

2S2024

# San Luis Potosi Industrial Market Report



**NEWMARK**

# Market analysis

## Economy

- Inflation expectations for the end of 2024 were reduced, but those for 2025 and longer-term remained stable at levels above the target.
- There is an expectation that general inflation will converge to the 3% target by the third quarter of 2026, with both upward and downward risks influencing inflation forecasts.
- Although sectors of the economy experienced a slowdown, the subsectors in San Luis Potosí (SLP) saw a significant boost driven by foreign currency inflows: the subsectors of transportation and mail, energy generation, and construction.

## Transactions

- The construction of a plant within the BMW complex was one of the largest projects the city has had this year.
- Another significant completion was Franke's, with its newly finished WTC industrial facility.
- Another large-scale plant was constructed for BorgWarner.

## Market fundamentals

	Current Semester	Prior Semester	Year Ago Period	12-Month Forecast
Total Inventory (SF)	33.3M	31.8M	29.7M	↑
Vacancy Rate	3.7%	4.2%	2.7%	↓
Gross Absorption (SF)	1.7M	1.9M	1.1M	→
Net Absorption (SF)	0.1M	-0.5M	0.7M	↑
Asking Rent (USD/SF/year)	\$5.58	\$6.29	\$5.77	↑
U. Construction (SF)	2.4M	2.3M	3.1M	↑

## Outlook

- The model of selling land with available electrical infrastructure is rapidly consolidating the urbanization of new industrial parks.
- In this way, the market oriented towards build-to-suit (BTS) is expected to continue strengthening.
- The moderation in prices of speculative buildings will continue until changes are observed in the first period of the year.

