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1Q25

# Monterrey Industrial Market Report



**NEWMARK**

# Market Analysis

## Economy

- During the inauguration of the incMTY 2025 Festival, the governor of Nuevo Leon, Samuel García, emphasized his commitment to continue strengthening the state's economic ecosystem. In his speech, he highlighted that his administration has allocated a total of 8,500 million pesos to support Small and Medium-sized Enterprises (SMEs).
- This financial support has benefited around 3,300 companies, thus promoting the growth and economic development of the region. These types of investments are crucial for supporting innovation and competitiveness of local businesses.

## Major Transactions

Tenant	Submarket	Type	Square Feet
Confidential	Cienega de Flores	Lease	305,000
Confidential	Apodaca	Lease	162,400
Acuity Brands	Escobedo	Lease	46,200

## Leasing Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-Month Forecast
Total Inventory (SF)	112.0M	109.8M	98.6M	↑
Vacancy Rate	5.7%	4.5%	0.9%	↑
Gross Absorption (SF)	0.5M	2.3M	2.2M	→
Net Absorption (SF)	-0.5M	0.6M	2.1M	→
Asking Rent (USD/SF/Year)	\$8.05	\$8.04	\$7.27	↑
U. Construction (SF)	14.3M	11.1M	11.7M	→

## Outlook

- Asking prices to continue rising and maintain this trend for the next quarter.
- Increase in the vacancy rate in the next quarter and record a figure of 6.0%.
- Decrease in the commencement of construction for Class A speculative buildings in the planning stage.

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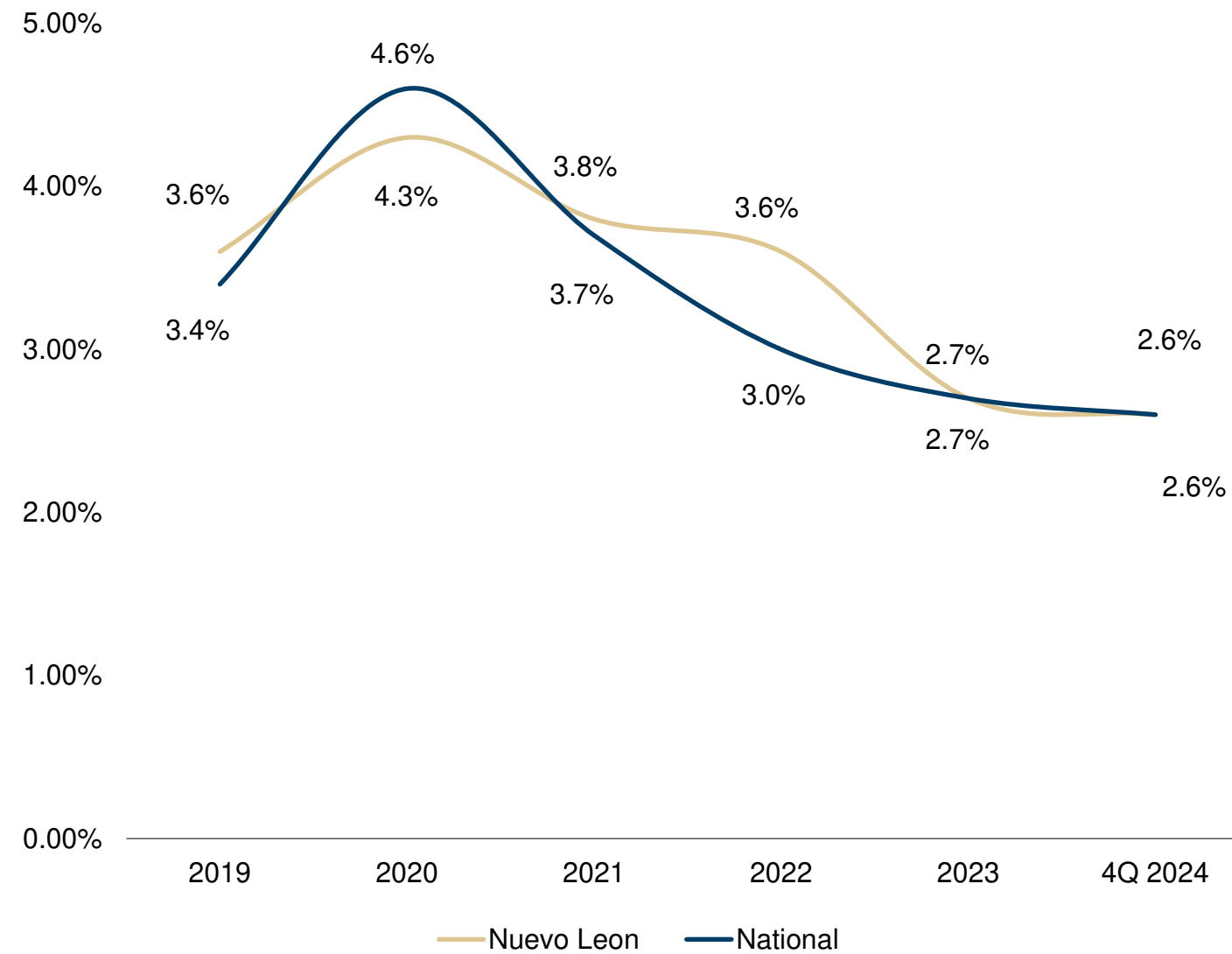
# Economy



