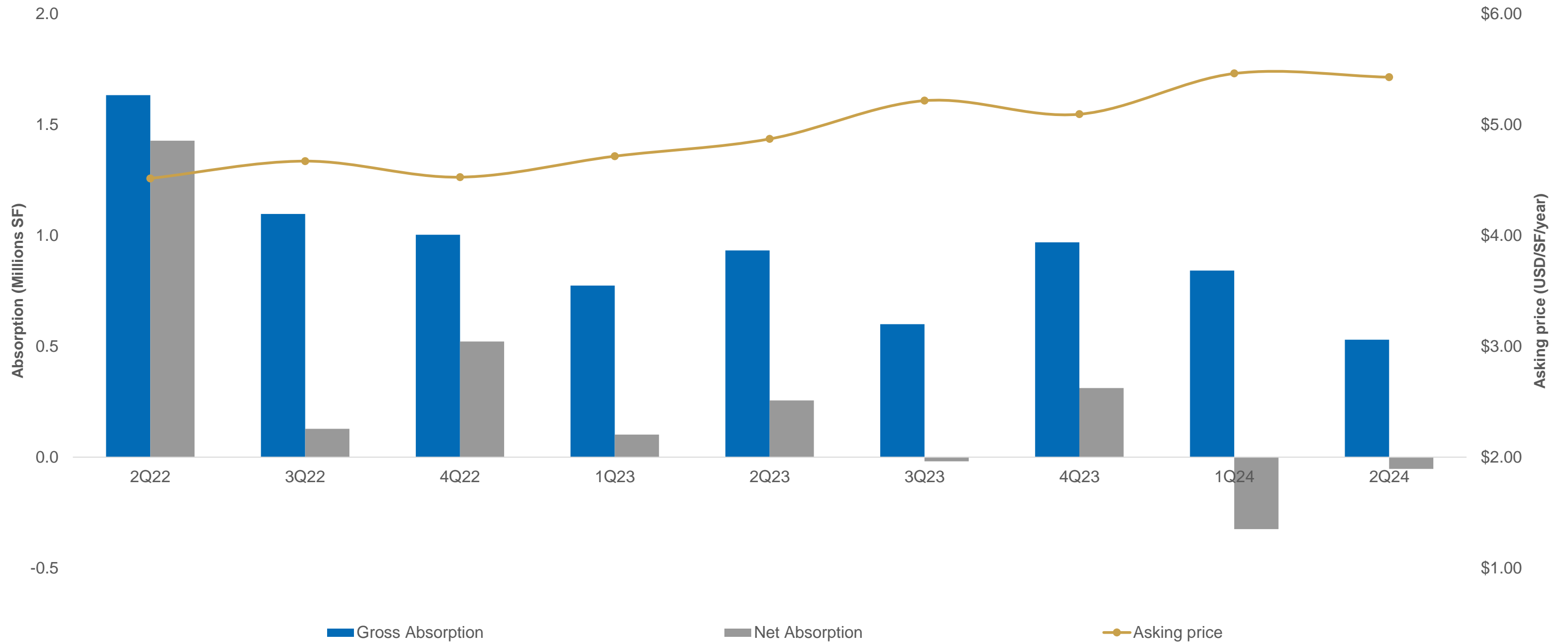


Absorption and asking price

Gross absorption values continued their historical trend and showed an increase compared to the previous quarter. This trend is expected to continue towards the end of the year due to large BTS-related projects.

Asking prices for ready warehouses continued to grow steadily, even after considering the exchange rate for some ships with local currency asking prices.