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# Economy

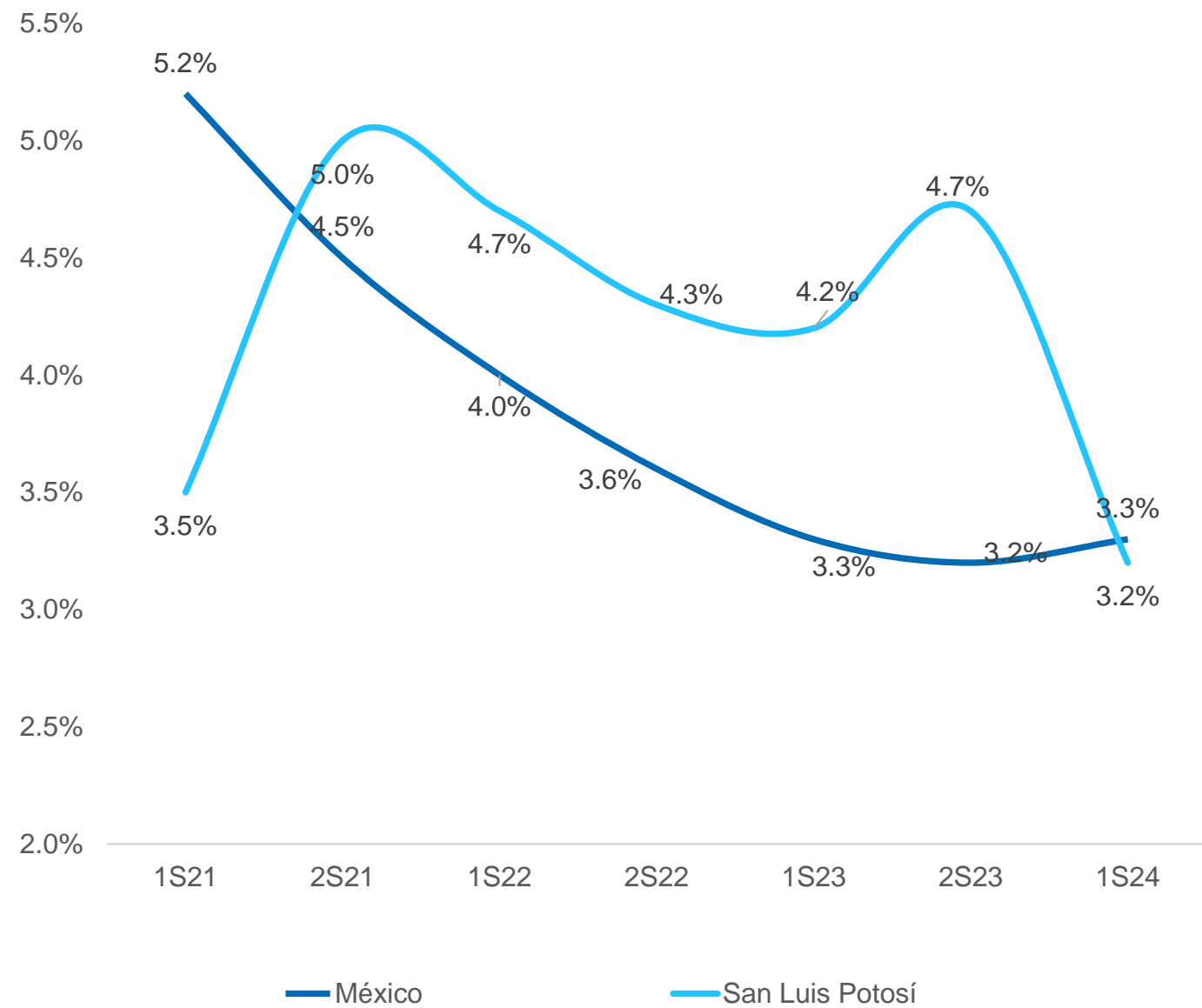


# Employment

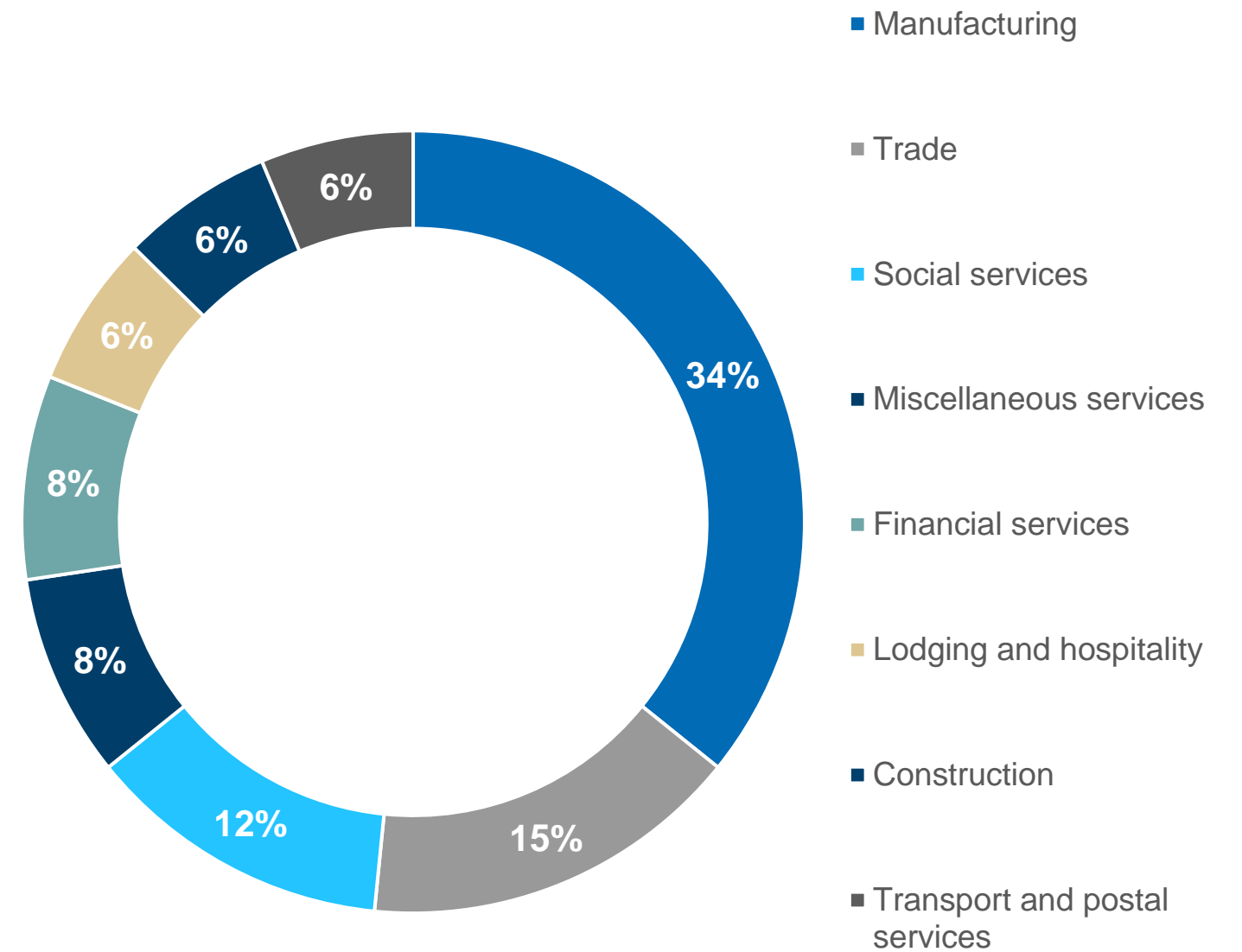
The slowdown in the national economy impacts the construction sector, which was affected in San Luis Potosí.

Although the unemployment rate held steady and did not contract, the trend in San Luis Potosí is downward.