# Economics

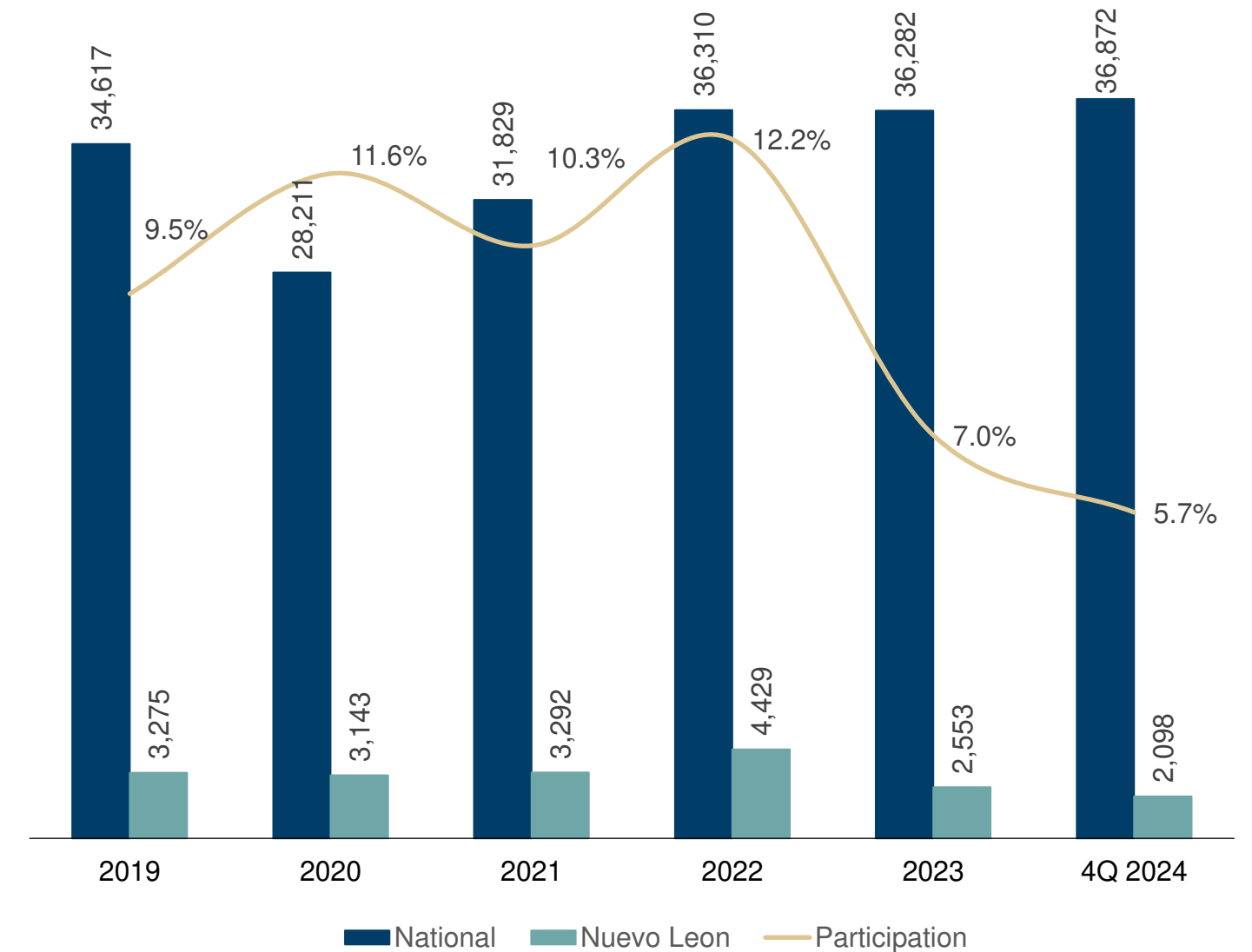
In the fourth quarter of 2024, the national unemployment rate was recorded at 2.6%, same as the rate for Nuevo Leon was 2.6%. Additionally, Foreign Direct Investment (FDI) in Mexico by federal entity, based on 3Q 2024 data, amounted to 36,872 million dollars, with the state of Nuevo Leon accounting for 5.7% of this amount.

Unemployment Rate



Source: Secretariat of Labor and Social Welfare (Nuevo Leon), 4Q 2024

Foreign Direct Investment (Million Dollars)

