
4Q24

Monterrey Industrial Market Report



NEWMARK

Market Analysis

Economy

- At this year's end, Emmanuel Loo Jimenez, the acting head of the Ministry of Economy, indicated that there are over 89 electromobility projects in progress.
- Among the major investment announcements in the state, notable projects include Bobcat Company's first plant in Nuevo Leon, located in the municipality of Salinas Victoria, and Volvo's investment in the municipality of Cienega de Flores.

Major Transactions

Tenant	Submarket	Type	Square Feet
Confidential	Escobedo	BTS	764,200
CAT	Santa Catarina	Lease	275,500
Confidential	Escobedo	Lease	159,300

Leasing Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-Month Forecast
Total Inventory (SF)	109.8M	107.0M	97.1M	↑
Vacancy Rate	4.5%	3.2%	0.8%	→
Gross Absorption (SF)	2.3M	2.9M	4.2M	↑
Net Absorption (SF)	0.6M	0.9M	3.5M	↑
Asking Rent (USD/SF/Year)	\$8.04	\$7.80	\$7.40	↑
U. Construction (SF)	11.1M	12.0M	10.0M	↑

Outlook

- We expect asking prices to continue rising and maintain this trend throughout 2025.
- For the next quarter, the vacancy rate is expected to remain stable and possibly decrease.
- A cautious approach is being observed in the development of speculative spaces due to the high rate that was reported in 4Q 2024.

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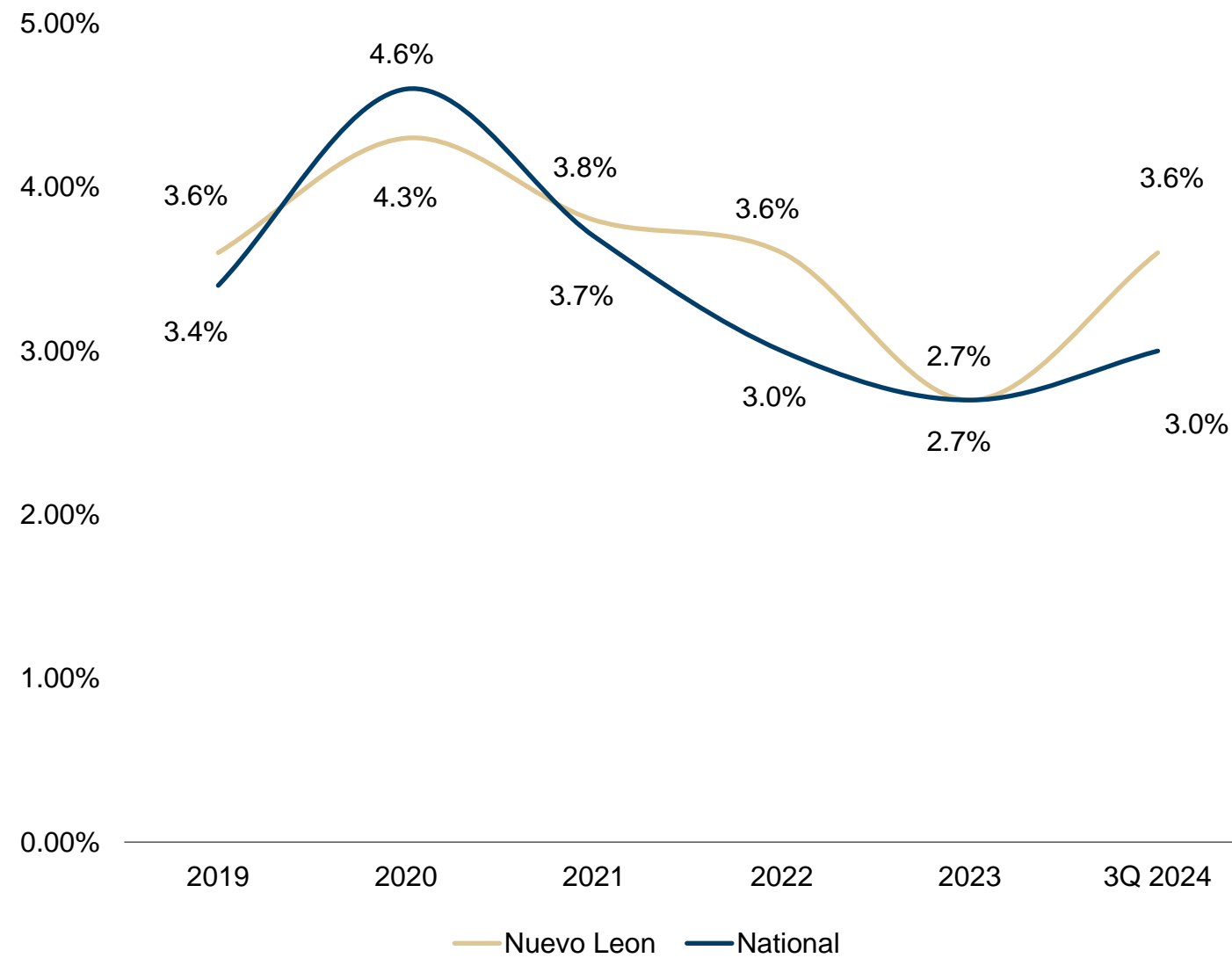
Economy