Unemployment Rate



Employment by sub-sector of economy SLP



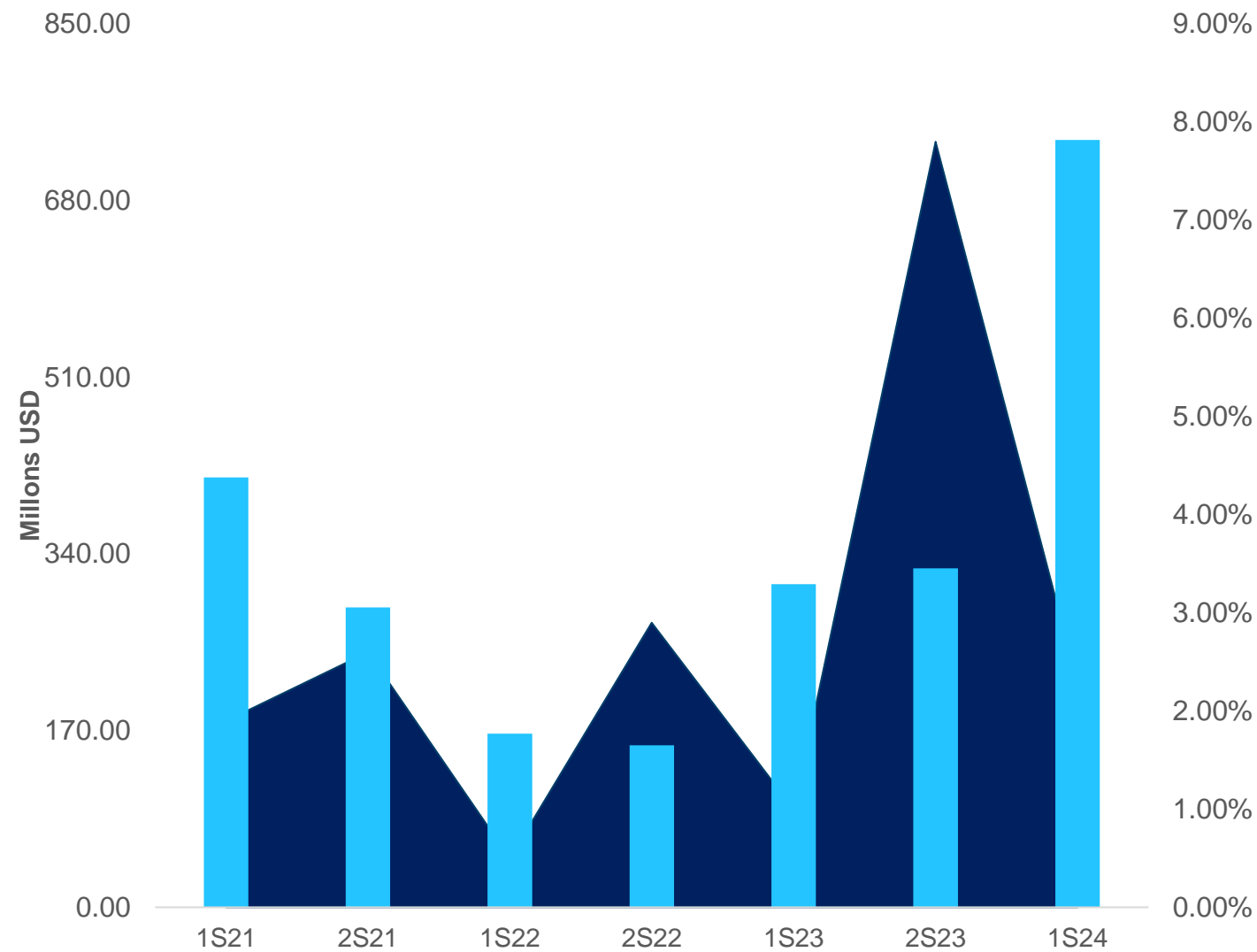
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 Source: INEGI.  
 Note: Official information available through 1Q 2024.

# Investments

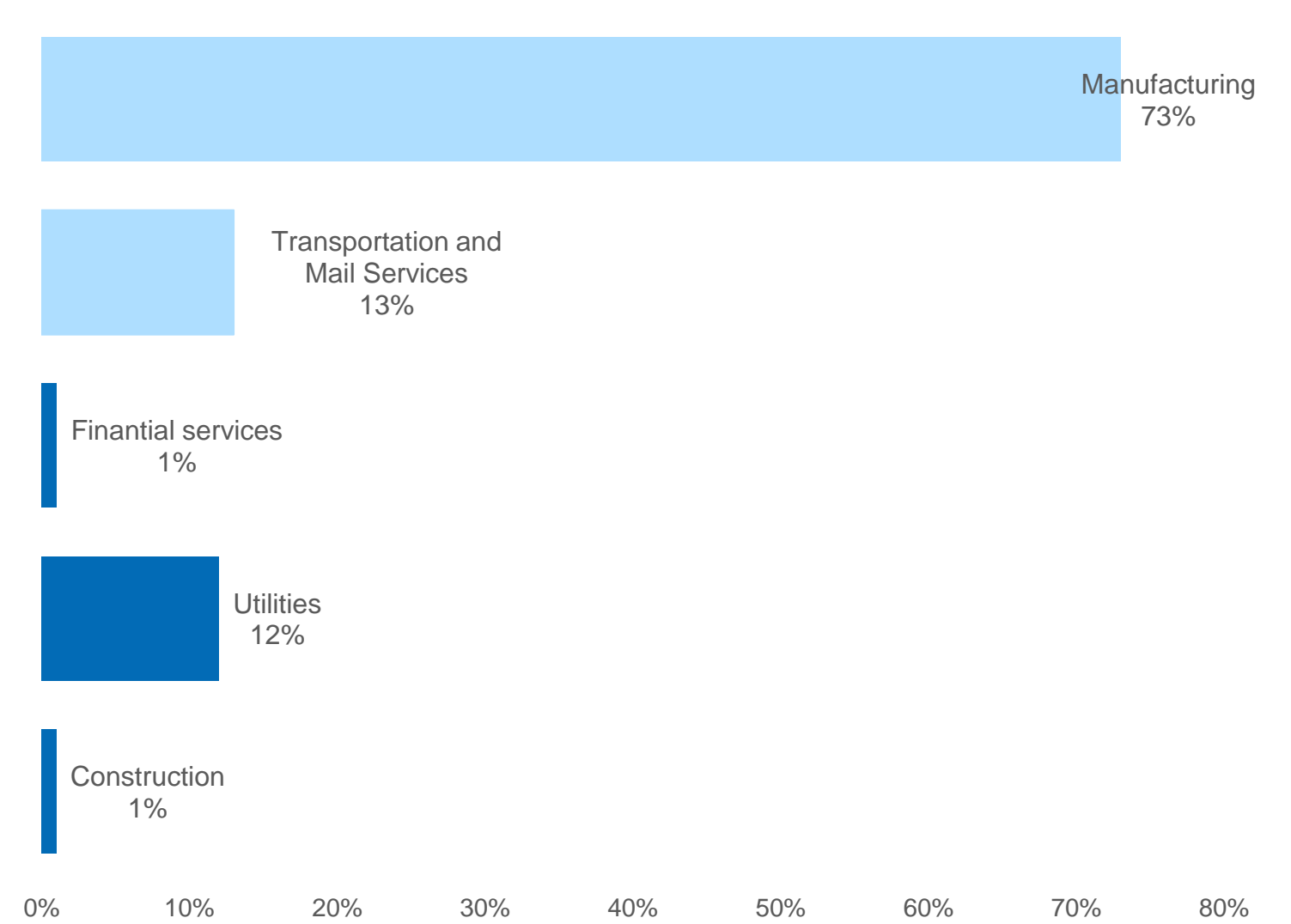
Foreign Direct Investment (FDI) performed outstandingly during the first half of the year; local and global economic policies are expected to affect this behavior.