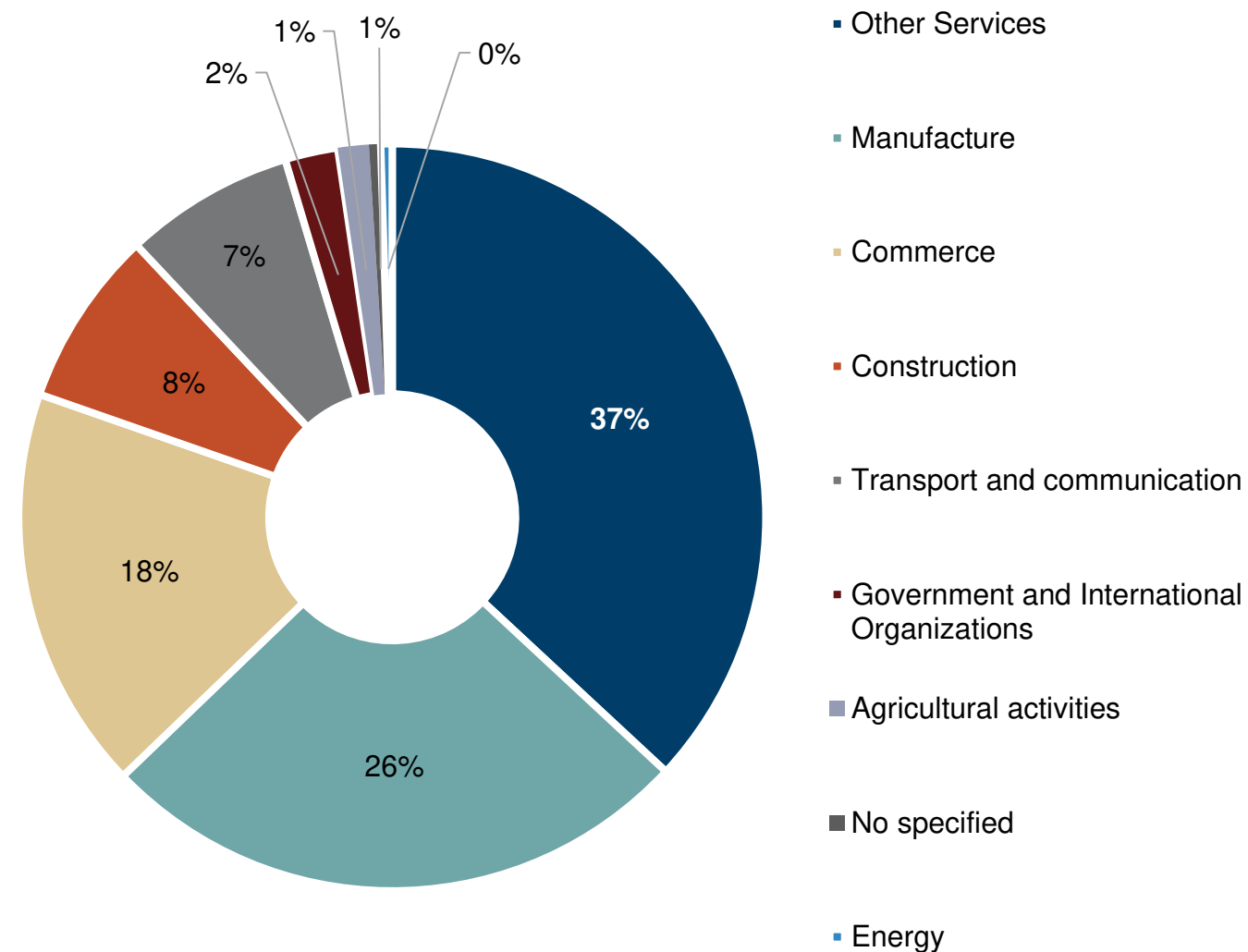


Source: Ministry of Economy (Nuevo Leon), 4Q 2024

# Employment by Sector and Economic Position in Nuevo Leon

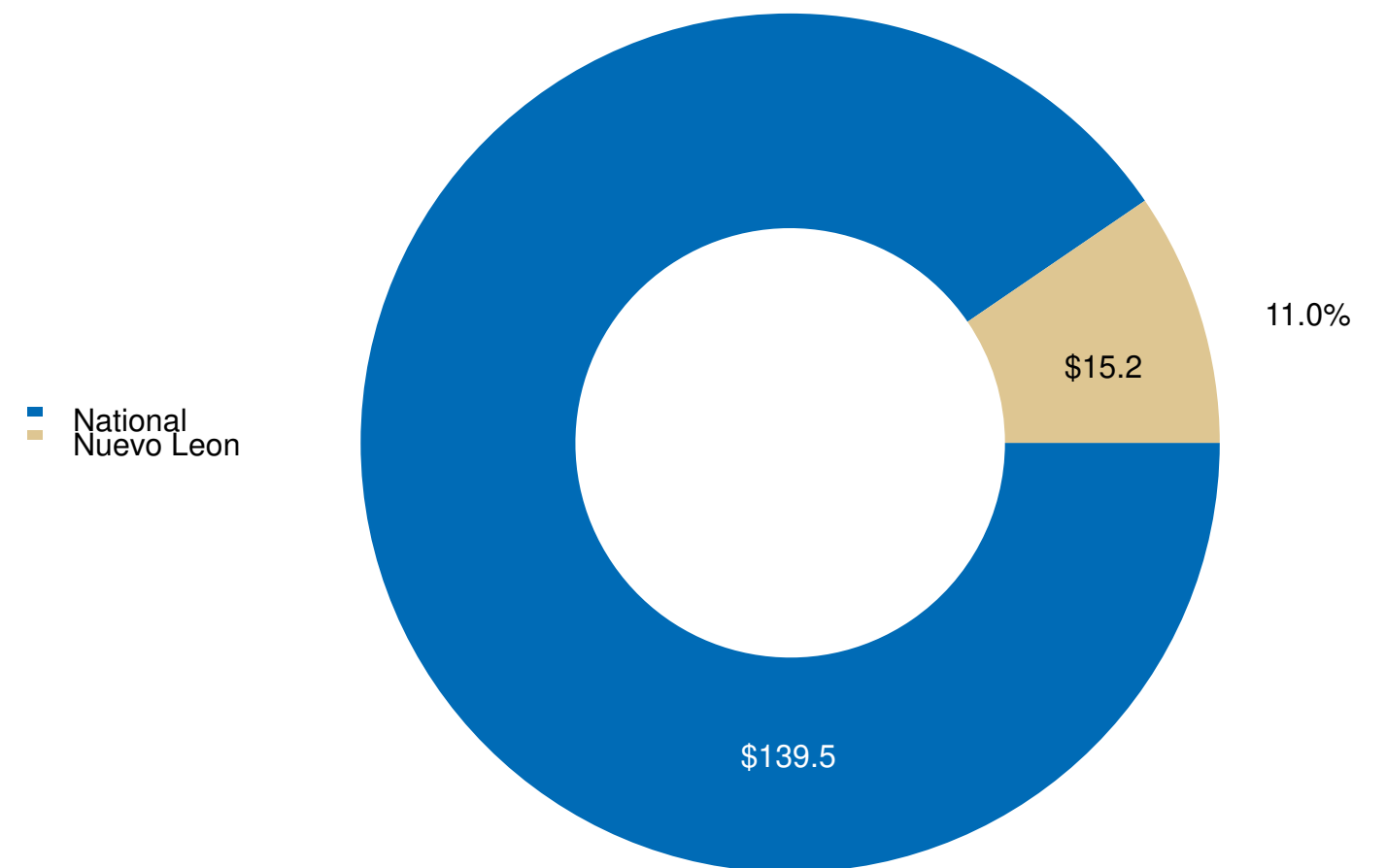
The December Labor Information document from the Secretariat of Labor and Social Welfare of Nuevo Leon indicated that economic activity by sector for 4Q 2024 recorded the following data: 37% in other services, 26% in the manufacturing industry, and 18% in commerce, among others. Furthermore, the Quarterly 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), 4Q 2024