Economics

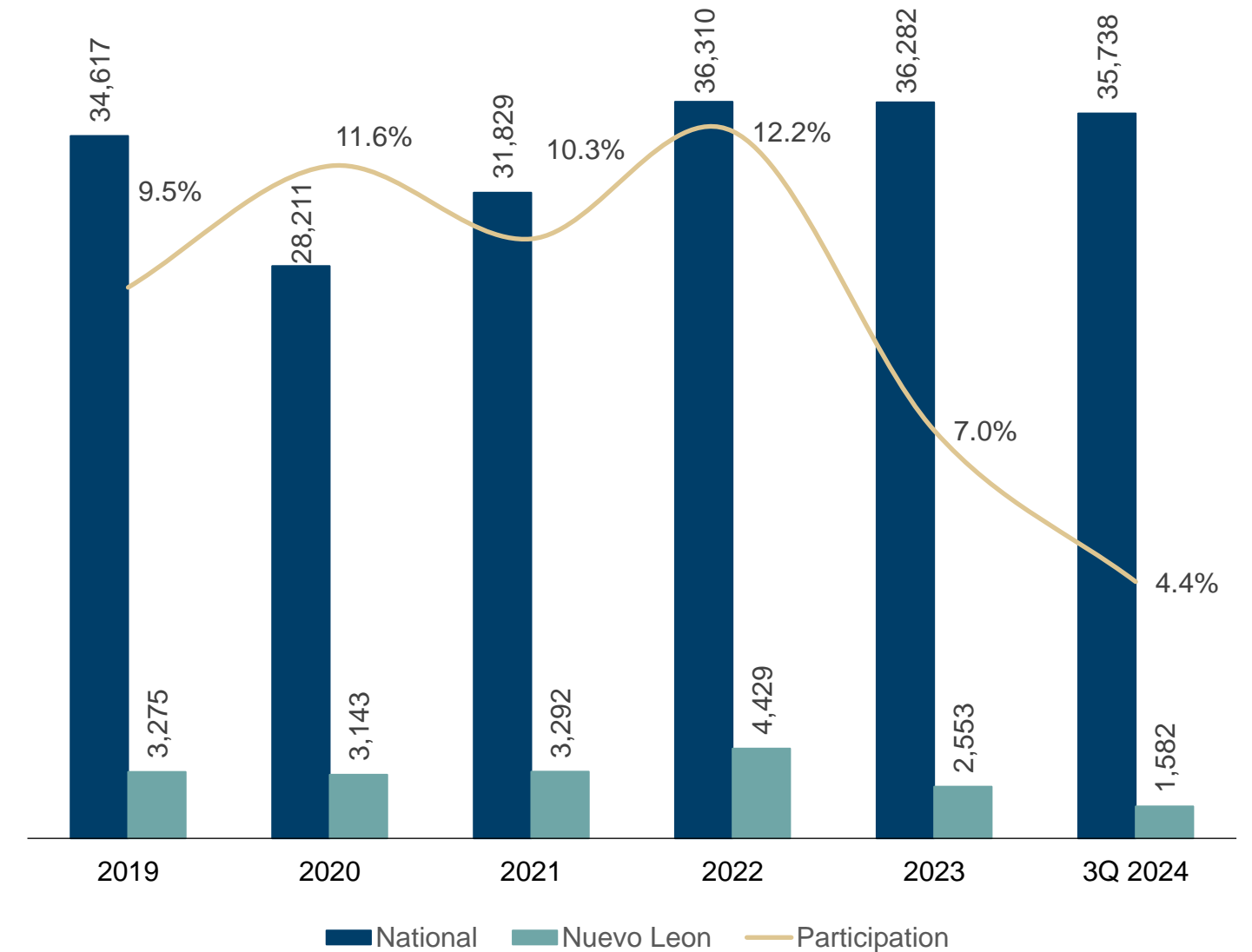
In the third quarter of 2024, the national unemployment rate was recorded at 3.0%, while the rate for Nuevo Leon was 3.6%. Additionally, Foreign Direct Investment (FDI) in Mexico by federal entity, based on 3Q 2024 data, amounted to 35,738 million dollars, with the state of Nuevo Leon accounting for 4.4% of this amount.

Unemployment Rate



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 3Q 2024

Foreign Direct Investment (Million Dollars)