The subsectors of transportation and mail, energy generation, and construction saw an increase in FDI, contrary to the recession in the manufacturing sector.

Foreign Direct Investment (FDI)



FDI by subsector (SLP state YTD 2023)



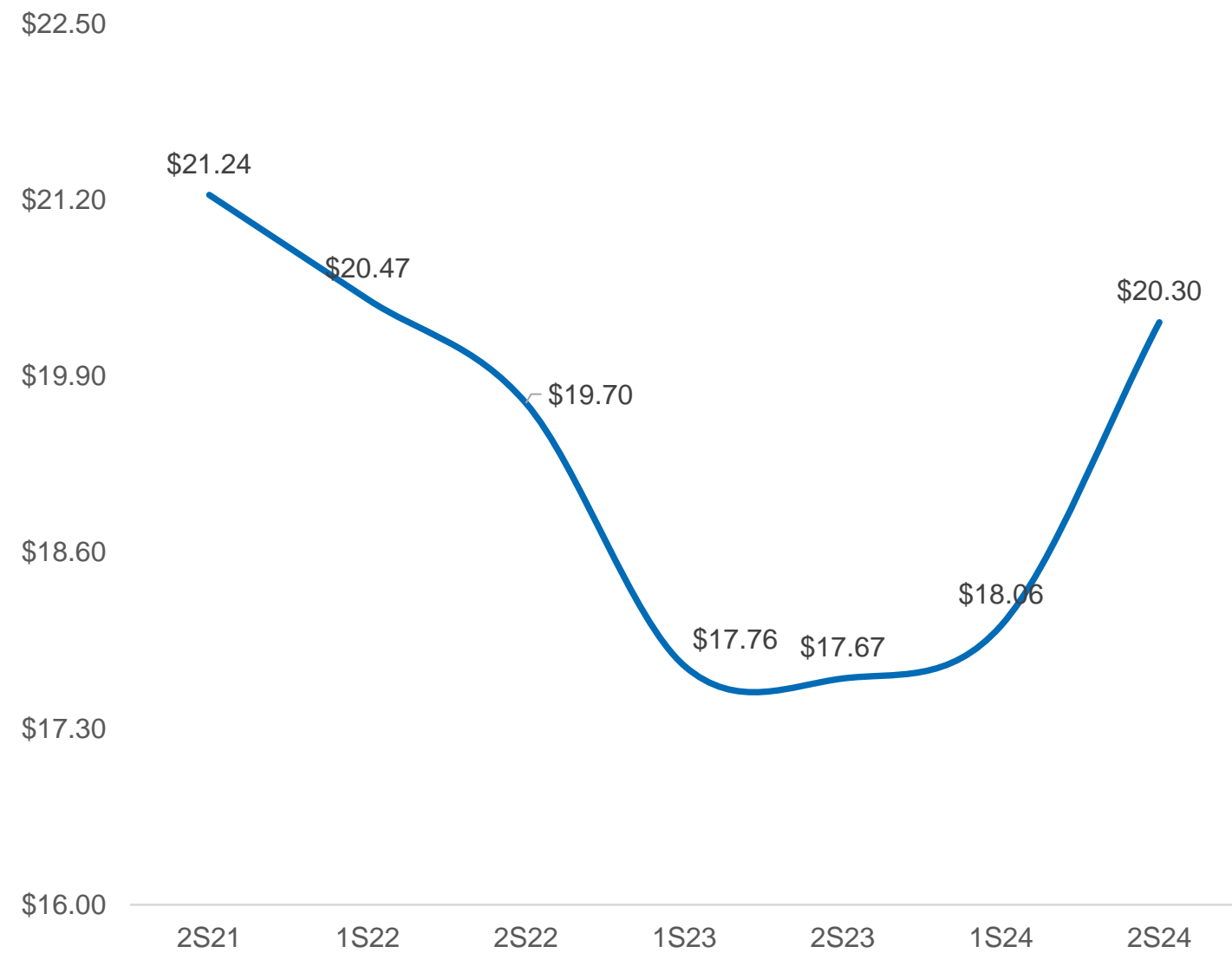
Source: Secretaría Economía  
 Note: Official information available through 1Q 2024.

