
2Q24

Monterrey Industrial Market Report



NEWMARK

Market Analysis

Economy

- From October 2021 to April of the current year, out of the 253 (confirmed) foreign investment projects, 130 are new investments and 123 are expansions of already established companies, stated Ivan Rivas, the Secretary of Economy of Nuevo Leon.
- The Ministry of Economy announced that, so far in 2024, Nuevo Leon has maintained its leadership in national employment generation, reaching almost the levels generated throughout the last year (58,892). From January to May of the current year, companies in Nuevo Leon registered a total of 52,911 jobs, according to employment data from the Mexican Social Security Institute (IMSS).

Major Transactions

Tenant	Submarket	Type	Square Feet
Eaton	Guadalupe	BTS	398,000
Confidential	Guadalupe	BTS	313,000
Brembo Mizar	Escobedo	Expansion	260,000

Leasing Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-Month Forecast
Total Inventory (SF)	103.5M	98.6M	89.2M	↑
Vacancy Rate	1.8%	0.9%	1.1%	↑
Gross Absorption (SF)	2.3M	2.3M	2.3M	→
Net Absorption (SF)	0.8M	2.1M	1.7M	↑
Asking Rent (USD/SF/Year)	\$7.66	\$7.27	\$6.58	↑
U. Construction (SF)	11.5M	11.7M	10.7M	↓

Outlook

- Regarding the asking price, coupled with the completion of new speculative Class A space, an upward trend is expected again, with a rate anticipated to register at US\$7.69 per square feet per year.
- For the next quarter, we expect a new supply of just over 4.9 millions square feet, registering a new increase in the industrial inventory to 107.0 million square feet.
- With a similar performance regarding this quarter's gross absorption and the completion of just over 3.0 million square feet of speculative vacant space under construction, we expect a vacancy rate of 1.9%.

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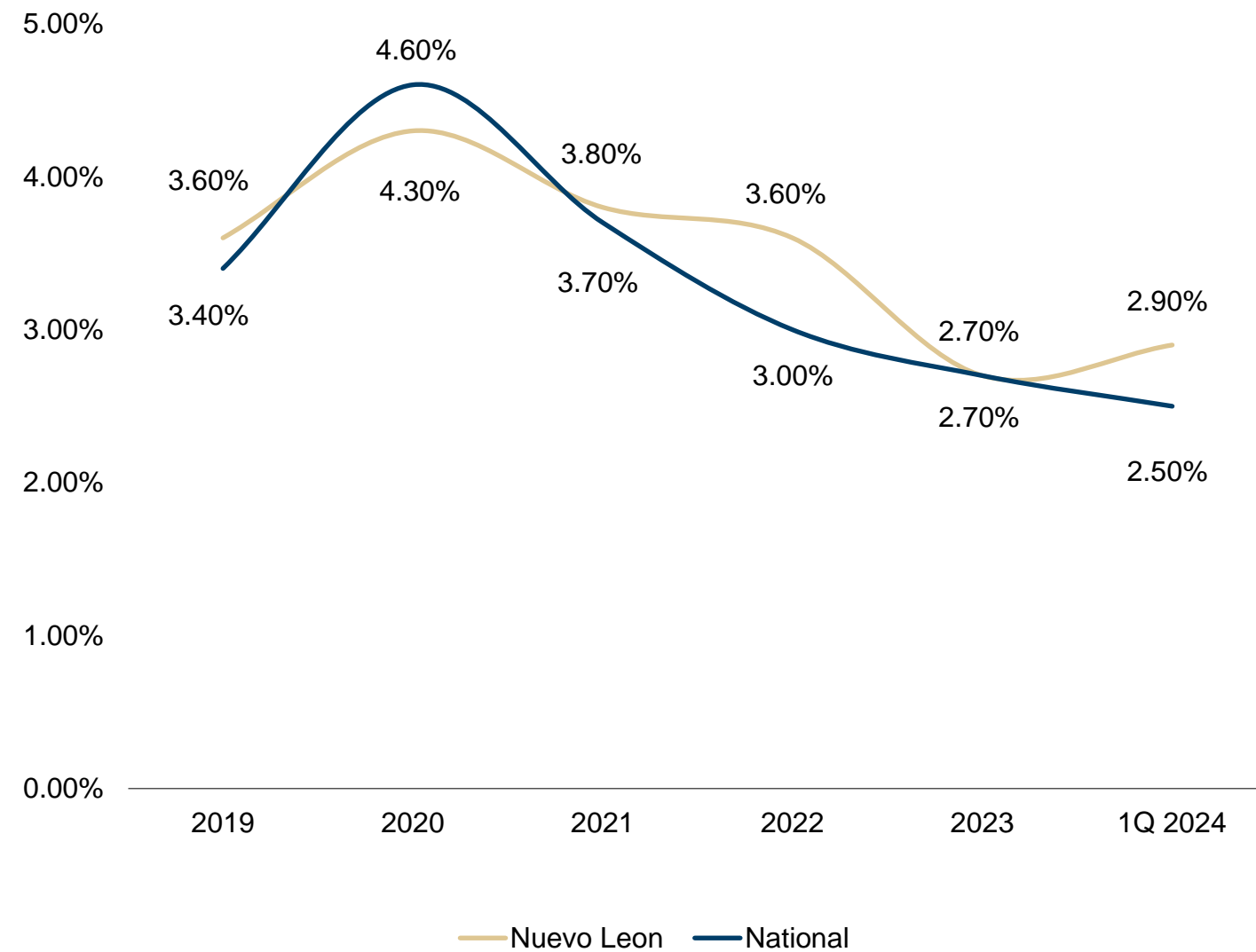
Economy