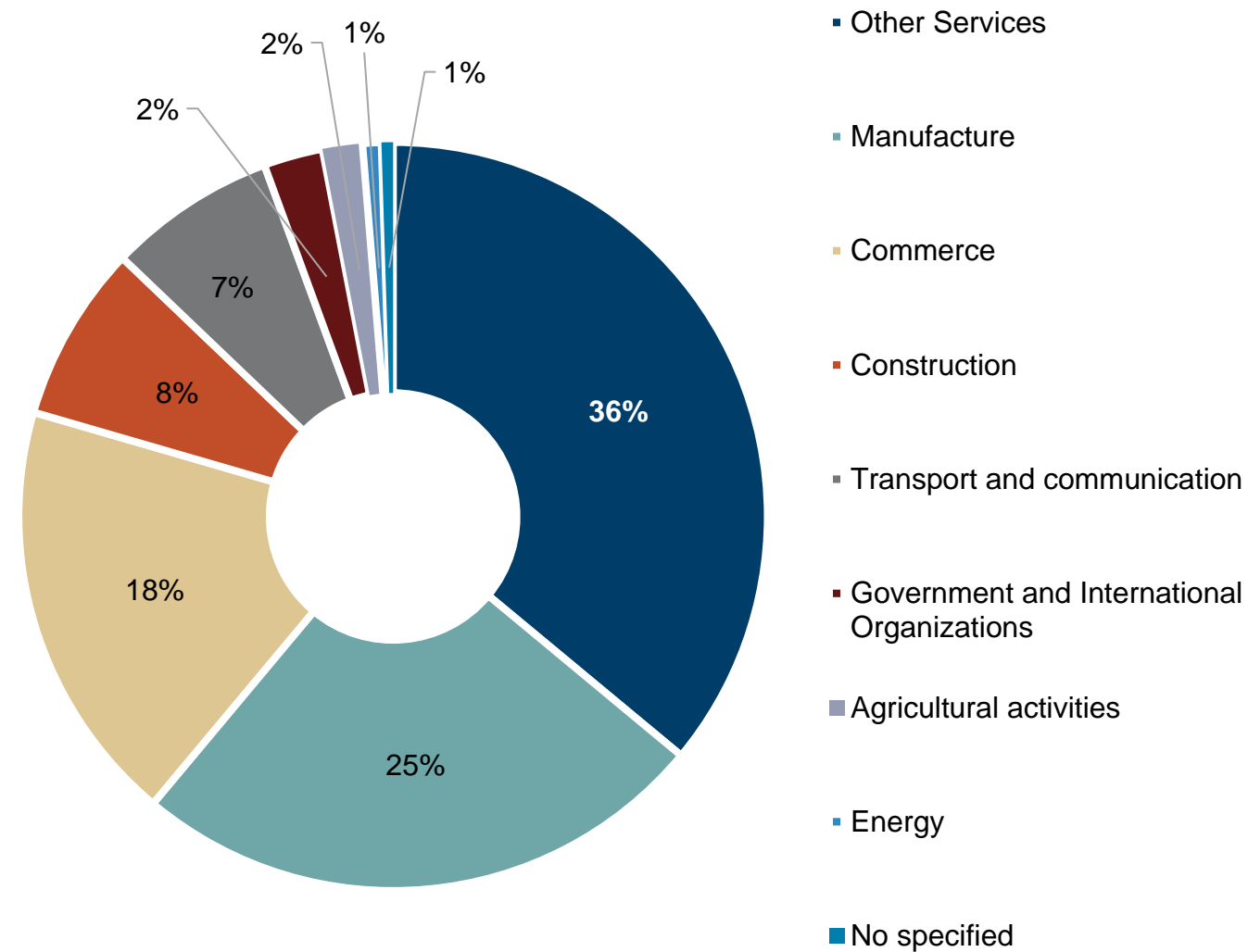


Source: Ministry of Economy, 3Q 2024

Employment by Sector and Economic Position in Nuevo Leon

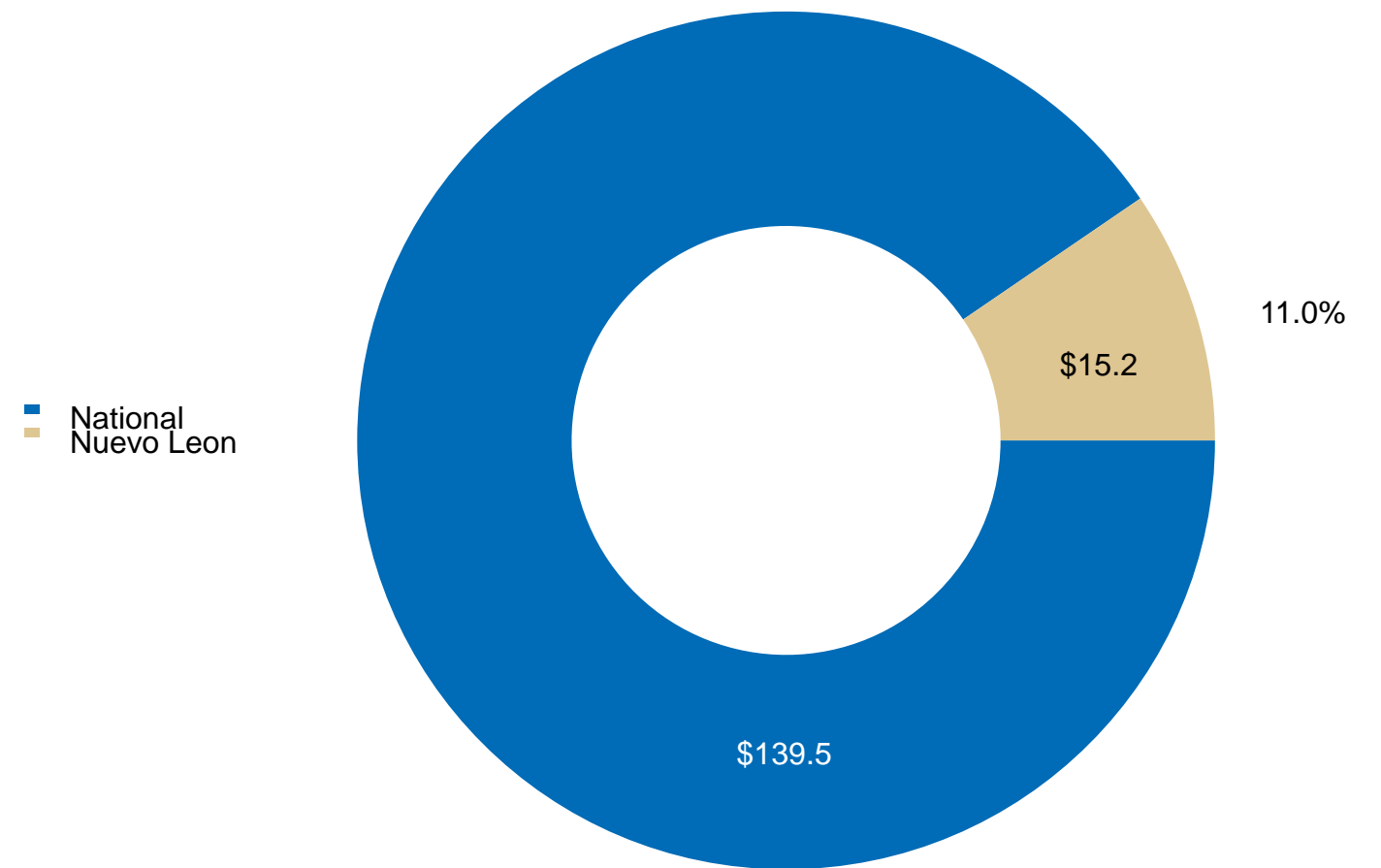
The December Labor Information document from the Secretariat of Labor and Social Welfare of Nuevo Leon indicated that economic activity by sector for 3Q 2024 recorded the following data: 36% in other services, 25% in the manufacturing industry, and 18% in commerce, among others. Furthermore, the Quarterly Exports by Federal Entity (EETF) report, also for 3Q 2024, indicated that Nuevo Leon accounted for 11.0% of a total of 139.5 billion dollars.