Absorption and asking price types

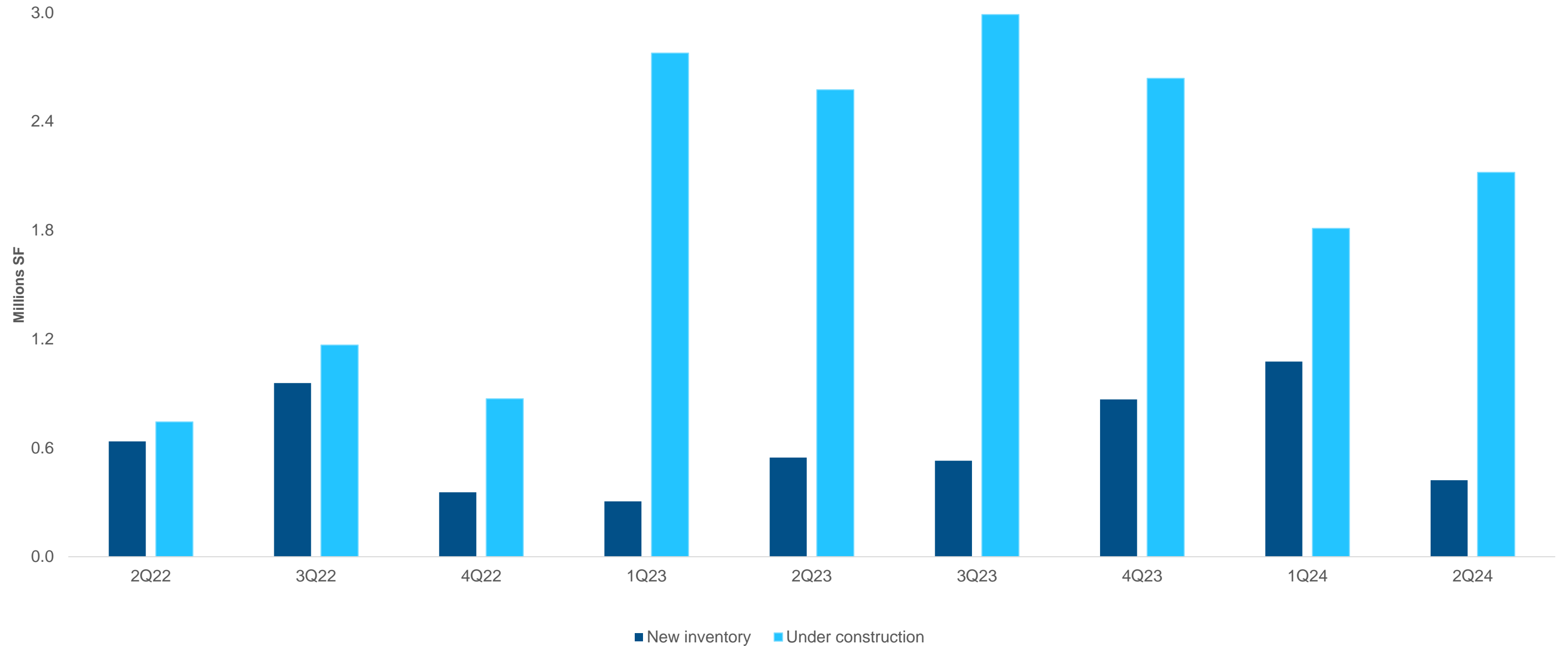


New supply

The area under construction showed a slight recovery compared to the previous quarter, maintaining the trend of the indicator compared to last year.

Stocks continued to grow at a similar rate to that recorded in the previous quarter, breaking the trend that had been established over the previous two quarters.

New Inventory and warehouses under construction



Construction and main operations

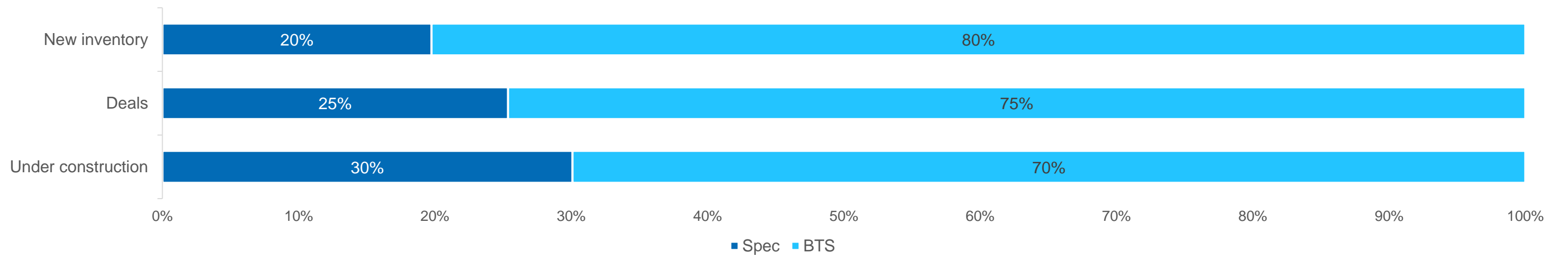
Most of the increase in the quarterly operating and newbuilding stocks continued to be accounted for by BTS warehouses.