Export Value (Billion Dollars)



Source: QEFE INEGI, 3Q 2024

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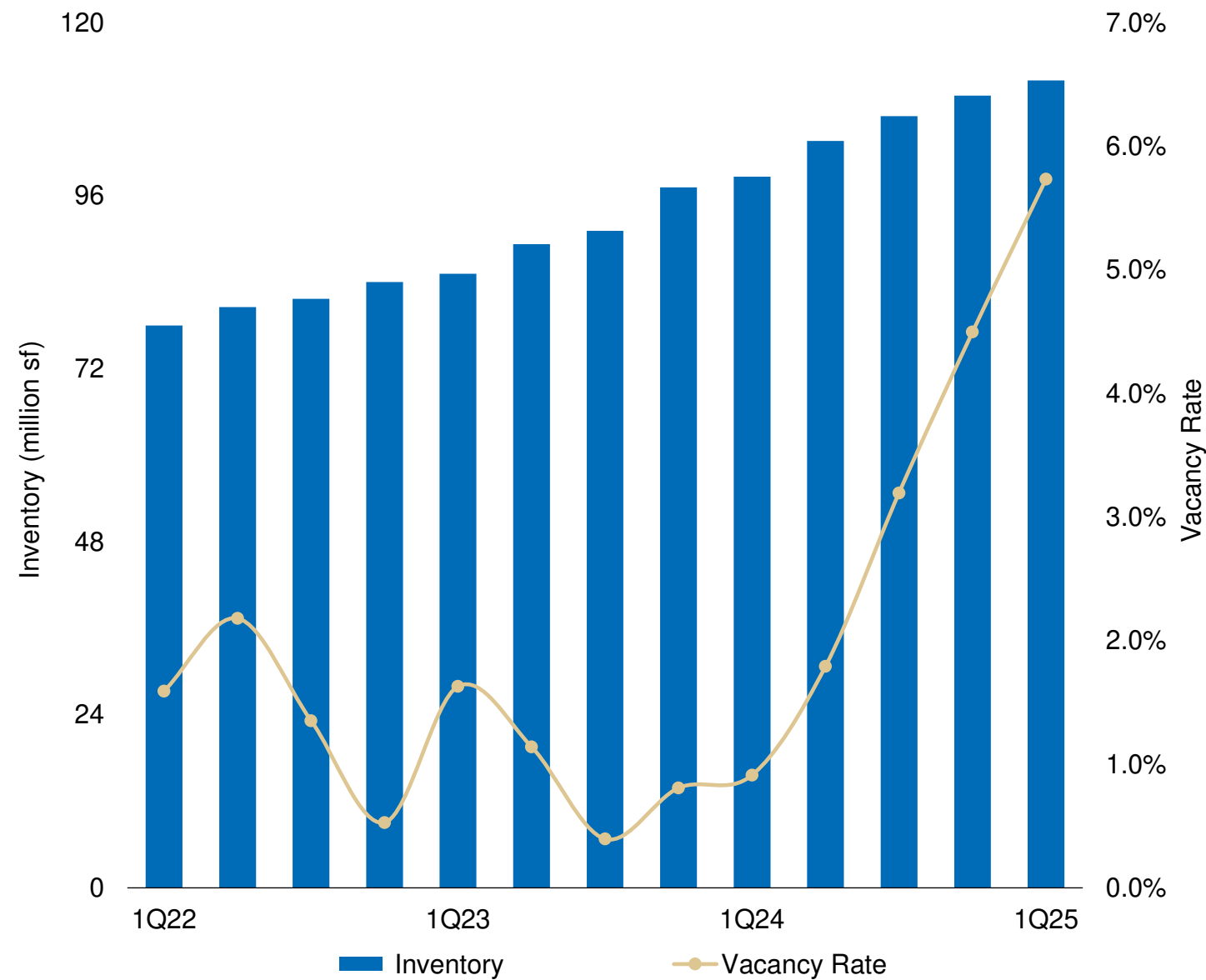
# Leasing Market Fundamentals