# Inflation-devaluation

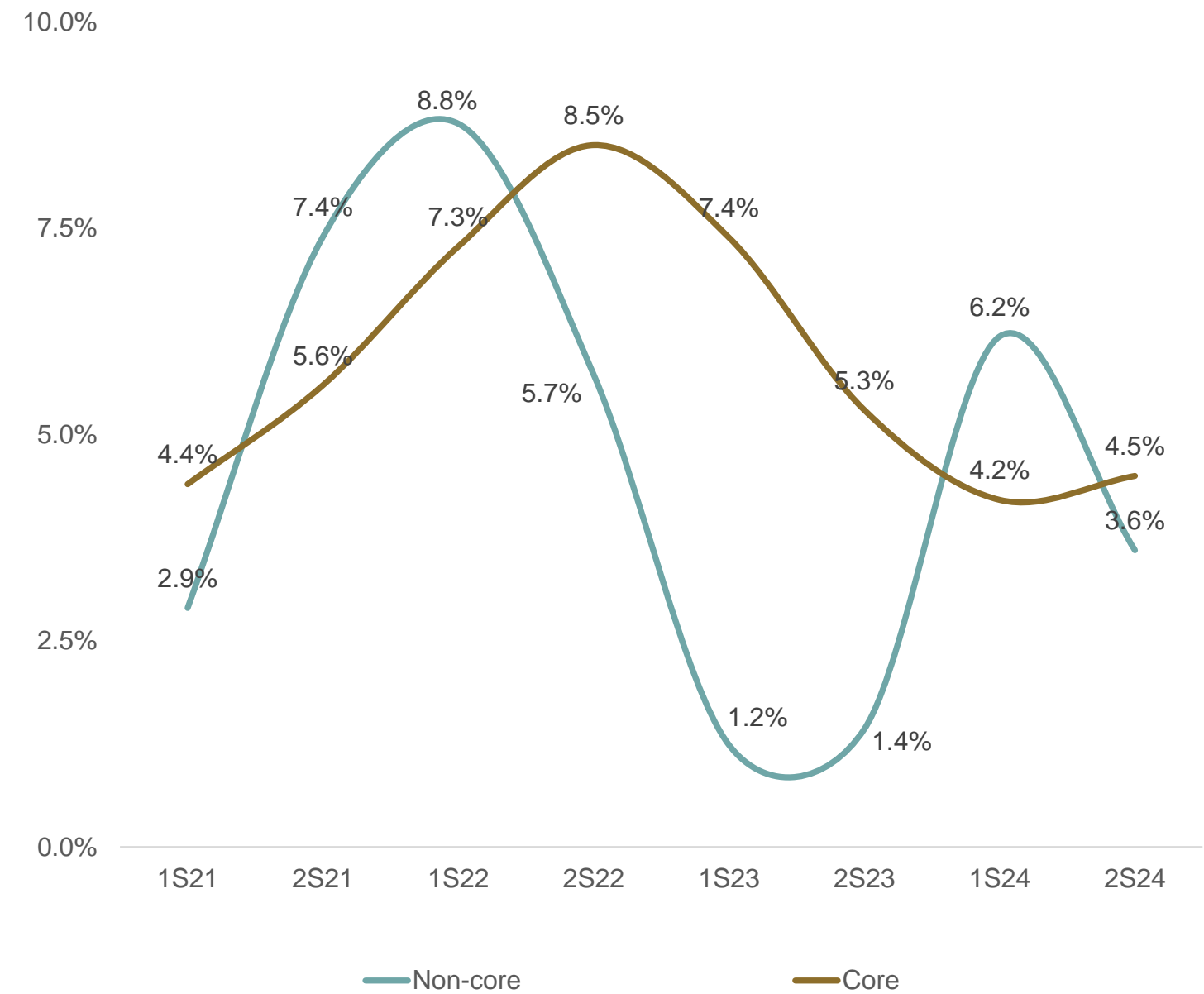
The exchange rate of the peso against the dollar has surpassed what was recorded during the second half of 2022.

Inflation rates have broken their downward trend since their semi-annual view.

## Exchange Rate



## Consumer Price Index (CPI)



Source: Banco de México and INEGI.

2S24

# Market fundamentals





# Market Summary

The completion of build-to-suit (BTS) projects drove an increase in inventory, as well as a spike in gross absorption.

Availability and asking prices also increased compared to the previous semester, impacting net absorption towards negative values.