Economics

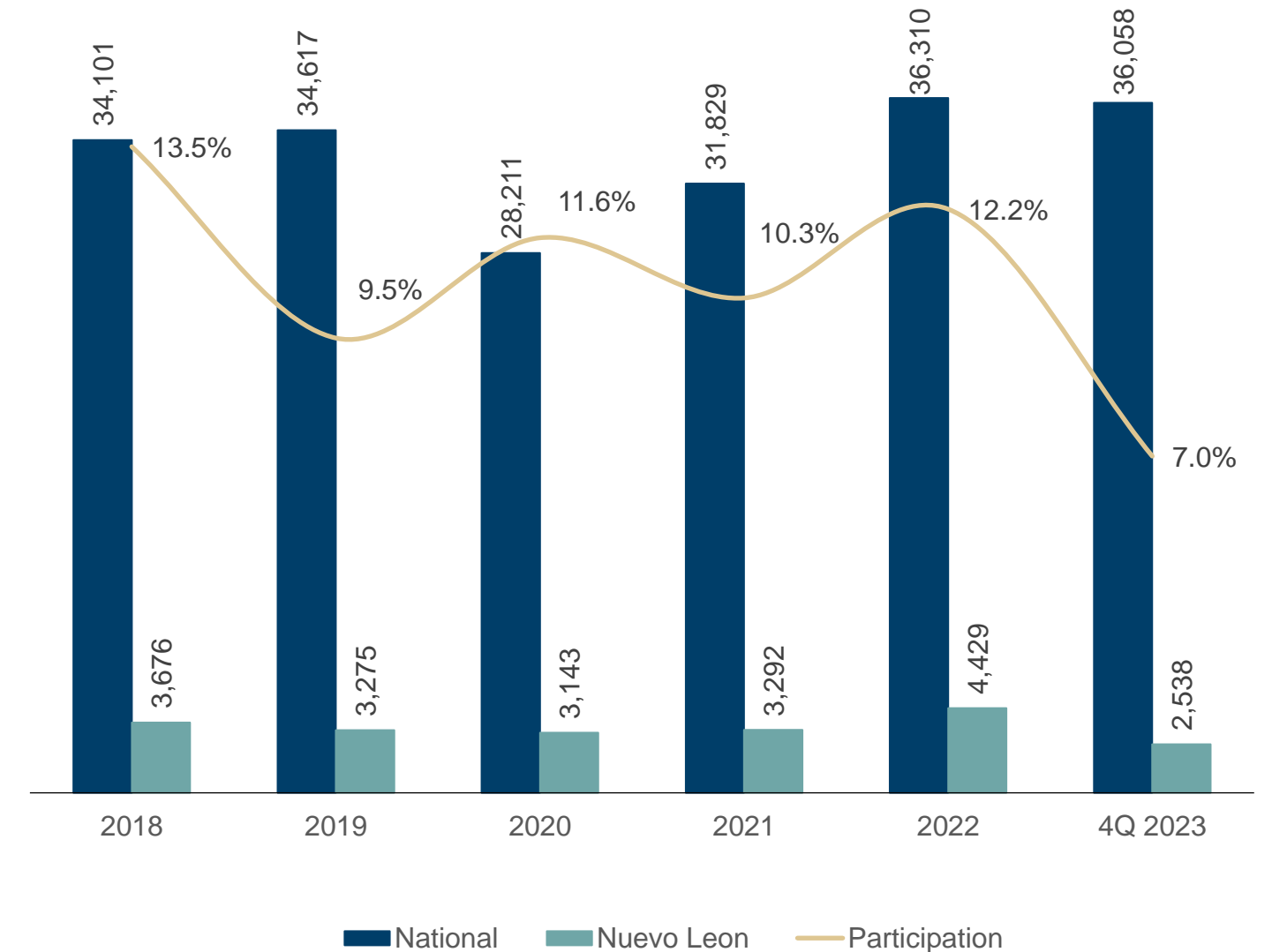
In the first quarter of 2024, a national unemployment rate of 2.50% was observed, while the rate recorded in the state of Nuevo Leon was 2.9%. Regarding Foreign Direct Investment (FDI) in Mexico by federal entity with information from 4Q 2023, recorded 36,058 million dollars, where the state of Nuevo Leon accounts for 7% of the investment.