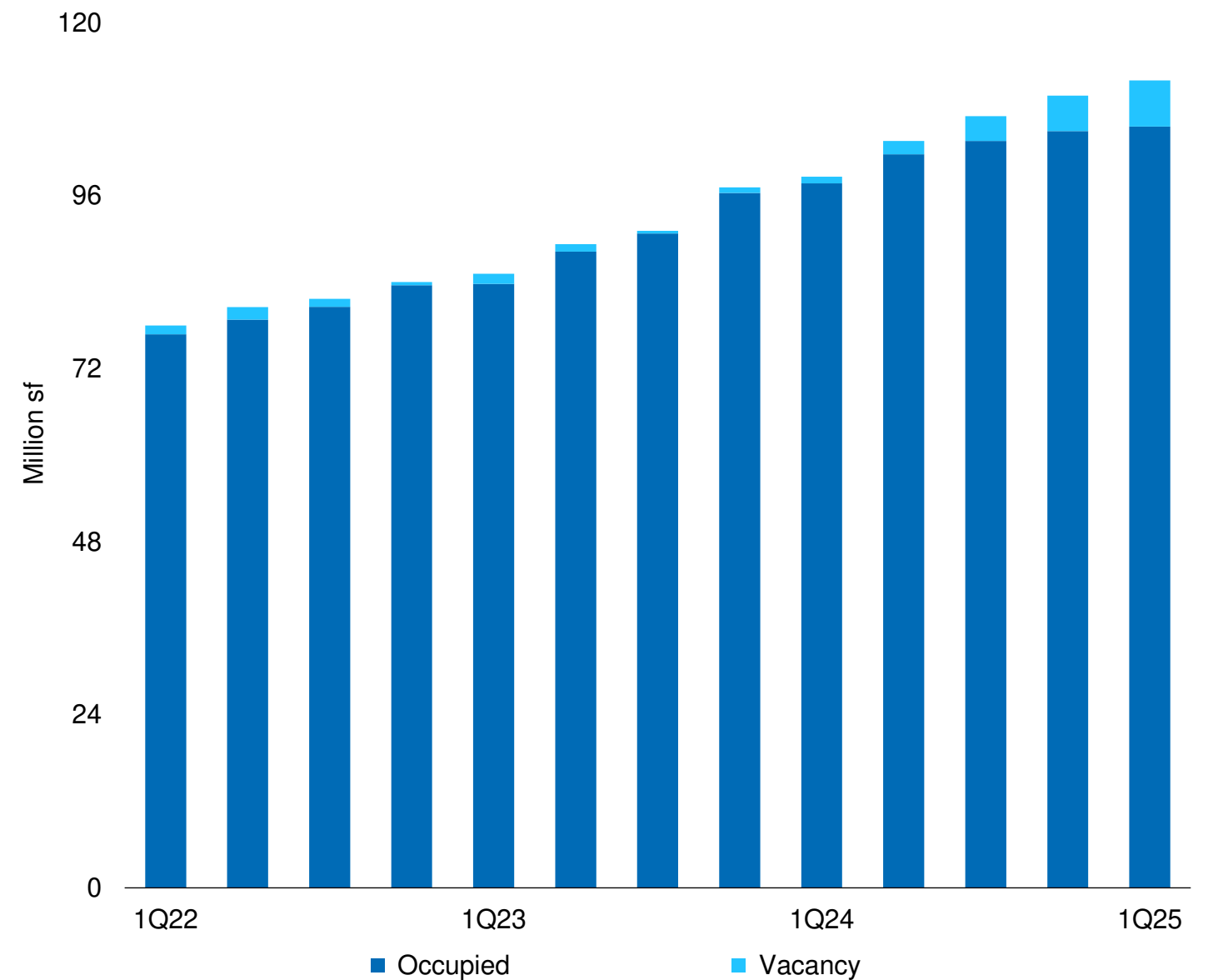
# Market Demand

The Class A industrial market reported an increase in the vacancy rate this quarter compared to the previous one and the same period last year (4.5% and 0.9%, respectively), closing with a figure of 5.7%. This is due to a decline in demand and the introduction of new speculative Class A space in various submarkets. Additionally, the growth of the industrial inventory continues to rise, ending with just over 112 million square feet.