## Submarket Statistics

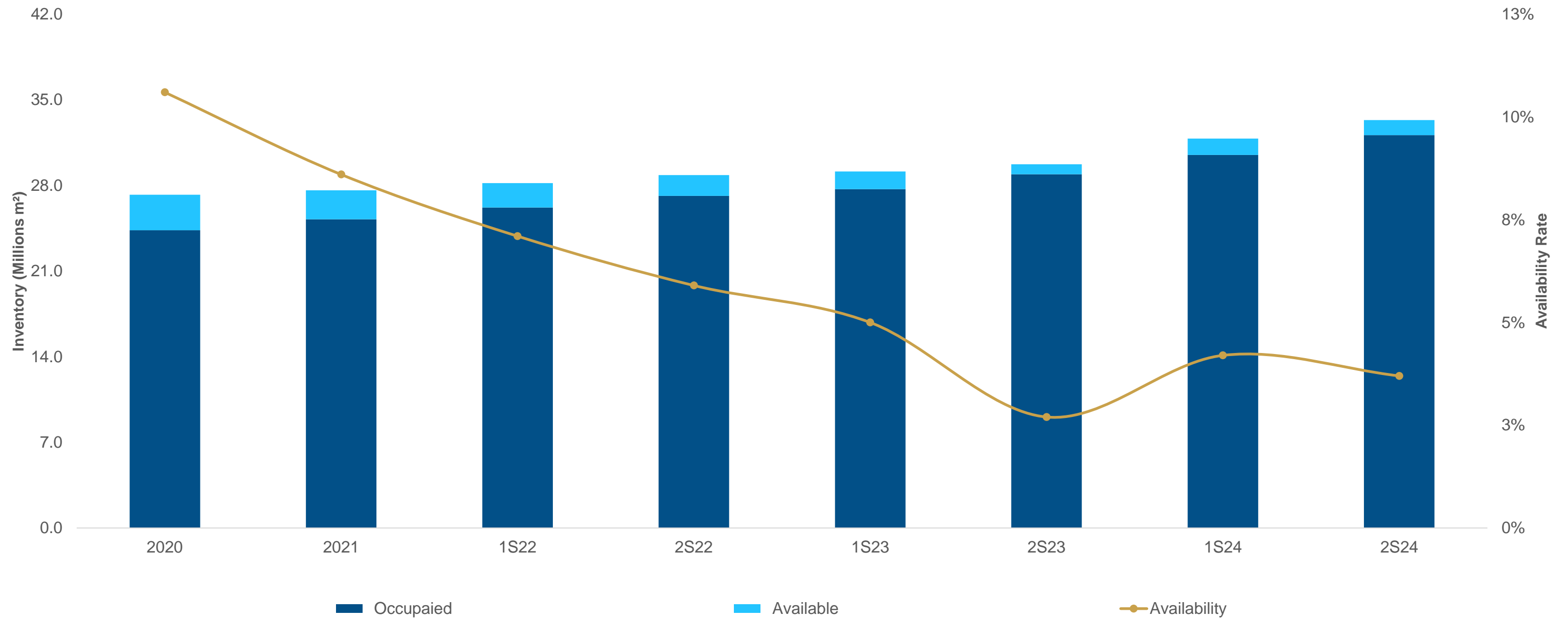
	Inventory (Million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Gross Absorption YTD (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Rate (USD/SF/year)	U. Construction Asking Rate (USD/SF/year)
<b>Total</b>	<b>33.3</b>	<b>2,394,914</b>	<b>1,228,914</b>	<b>3.7%</b>	<b>1,699,028</b>	<b>3,636,379</b>	<b>100,610</b>	<b>-414,141</b>	<b>\$5.58</b>	<b>\$5.53</b>

# Inventory and Availability Trends

Absolute availability remains at low levels for the second semester, while relative availability continues its trend towards stabilization at low levels.

Inventory growth was 4.7% compared to the previous quarter.