Unemployment Rate



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 1Q 2024

Foreign Direct Investment (Million Dollars)

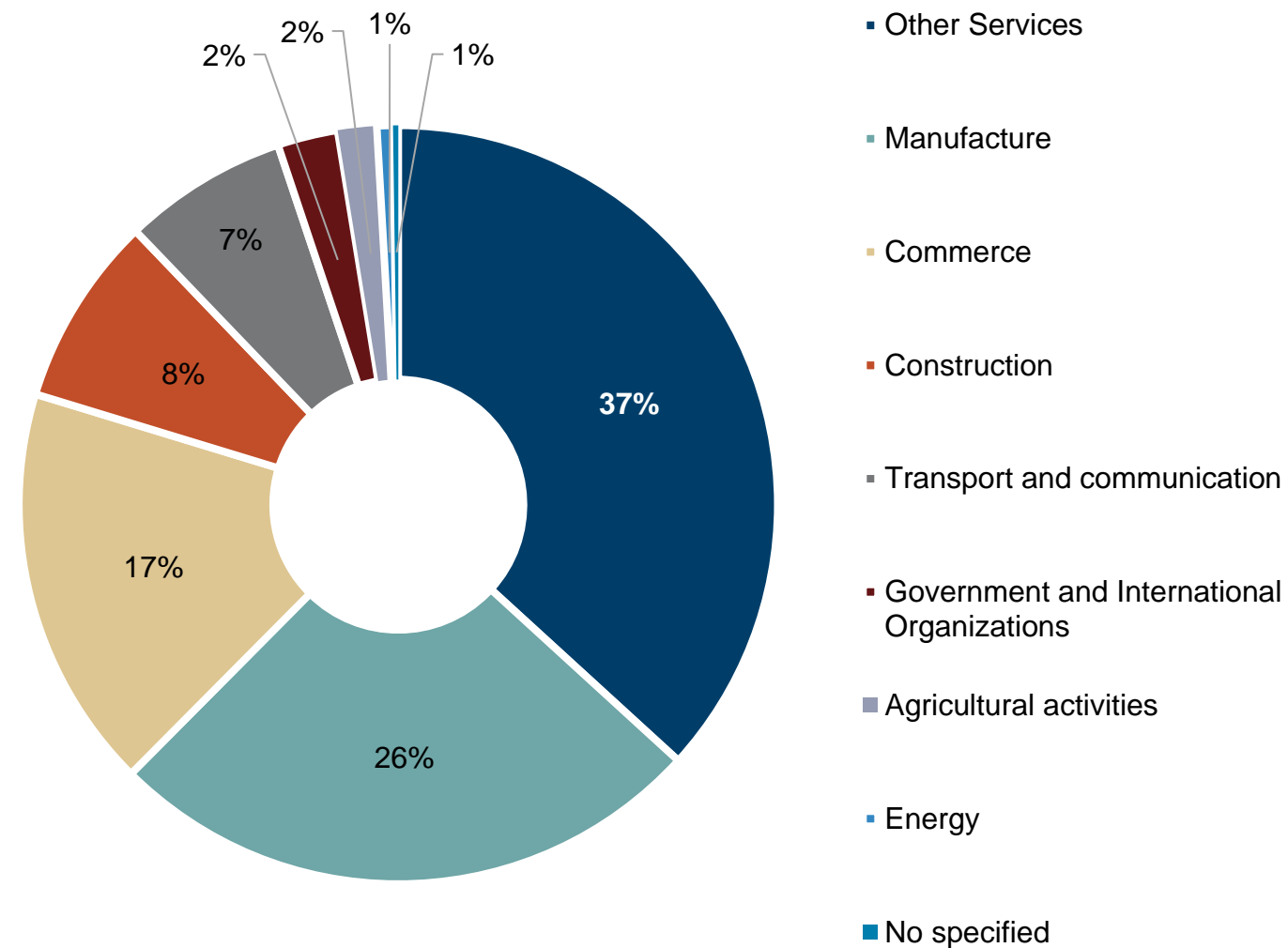


Source: Ministry of Economy, 4Q 2023

Employment by Sector and Economic Position in Nuevo Leon

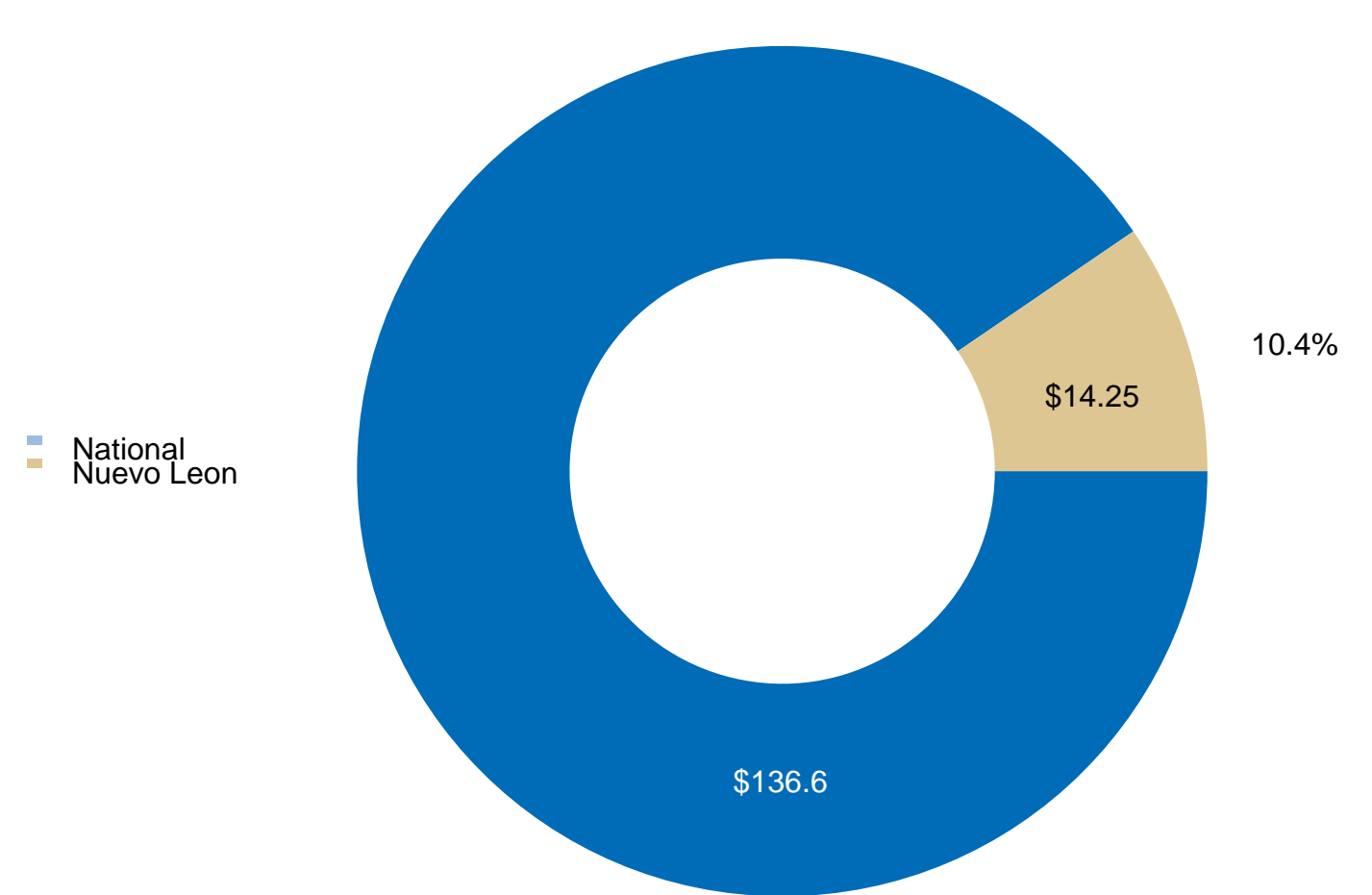
The Secretariat of Labor and Social Welfare of Nuevo Leon reported in its Labor Information document for the month of June of this year that the economic activity by sector with information from 1Q 2024 registered the following data: 