Inventory & Vacancy Rate



Occupied Space & Vacancy Space

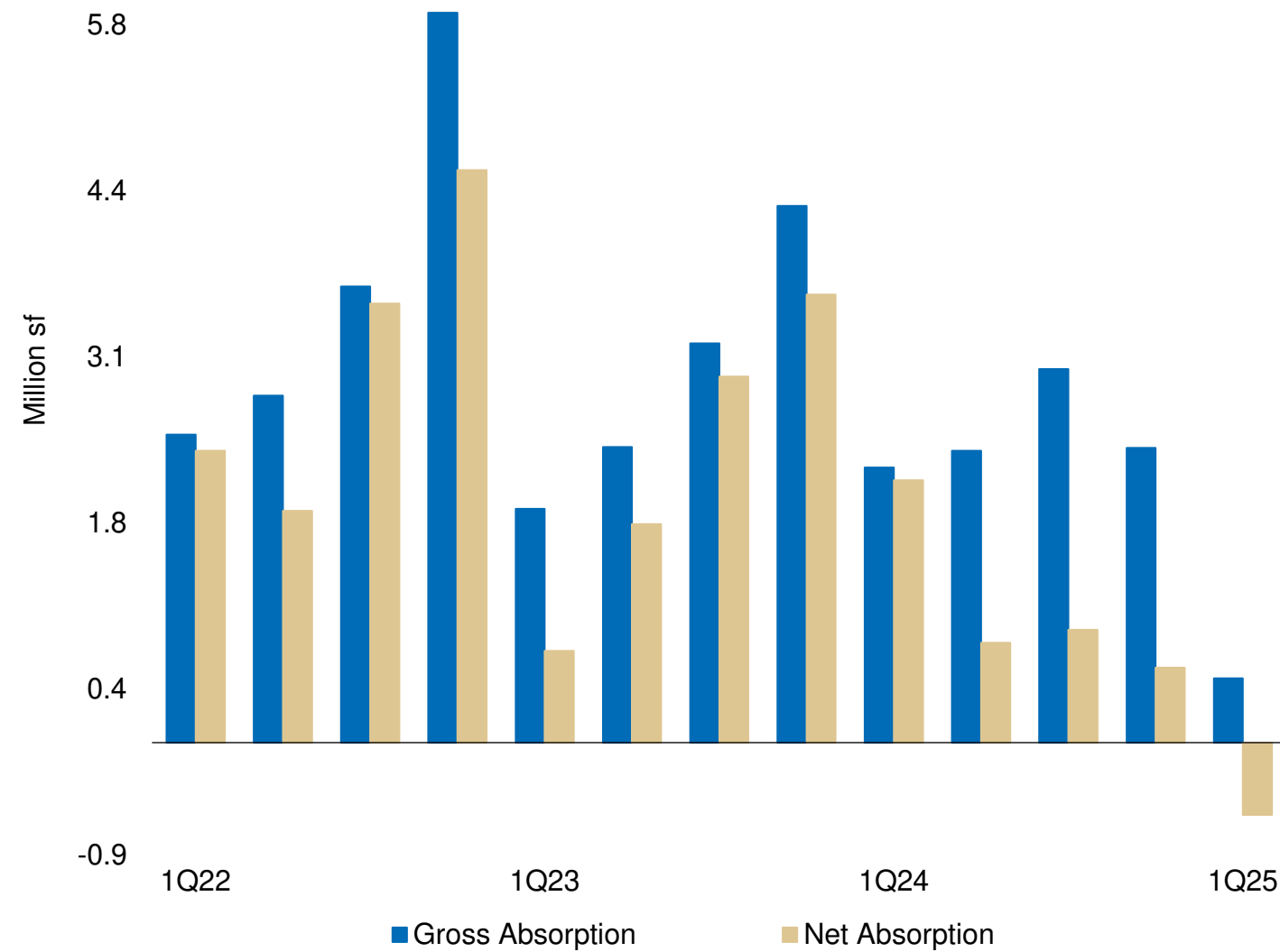




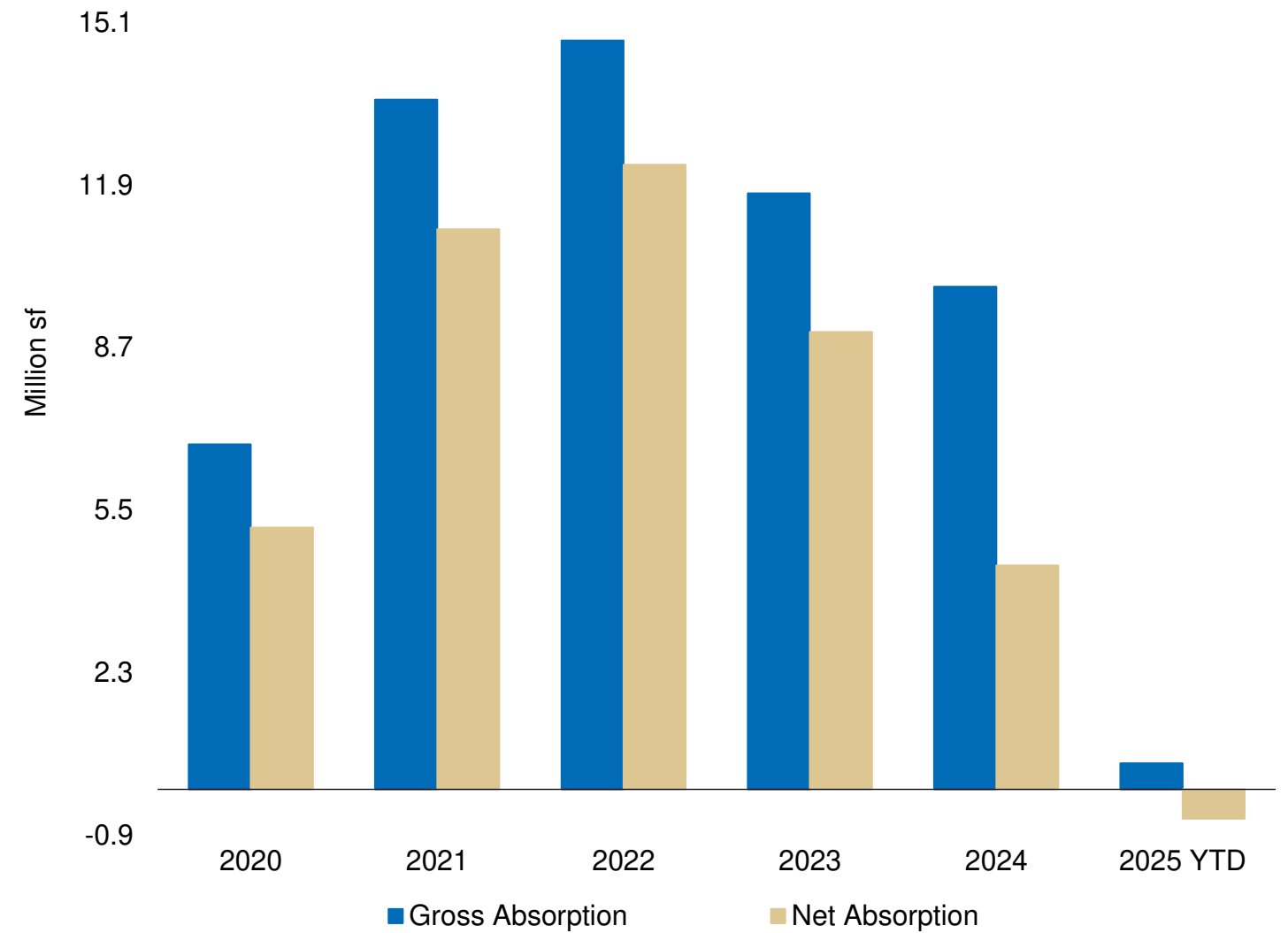
# Absorptions

In this first quarter, a gross absorption of nearly 514,000 square feet was recorded, along with a net absorption of -578,400 square feet. This is mainly due to the low demand for Class A industrial space and the completion of new speculative buildings (primarily in the Apodaca submarket). Regarding gross absorption, 59.4% corresponds to the Cienega de Flores submarket.