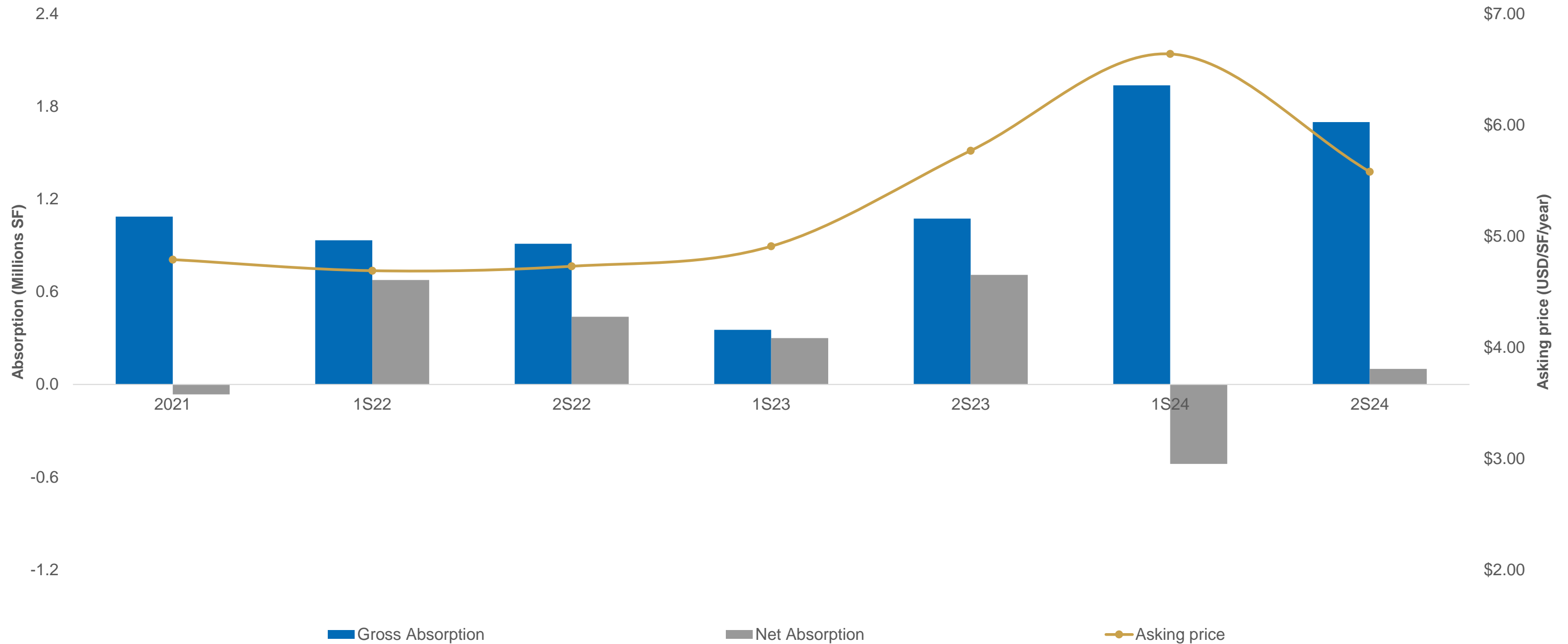
## Ready inventory and vacancy



# Absorption and asking price

Gross absorption values remain high in a market strongly oriented towards build-to-suit (BTS) projects, stemming from land sales in new parks supported by large energy allocations. Price increases are expected to be seen by the next quarter.

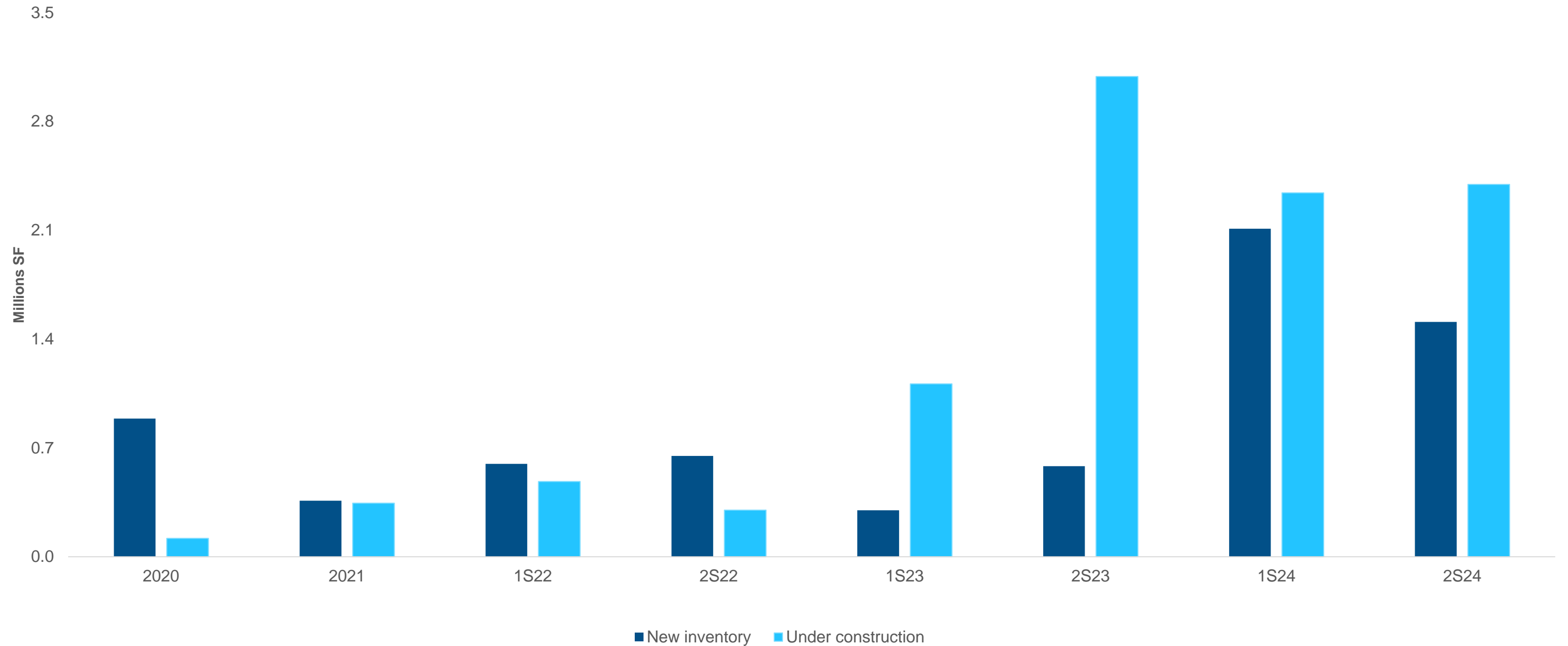
## Absorption and asking price types



# New supply

The arrival of companies in the industrial areas of San Luis Potosí (SLP) clearly reflects the indicators of new inventory and projects under construction. It is noteworthy that the slowdown is evident in the decrease of projects under construction.