37% other services, 26% manufacturing industry, 17% commerce, among others. Likewise, the Quarterly Exports by Federal Entity (QEFE) report, with information from 4Q 2023, indicated that Nuevo León had a participation of 10.4% out of a level of 136.6 billion dollars.

Branch by Economic Activity



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 1Q 2024

Export Value (Billion Dollars)



Source: QEFE INEGI, 4Q 2023

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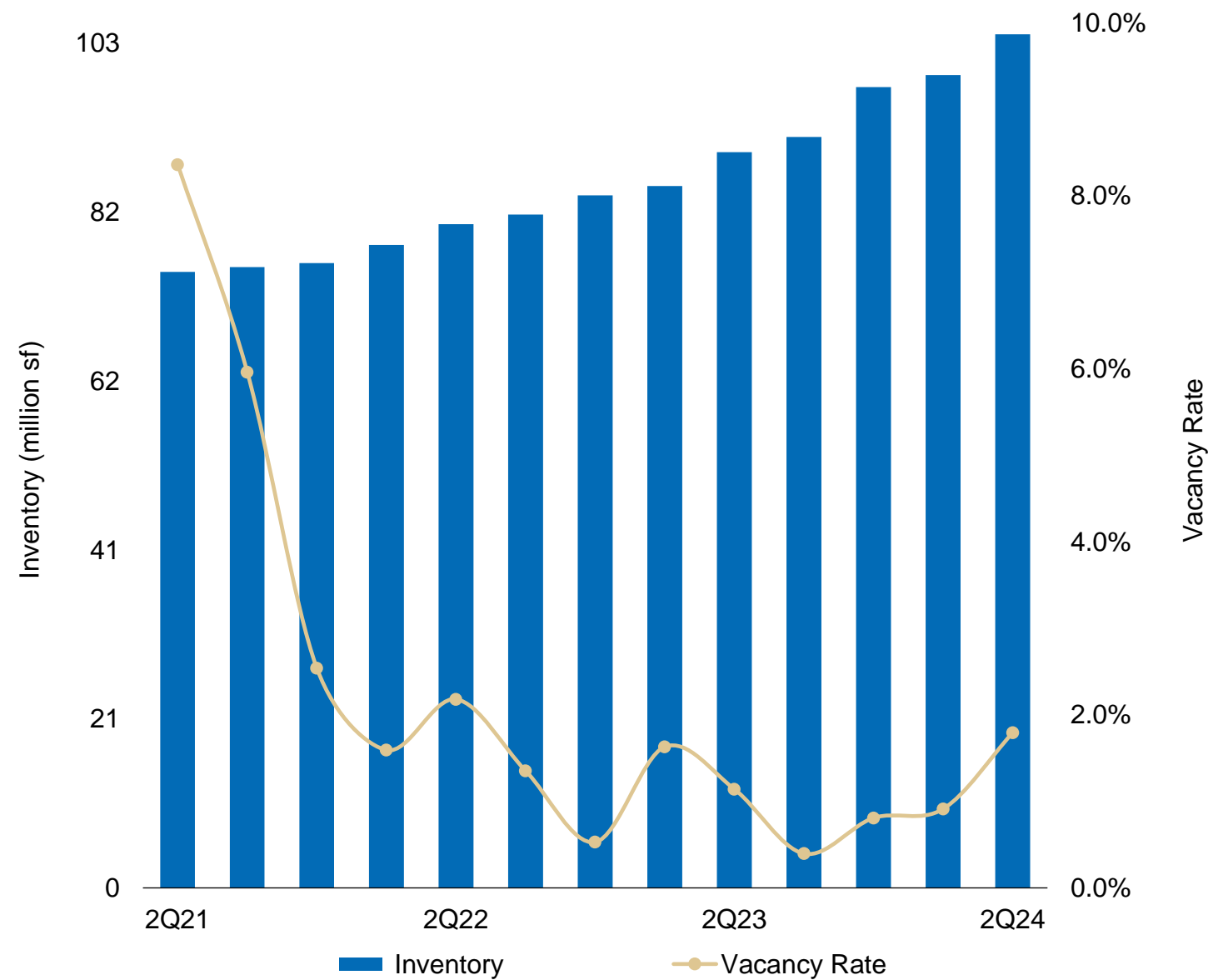
Leasing Market Fundamentals