Branch by Economic Activity



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 3Q 2024

Export Value (Billion Dollars)



Source: QEFE INEGI, 3Q 2024

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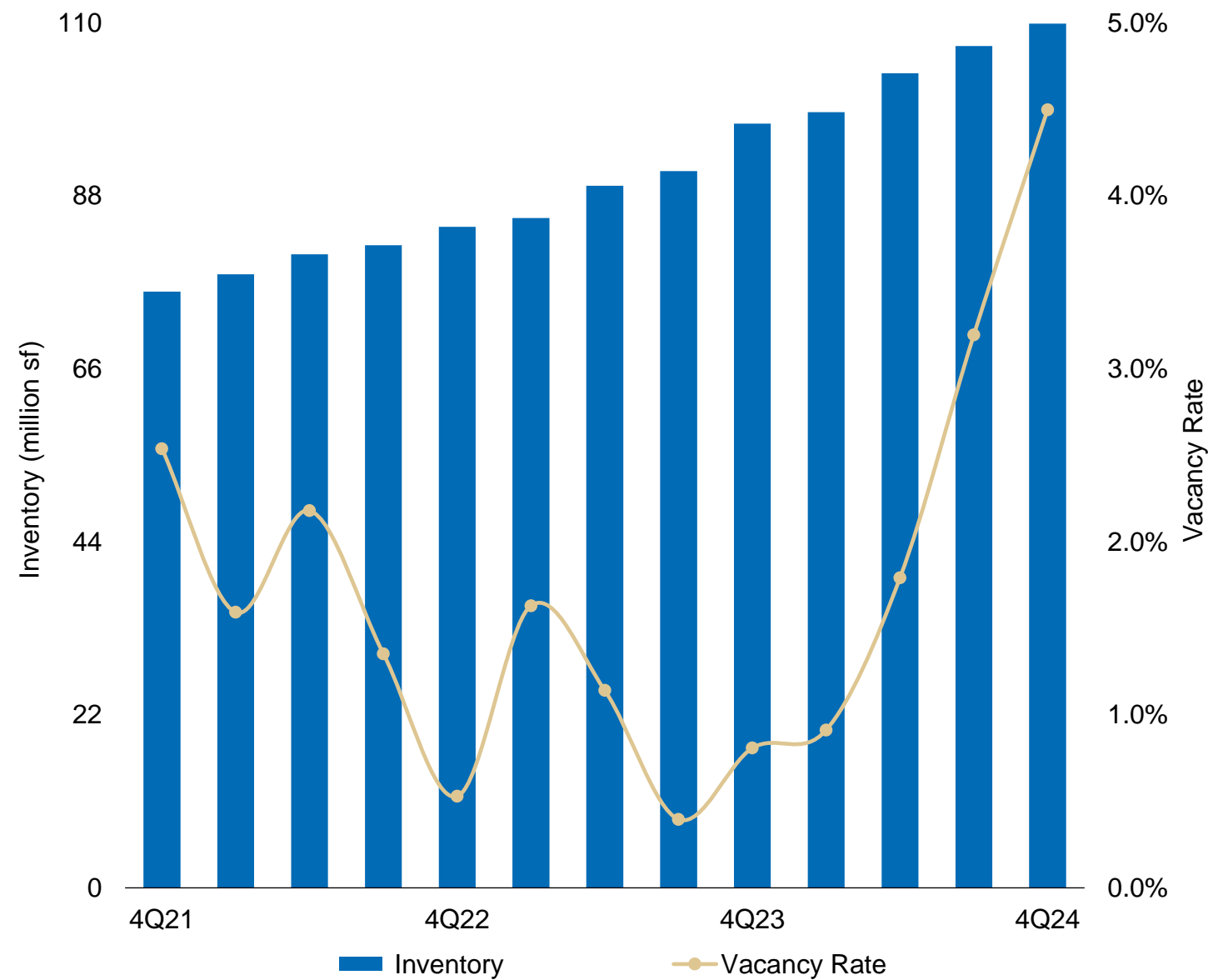
Leasing Market Fundamentals