Gross Absorption vs Net Absorption (Quarter)



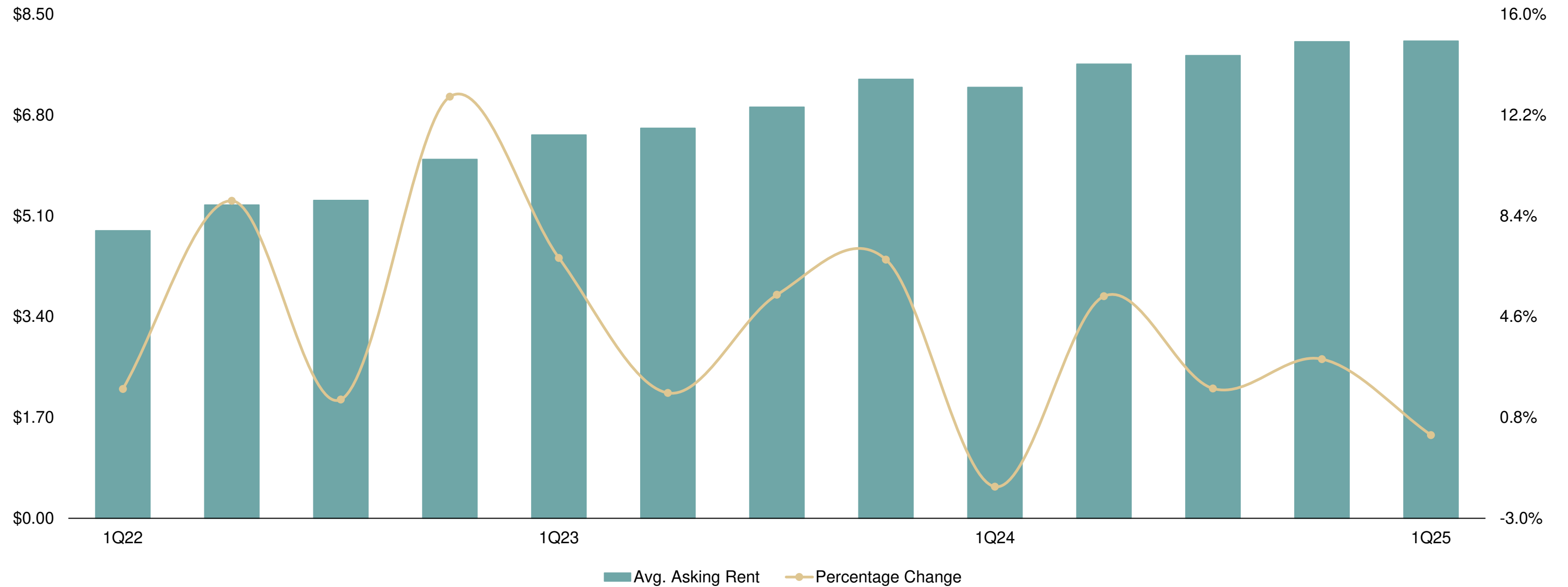
Gross Absorption vs Net Absorption (Annual)



# Average Asking Rent

The asking price remained stable with a slight upward trend compared to the previous quarter and higher than the same period last year (US\$8.04 and US\$7.27 per square feet per year, respectively), reaching US\$8.05 per square feet per year. Additionally, the submarkets with the highest rental prices are Escobedo and Santa Catarina, with US\$8.80 and US\$8.17 per square feet per year, respectively.

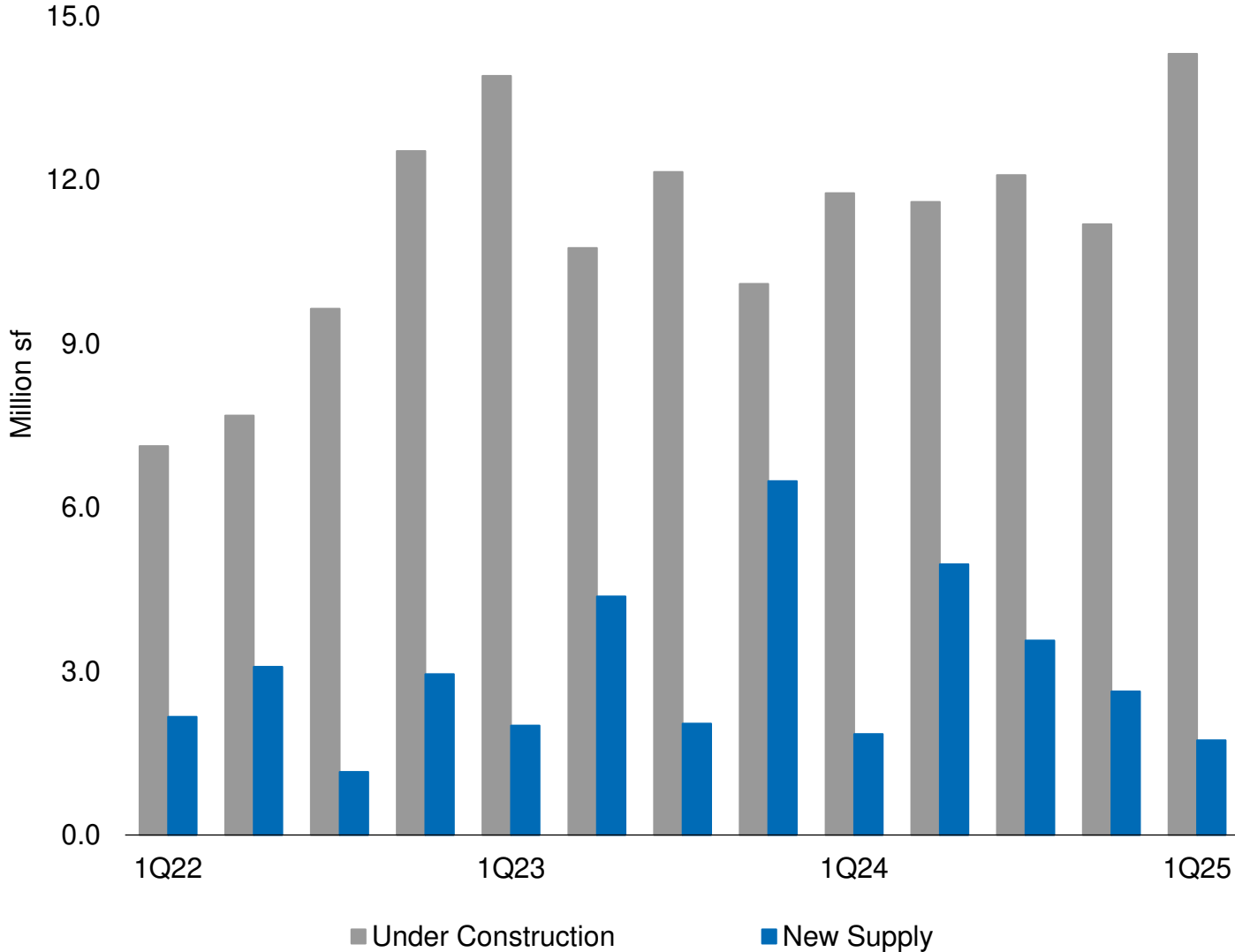
Avg. Asking Rent (USD/SF/Year) & Percentage Change