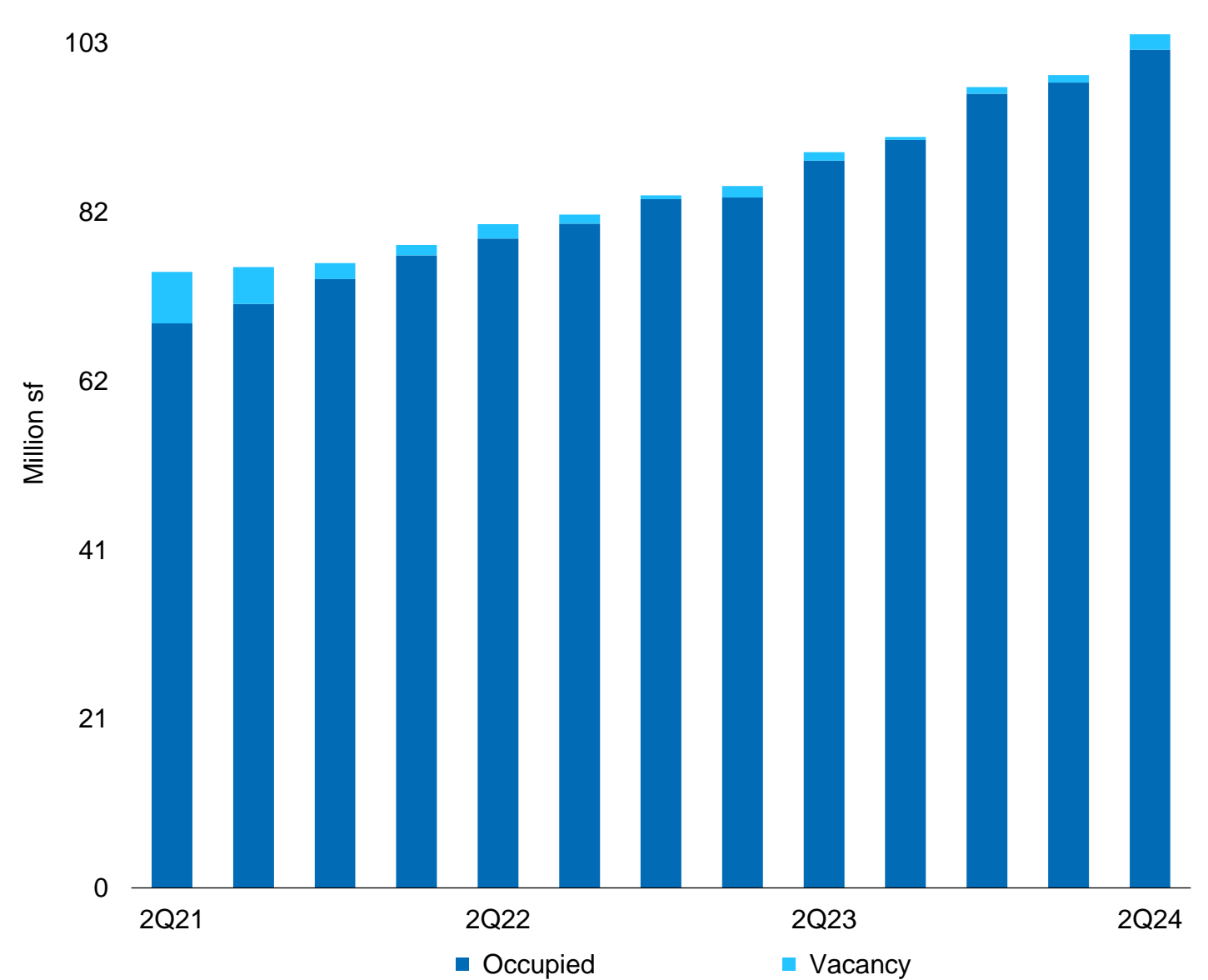
Market Demand

In the second quarter, stable commercial activity was observed, with a gross absorption of slightly over 2.3 million square feet and a new supply surpassing 4.9 million square feet. In addition, the Class A industrial market recorded a vacancy rate of 1.8%, higher than what was registered in the same period a year ago, which was 1.1%. This increase in the rate is mainly due to the completion of new speculative spaces and the vacancy of existing industrial space. The new industrial inventory stands at 103.5 million square feet, with an existing industrial vacancy of 1.8 million square feet.