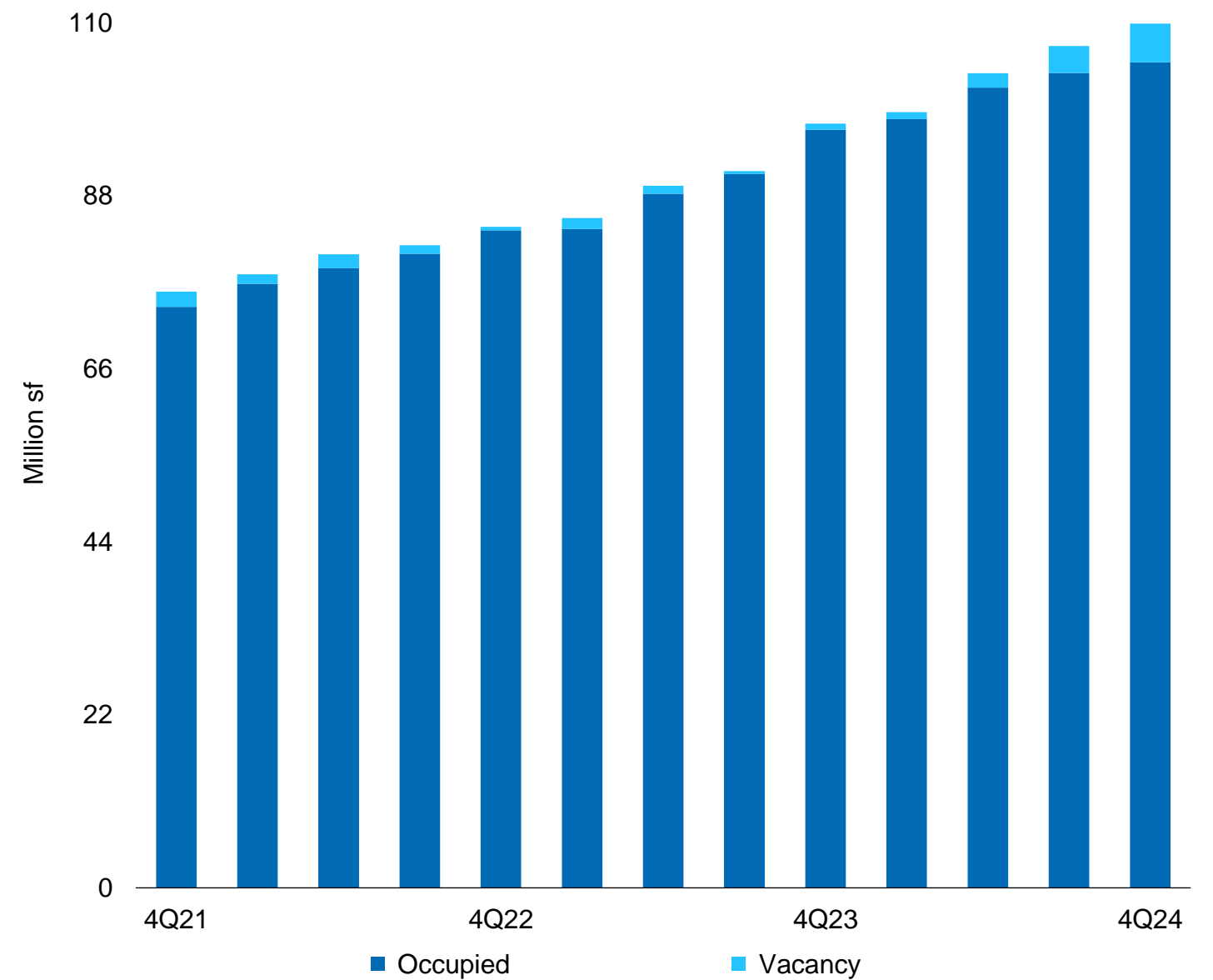
Market Demand

The market behavior showed a downward trend in terms of gross absorption, recording a figure of 2.3 million square feet. Additionally, there was a new supply of just over 2.6 million square feet, with 34.1% corresponding to vacant speculative space. Consequently, the vacancy rate closed the quarter at 4.5%, which accounts for nearly 4.9 million square feet of existing industrial space ready for occupancy.