## New Inventory and warehouses under construction



# Construction and main operations

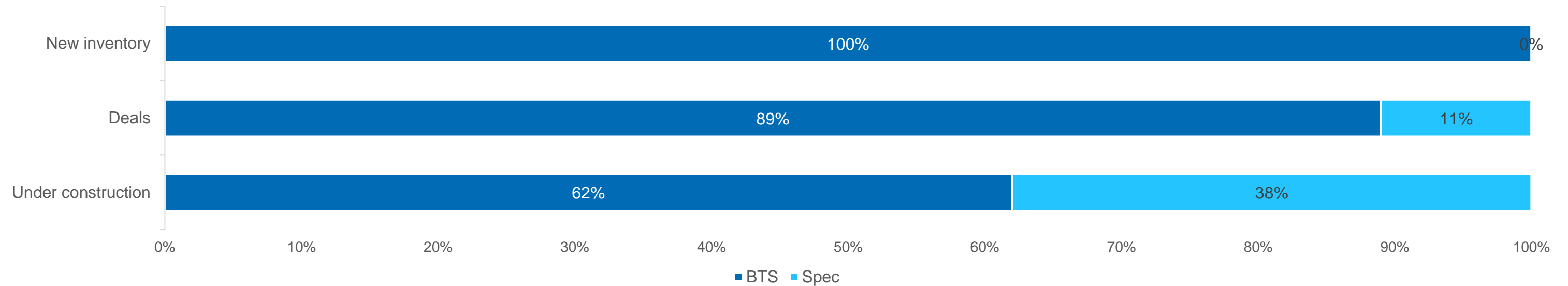
Build-to-suit (BTS) projects lead industrial growth in new inventory, operations, and buildings under construction.

## Parks under construction

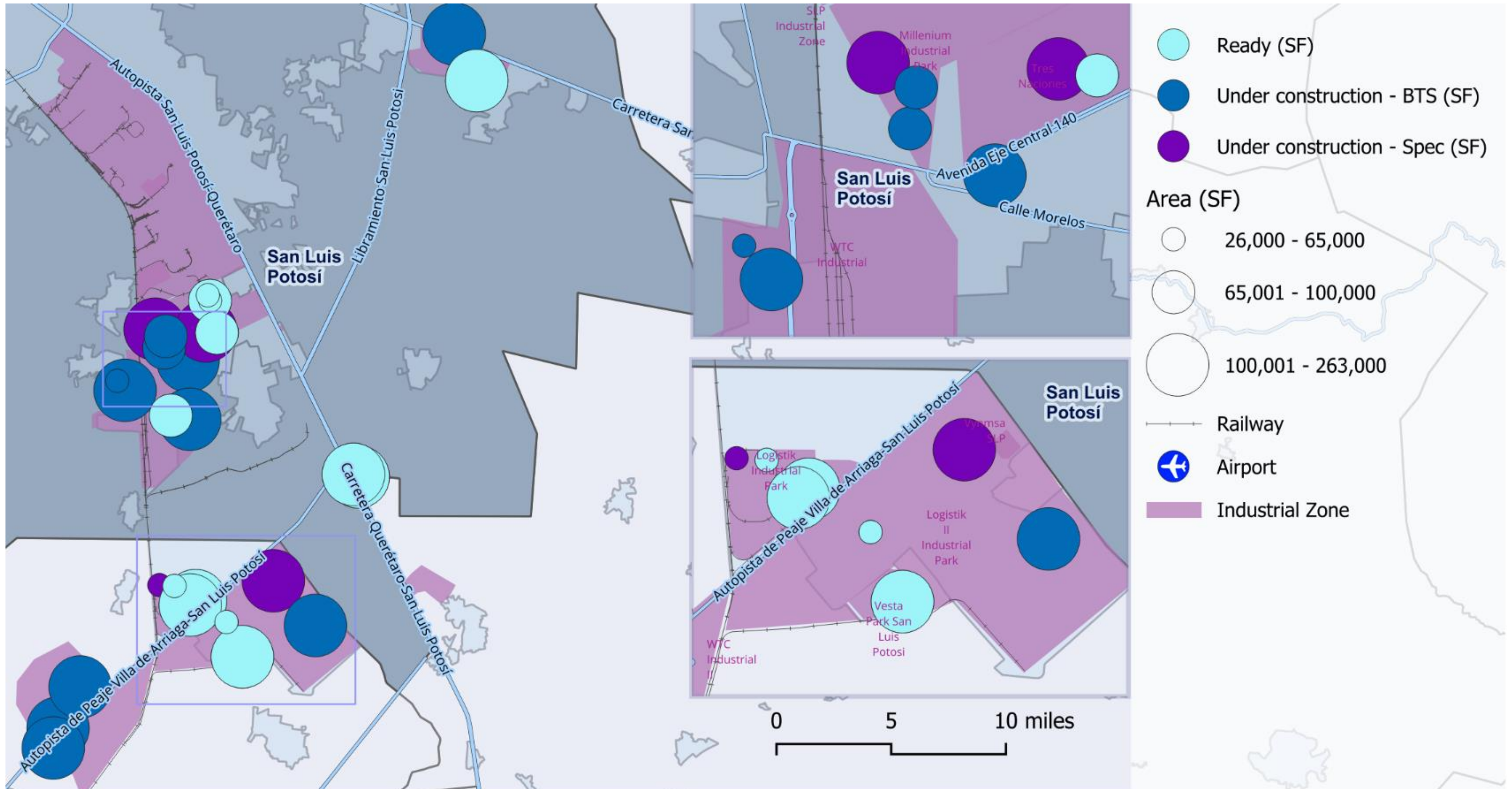
Industrial Park	Area (SF)	Type building
Planta BMW	538,195	BTS
Millenium Industrial Park	238,022	Spec
Tres Naciones	229,583	Spec
WTC Industrial	215,278	BTS
WTC Industrial II	215,278	BTS

## Main deals

Industrial Park	TipoType building	Area (SF)
WTC Industrial	BTS	376,737
WTC Industrial II	BTS	247,570
WTC Industrial III	BTS	145,313
Stand alone	BTS	129,167



# Locations for speculative developments



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