Inventory & Vacancy Rate



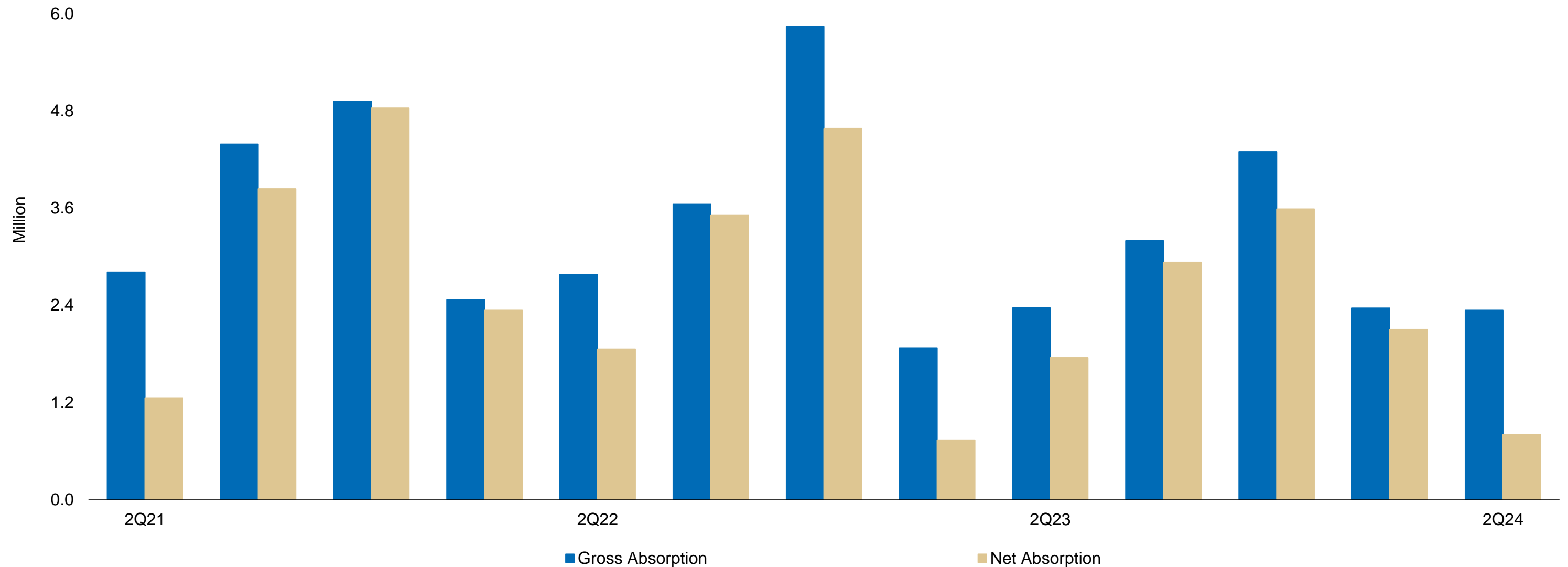
Occupied Space & Vacancy Space



Absorptions

The gross absorption was recorded at 2.33 million square feet, which is slightly lower compared to the same period last year that was 2.36 million square feet. Additionally, an accumulative gross absorption of just over 4.7 million square feet was observed. As for the net absorption, a figure of 800,000 square feet was recorded, with an accumulative net absorption of 2.9 million square feet. The submarkets with the most Class A space commercialized were Apodaca and Guadalupe, with 34.9% and 30.5%, respectively. Notably, 55.9% of the gross absorption for the quarter corresponds to build-to-suit projects.