Inventory & Vacancy Rate



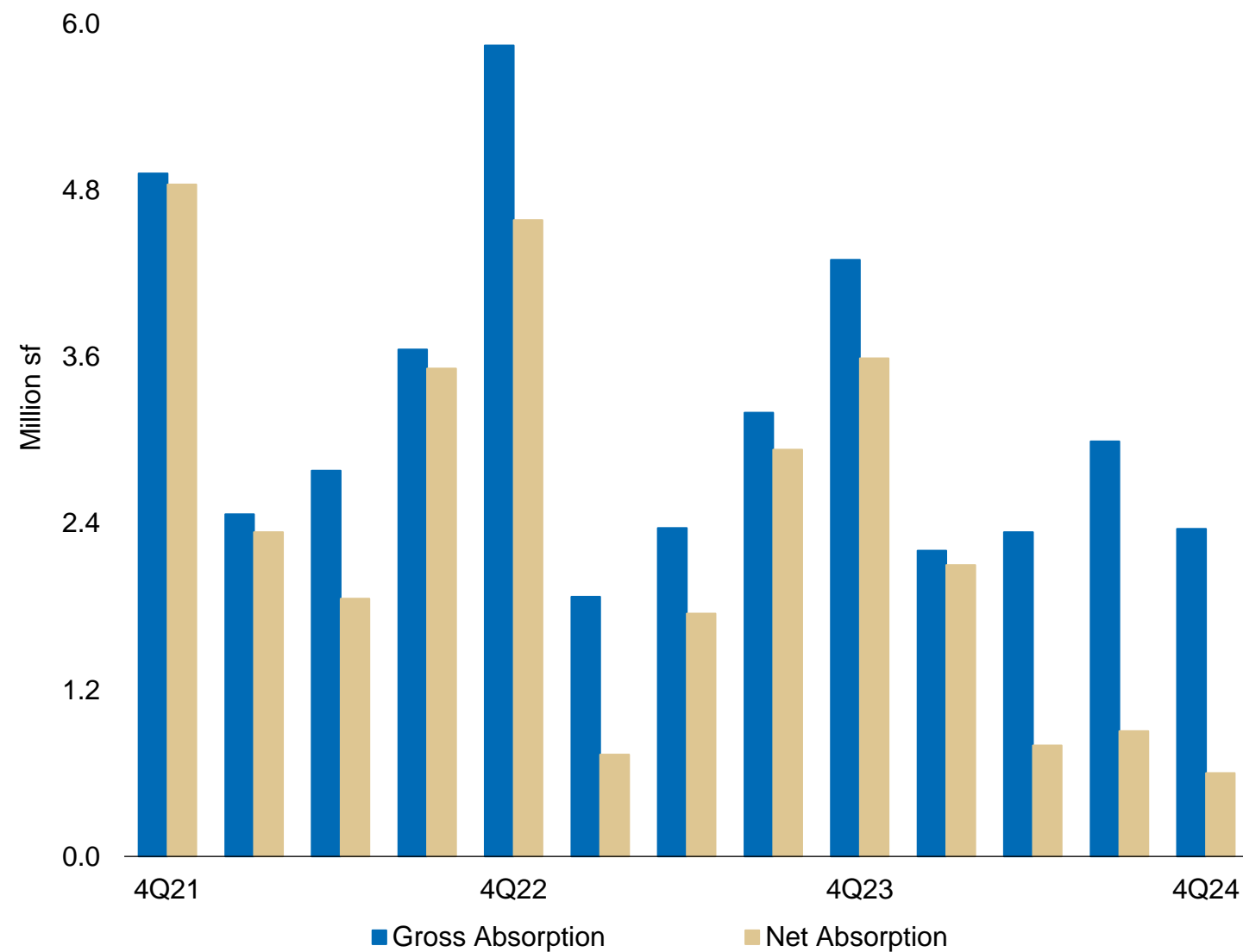
Occupied Space & Vacancy Space



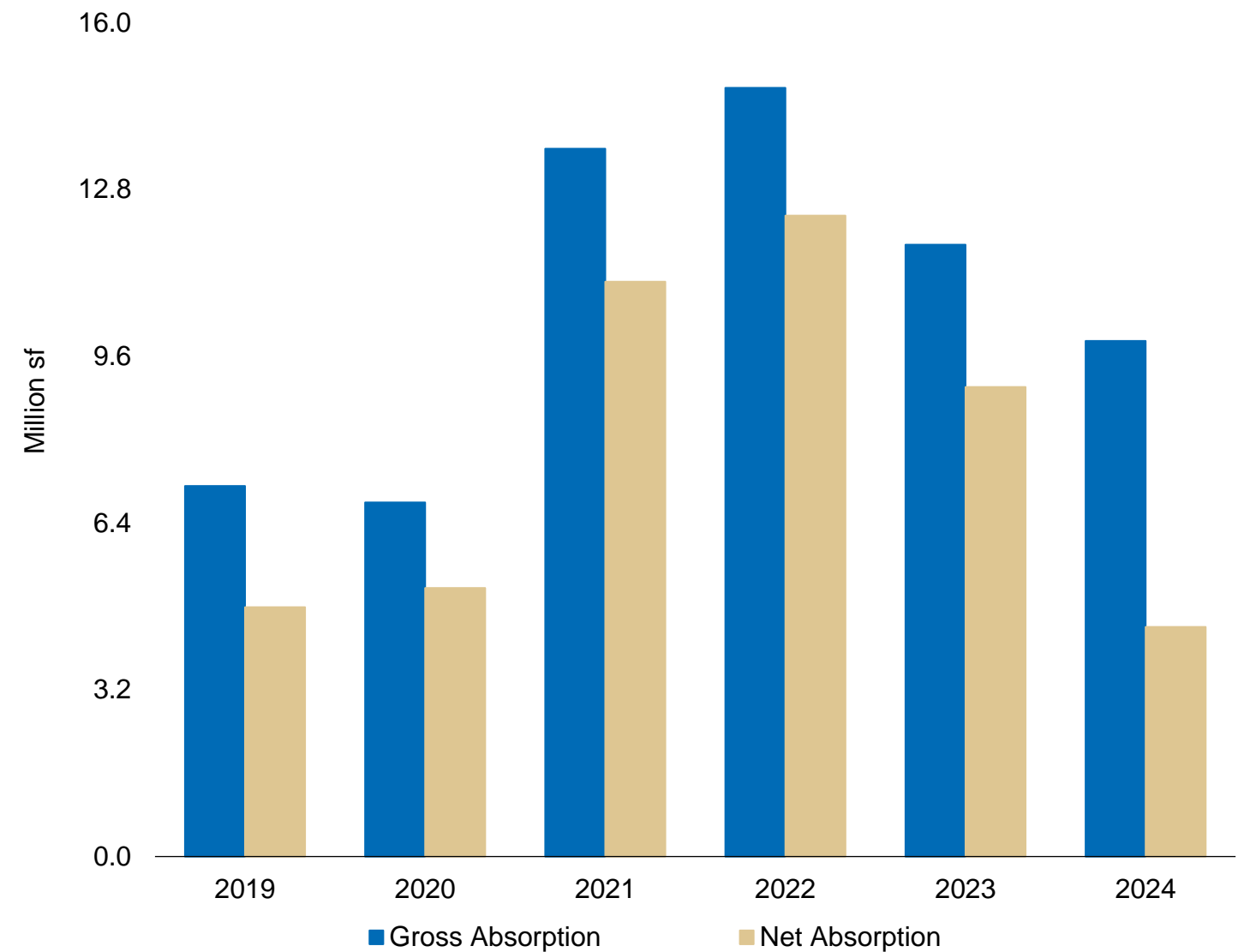
Absorptions

During 4Q 2024, over 2.3 million square feet of Class A industrial space were commercialized, with a total gross absorption of nearly 9.9 million square feet. Regarding net absorption for the quarter, there was a figure of 600,000 square feet and an accumulative total of 4.4 million square feet. In this quarter, the submarkets with the highest demand for space were Escobedo and Apodaca, accounting for 51.2% and 26.5% of the demand, respectively. The sub-industries with the highest demand were commerce and logistics, representing 32.4% and 28.0%, respectively.