Parks under construction

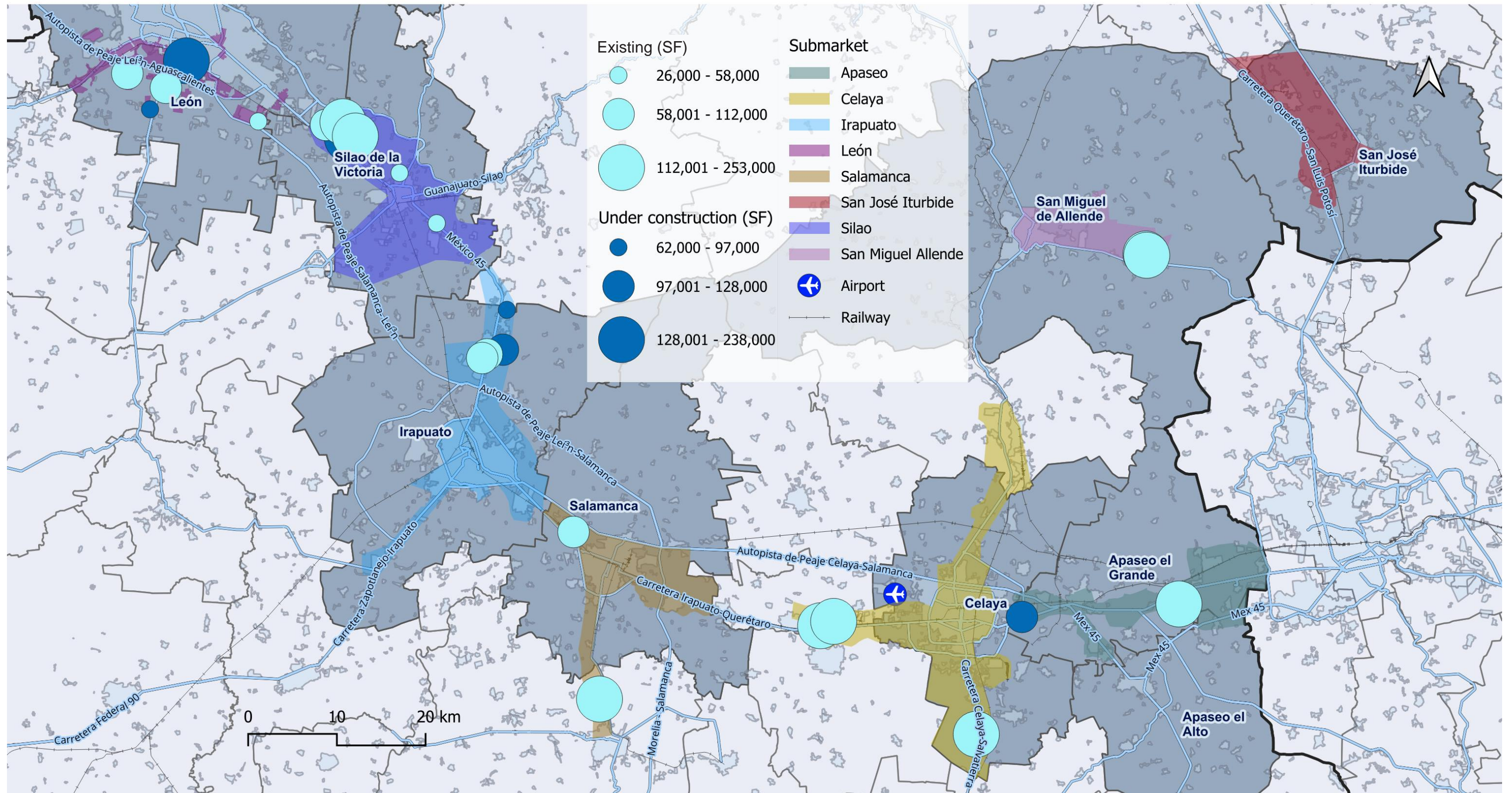
Industrial Park	Submarket	Type
Parque Industrial Colinas De León	León	BTS
Castro del Río Industrial Park	Irapuato	BTS
Stiva León Industrial Park	León	Spec
Puerto Interior Industrial Park	Silao	Spec
Parque Opción	San José Iturbide	BTS
Vynmsa León Industrial Park	León	Spec
Polígono Industrial San Miguel	San Miguel de Allende	BTS
Guanajuato Industrial Park	Irapuato	Spec
Polígono Industrial San Miguel	San Miguel de Allende	BTS

Main deals

Industrial Park	Submarket	Type	Area (SF)
Parque Industrial León Bajío	León	BTS	430,560
Parque Industrial Amistad Chuy María	Apaseo	BTS	215,280
Ciudad Industrial	León	Spec	135,196
Puerto Interior Industrial Park	Silao	Spec	206,669
Vynmsa Guanajuato Puerto Interior III	Silao	Spec	64,853
Premium Park Puerto Interior	Silao	Spec	43,056



Locations of speculative developments



For further information:

Fernando Lara

Market Research Analyst

Bajío

fernando.lara@nmrk.com

Juan Flores

Director of Research

Latin America

juan.flores@nmrk.com

Mexico City

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

t 555-980-2000

nmrk.lat

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