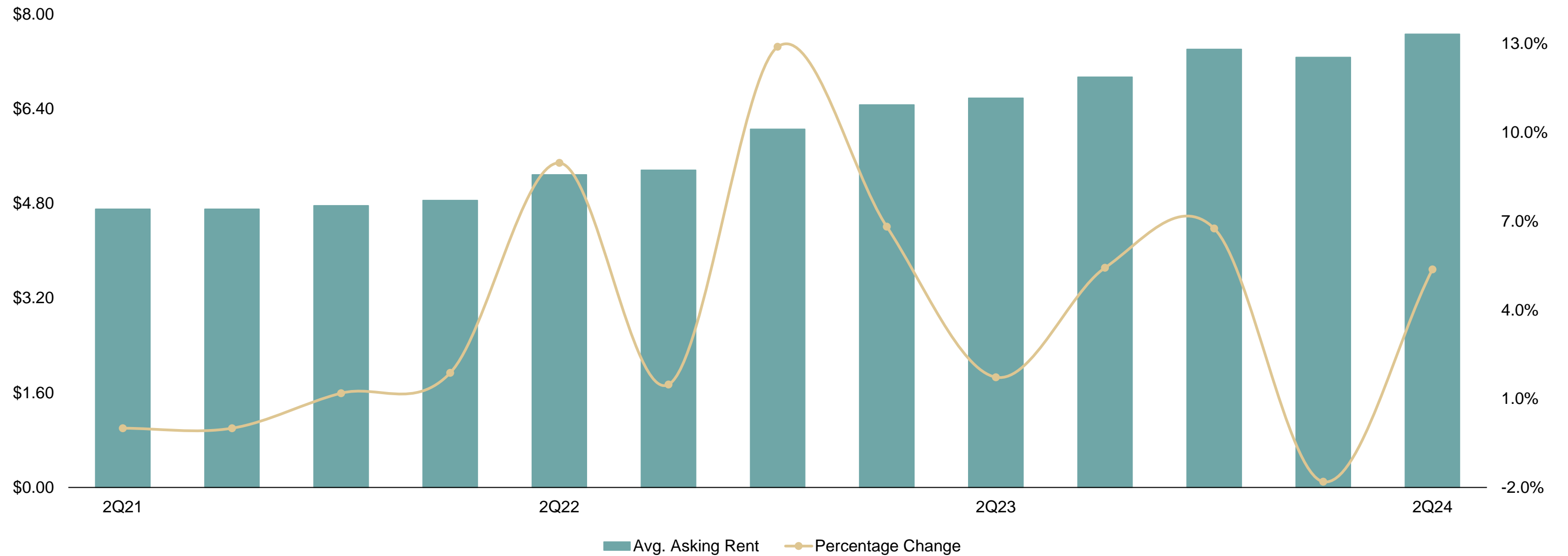
Gross Absorption vs Net Absorption



Average Asking Rent

The second quarter of the year showed an average asking rent on the rise, which was US\$7.66 per square feet per year, mainly due to the new offering of speculative spaces. The submarkets with the highest average weighted prices are Apodaca and Cienega de Flores, with US\$7.83 and US\$7.55 per square feet per year, respectively. For the next quarter, the asking price is expected to continue to rise, coupled with the completion of several speculative Class A spaces in various submarkets.

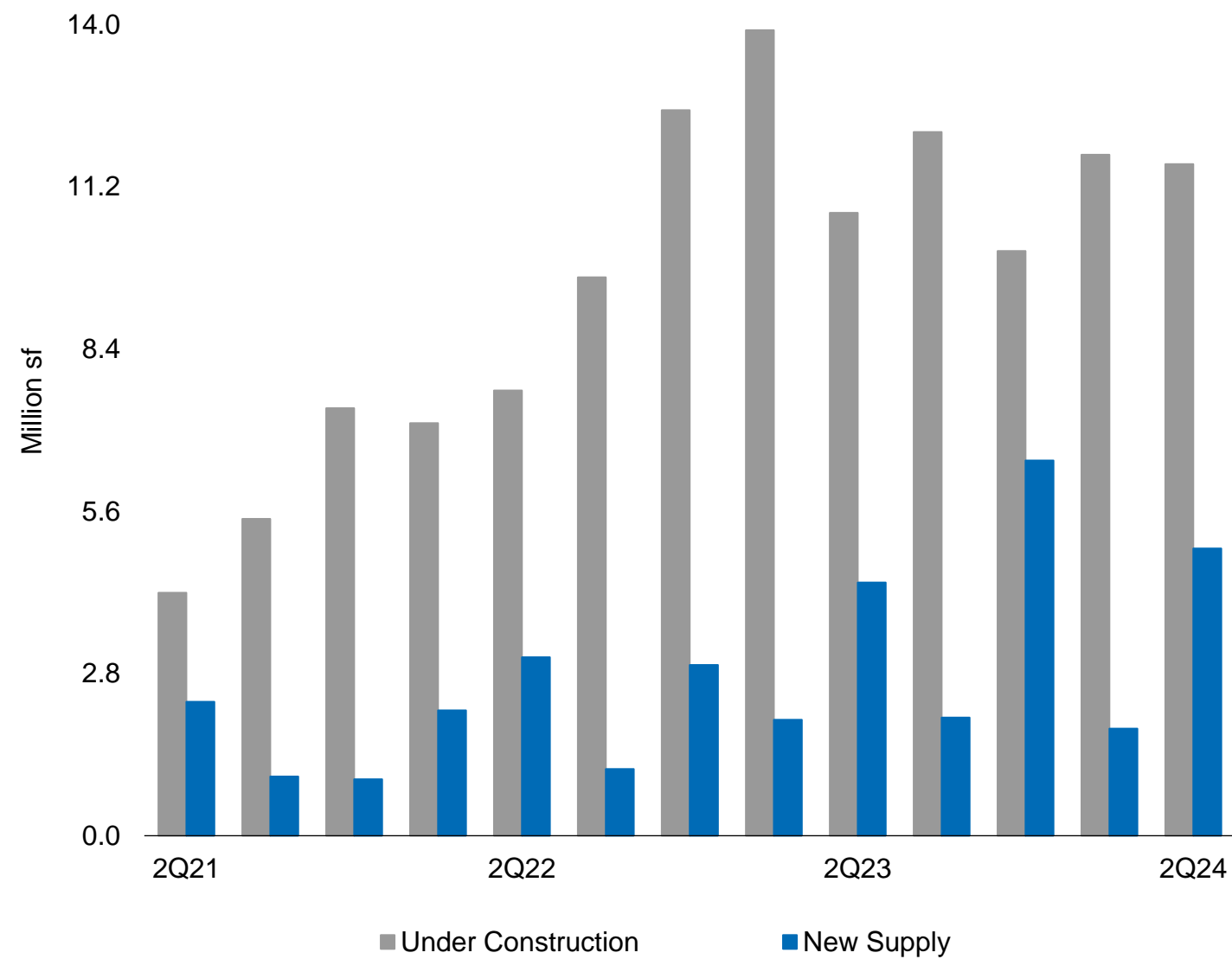
Avg. Asking Rent (USD/SF/Year) & Percentage Change