Gross Absorption vs Net Absorption (Quarter)



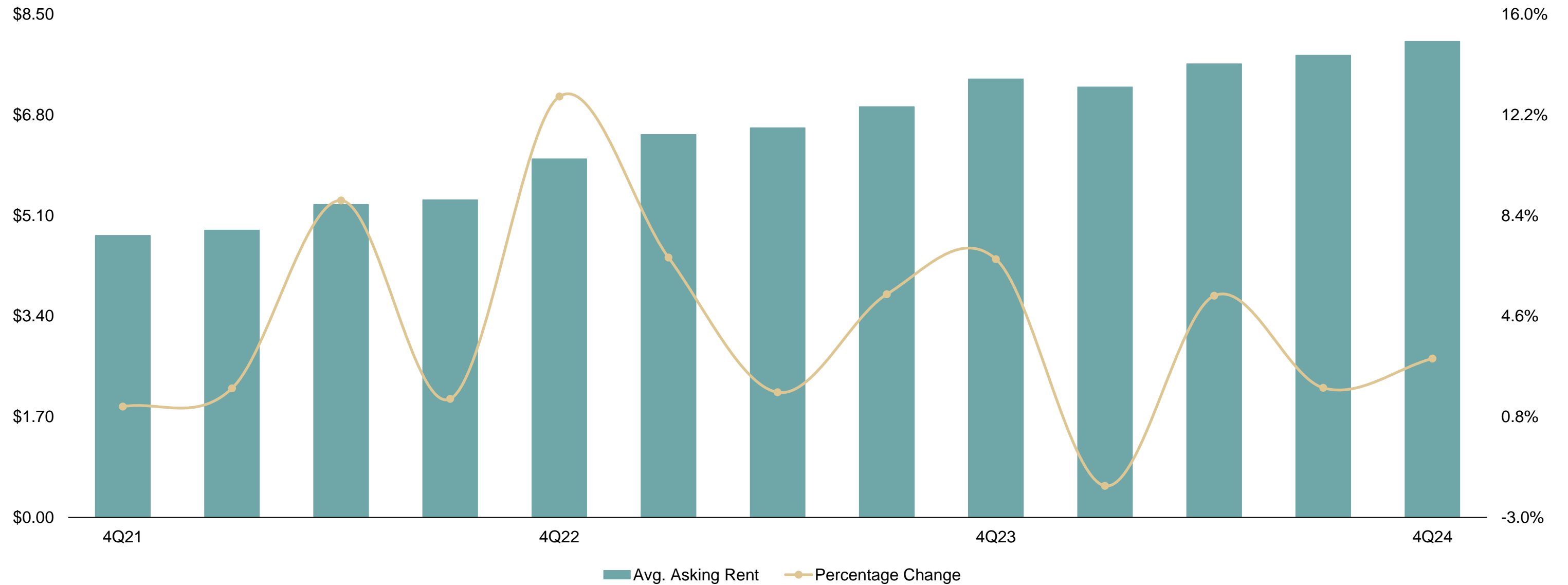
Gross Absorption vs Net Absorption (Annual)



Average Asking Rent

At year-end, asking price have once again shown an upward trend, closing at US\$8.04 per square feet per year. Meanwhile, the highest-priced submarkets are Escobedo and Santa Catarina, with prices at US\$8.59 and US\$8.17 per square feet per year, respectively. For 2025, the trend is expected to continue upward.

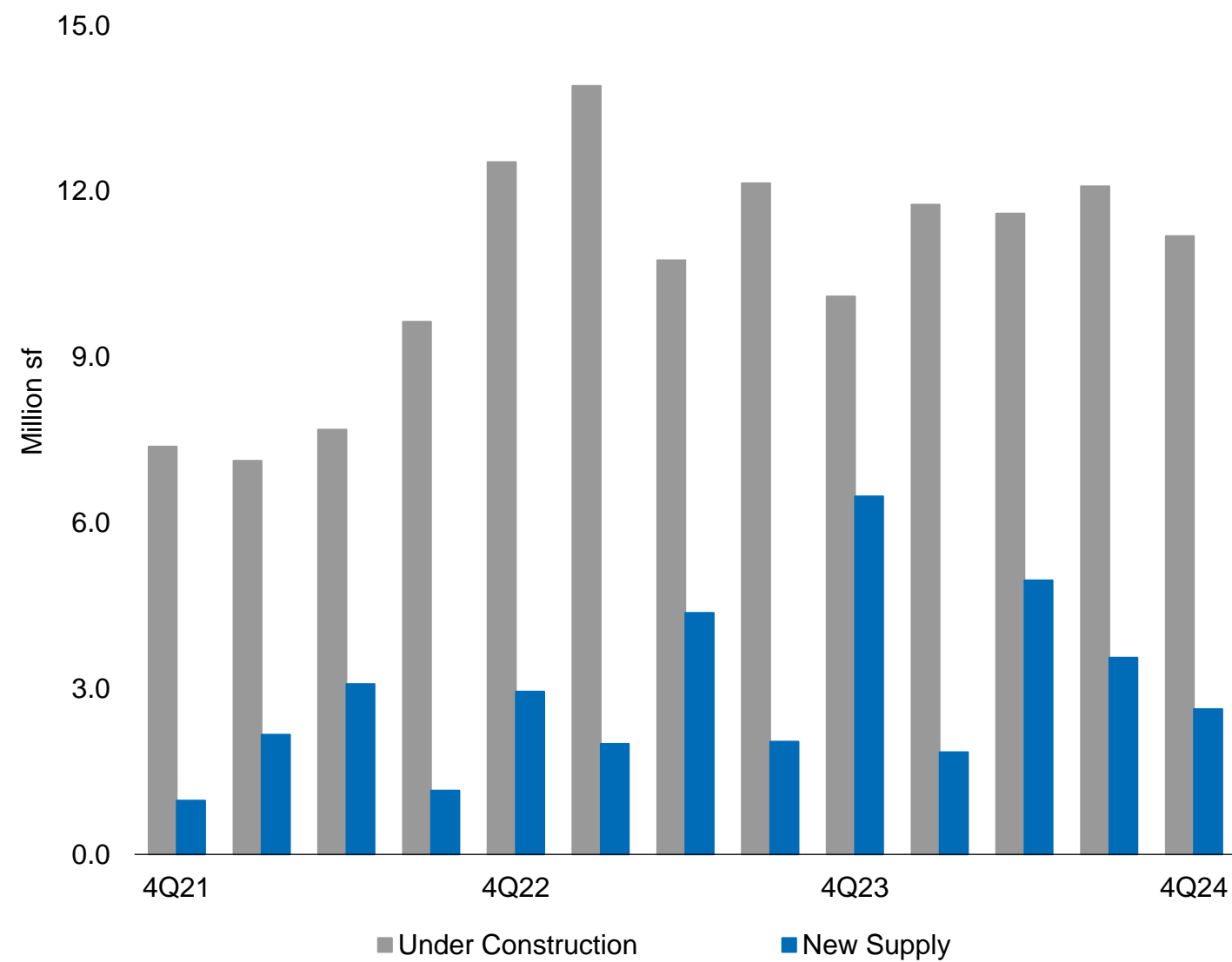
Avg. Asking Rent (USD/SF/Year) & Percentage Change