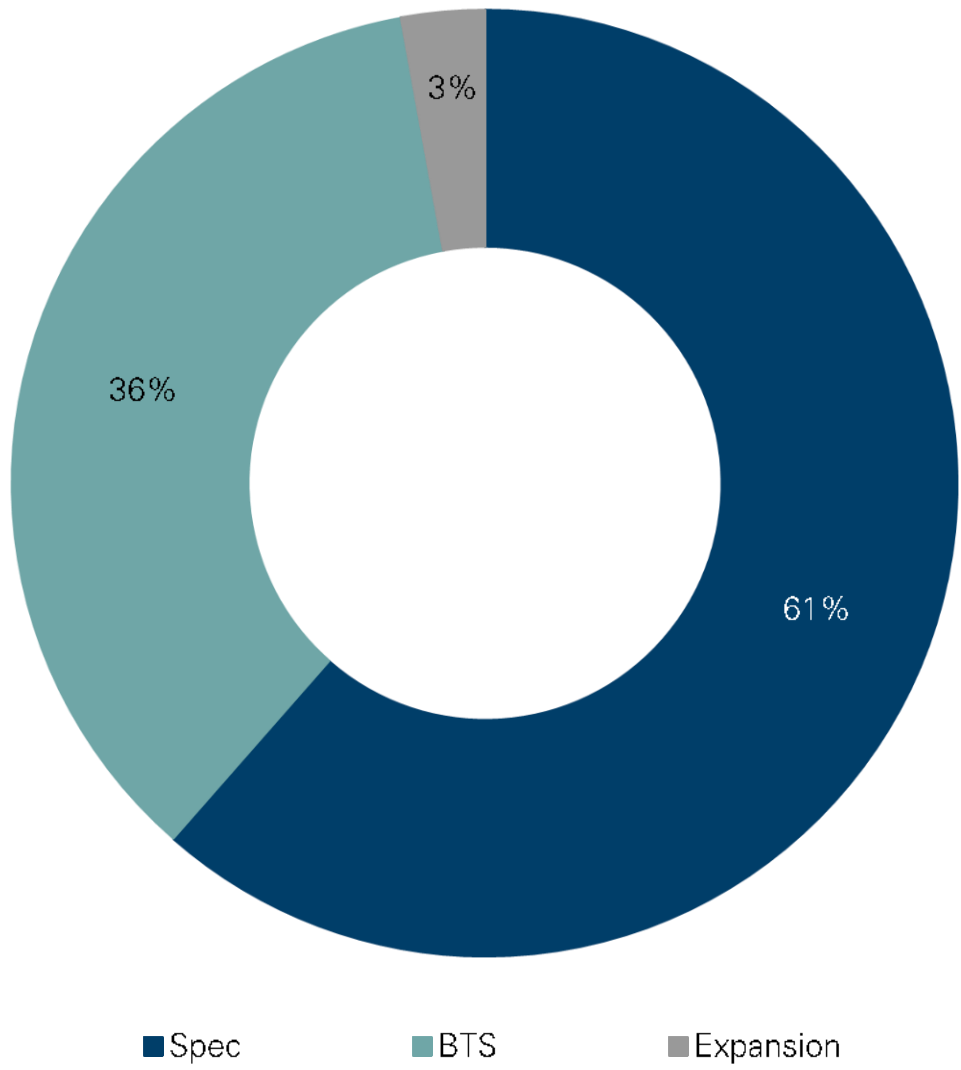
# Space Under Construction

Space under construction recorded 14.3 million square feet with a new supply of 1.7 million square feet. Regarding the space under development, 61.4% corresponds to speculative buildings, 35.7% to build-to-suit projects, and 2.8% to expansions of existing buildings. For speculative buildings in the planning stage, 17.1 million square feet were recorded. We expect that for the next quarter, the trend of projects under development will decrease while new supply increases.

Under Construction & New Supply



Type of Buildings Under Construction (1Q25)



# Market Indicators

	Inventory (million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Asking Lease Rate (USD/SF/Year)	Construction Asking Rent (USD/SF/Year)
Apodaca	40.7	6,062,400	2,326,000	5.7%	162,400	-830,300	\$8.01	\$8.09
Cienega de Flores	18.2	2,528,100	681,000	3.7%	305,200	305,200	\$7.92	\$7.73
Escobedo	10.5	2,491,200	482,200	4.6%	46,200	46,200	\$8.80	\$7.58
Guadalupe	14.9	1,734,000	274,500	1.8%	0	0	\$7.25	\$7.32
Monterrey	1.33	0	0	0.0%	0	0	-	-
Pesqueria	3.11	120,600	0	0.0%	0	0	-	-
Salinas Victoria	5.58	215,200	469,600	8.4%	0	0	\$7.56	-
San Nicolas	0.73	119,000	0	0.0%	0	0	-	-
Santa Catarina	16.7	1,037,300	2,189,400	13.1%	0	-99,600	\$8.17	\$7.49
<b>Market</b>	<b>112.0</b>	<b>14,308,100</b>	<b>6,422,900</b>	<b>5.7%</b>	<b>513,900</b>	<b>-578,400</b>	<b>\$8.05</b>	<b>\$7.83</b>

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