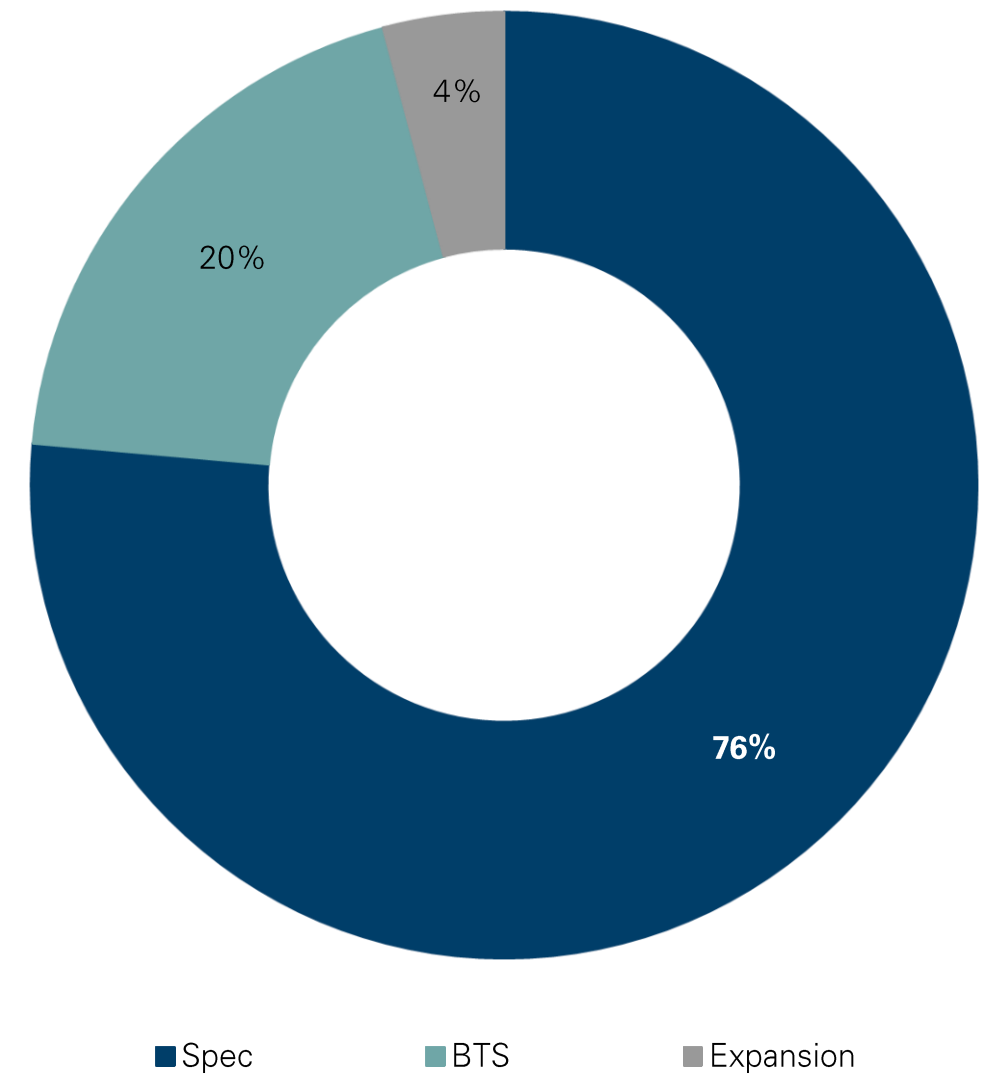
Space Under Construction

Regarding the space under development, a figure of just over 11.5 million square feet was recorded, exceeding the figure observed in the same period of 2023, which was 10.7 million square feet. Of the space under construction, 76.4% corresponds to speculative spaces, 19.5% to build-to-suit projects, and 4.1% to expansions of existing spaces. The new supply in this period was 4.9 million square feet, and as for speculative spaces in the planning stage, there is a figure of 15.3 million square feet.

Under Construction & New Supply



Type of Buildings (2Q24)



Market Indicators

	Inventory (million SF)	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 Rent (USD/SF/Year)
Apodaca	34.7	5,165,000	992,000	2.6%	816,600	2,398,000	-232,000	1,349,000	\$7.83	\$7.78
Cienega de Flores	17.7	1,565,000	569,000	3.2%	137,000	410,000	-198,000	-159,000	\$7.5	\$7.48
Escobedo	9.32	1,513,000	158,000	1.7%	419,000	419,000	373,000	373,000	\$7.43	\$7.36
Guadalupe	14.4	1,460,000	136,000	0.9%	714,000	714,000	607,000	577,000	\$7.11	\$7.20
Monterrey	1.33	0	0	0.0%	0	0	0	0	-	-
Pesqueria	3.11	0	0	0.0%	130,000	130,000	130,000	130,000	-	-
Salinas Victoria	5.11	415,000	0	0.0%	0	0	0	0	-	\$7.08
San Nicolas	0.73	119,000	0	0.0%	119,000	119,000	119,000	119,000	-	-
Santa Catarina	14.1	1,353,000	0	0.0%	0	510,000	0	510,000	-	\$7.24
Market	103.5	11,592,000	1,856,000	1.8%	2,337,000	4,703,000	800,000	2,901,000	\$7.66	\$7.52

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