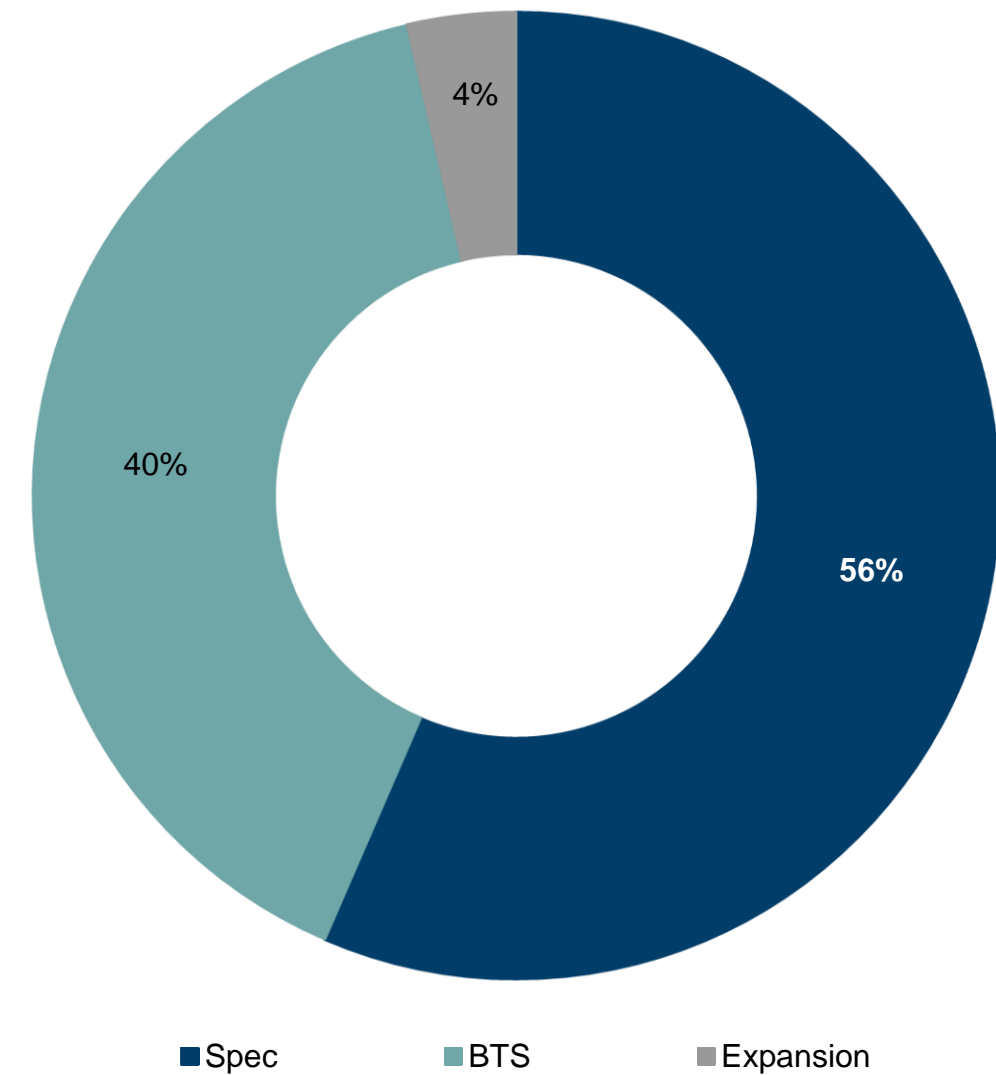
Space Under Construction

The development space reached 11.1 million square feet with a new supply of 2.6 million square feet. Regarding the type of space under construction, 56.5% consists of speculative buildings, 39.9% are build-to-suit projects, and 3.6% involve expansions of existing buildings. Additionally, 13.0 million square feet have entered the market so far this year. There are also records of more than 19.9 million square feet of speculative space in the planning stage.

Under Construction & New Supply



Type of Buildings (4Q24)



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	39.2	4,904,700	1,021,600	2.6%	625,600	4,854,700	625,600	3,481,700	\$8.15	\$7.86
Cienega de Flores	18.2	1,838,400	681,000	3.7%	129,900	924,200	129,900	354,800	\$7.81	\$7.52
Escobedo	10.4	1,828,300	424,900	4.1%	1,207,900	1,681,200	1,207,900	1,016,000	\$8.59	\$7.71
Guadalupe	14.6	1,818,200	274,500	1.9%	120,900	1,351,100	120,954	1,056,600	\$7.15	\$7.20
Monterrey	1.33	0	0	0.0%	0	0	0	0	-	-
Pesqueria	3.11	0	0	0.0%	0	130,000	0	130,000	-	-
Salinas Victoria	5.58	215,200	469,600	8.4%	0	0	-269,000	-469,600	\$7.56	-
San Nicolas	0.73	119,000	0	0.0%	0	119,000	0	119,000	-	-
Santa Catarina	16.4	461,200	2,070,400	12.6%	275,600	832,200	-1,215,400	-1,284,000	\$8.17	\$7.23
Market	109.8	11,185,300	4,942,200	4.5%	2,360,100	9,893,600	600,000	4,405,300	\$8.04	\$7.67

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