

Offices Business Review: Guadalajara 4Q 2022

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We are Datoz

We combine continuous commercial real estate research with cutting edge software to provide transparency to the industry through impartial and constantly updated market intelligence.

Our research team monitors and records real estate activity throughout México, covering 24 markets in the industrial segment, 5 markets in the corporate segment and 14 markets in the retail segment.

Research efforts include field verification activities that reinforce our data precision and provide our researchers with physical evidence to support our monthly market updates. Datoz proprietary software allows users to connect online any time and from anywhere. Our suite of products offers the possibility to browse verified available spaces, download property brochures, view details from thousands of lease and sale transactions, customize data-sets, download statistics and indicators in friendly and customizable formats, among many other features.

Methodology

We work with an extensive network of market participants and maintain constant contact to update information on a monthly basis. In this manner, we ensure that key market data comes directly from the professionals involved in diverse activities that affect commercial real estate in each and every market.

Our researchers verify all collected data and visit markets regularly to corroborate information that can only be validated through physical surveys and on-site inspections.

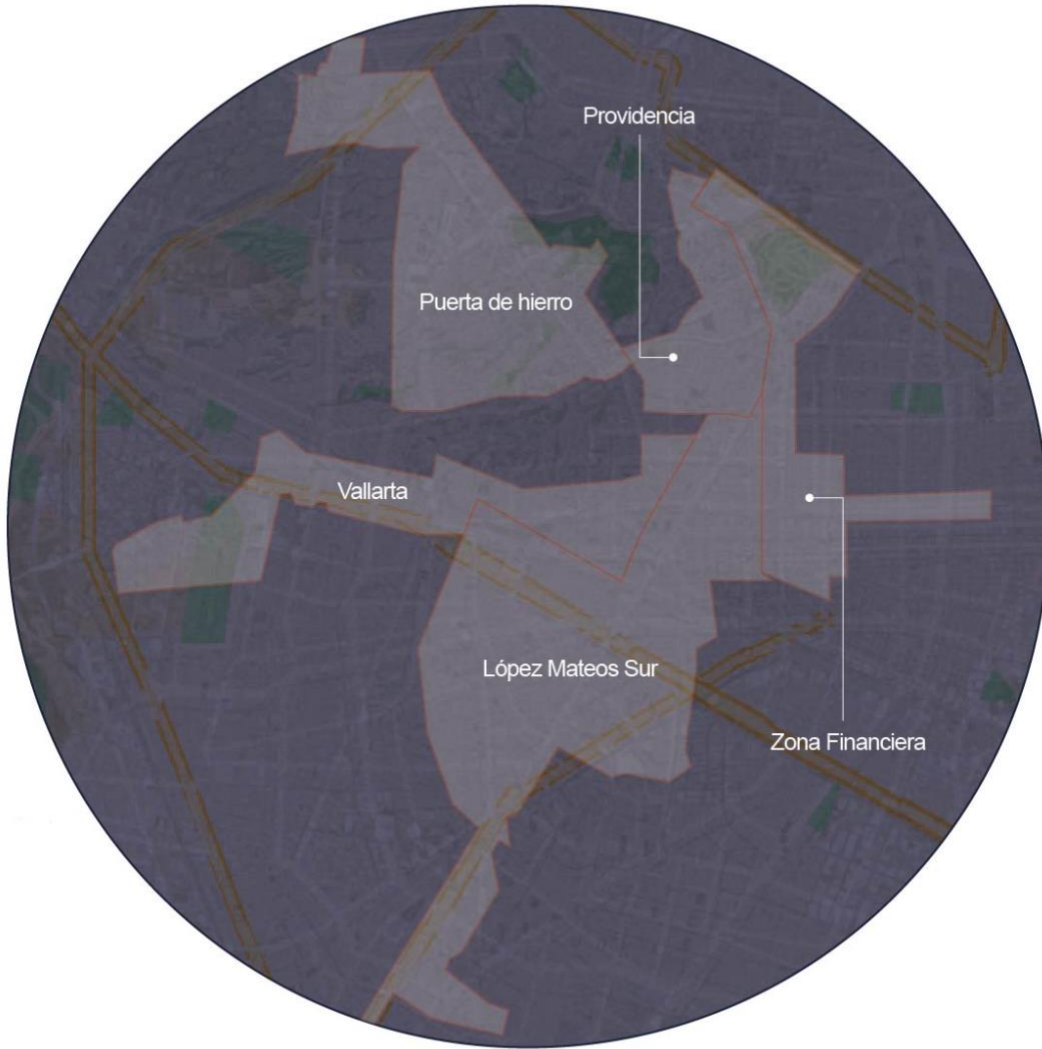
We continuously work to standardize number formats, calculations and ratios in order to present our results in a simple and comprehensible manner. Once data has been thoroughly verified and meets quality standards, it is merged and loaded unto our database, which in turn compares it against other entries pertaining to the same property and market to validate its place in a building's historic timeline.

Furthermore, our analysts continually review our data-sets in order to proactively amend anomalies and in doing so help maintain the highest standards of quality for real estate data in Mexico

Guadalajara market



Submarkets



Economic outlook

During 2022, 752,000 jobs were created, with an annual growth of 3.7%. This was the third largest annual increase on record, according to the Mexican Social Security Institute (IMSS).

Consumer spending registered a year-over-year increase of 7.1% from January to October 2022, driven by purchases of imported products, which rose 15.7%.

2022 closed with annual inflation of 7.8%, according to INEGI. Food, non-alcoholic beverages and services continued to drive the nation's prices.

From January to November 2022, industrial activity in Mexico increased 3.2% year-over-year, boosted by manufacturing, which had an increase of 5.5%, driven by the manufacture of computer equipment, electronic components and accessories with a growth of 15.8%. Meanwhile, construction activity had a slight drop of 0.3%, according to Instituto Nacional de Estadística y Geografía (INEGI).

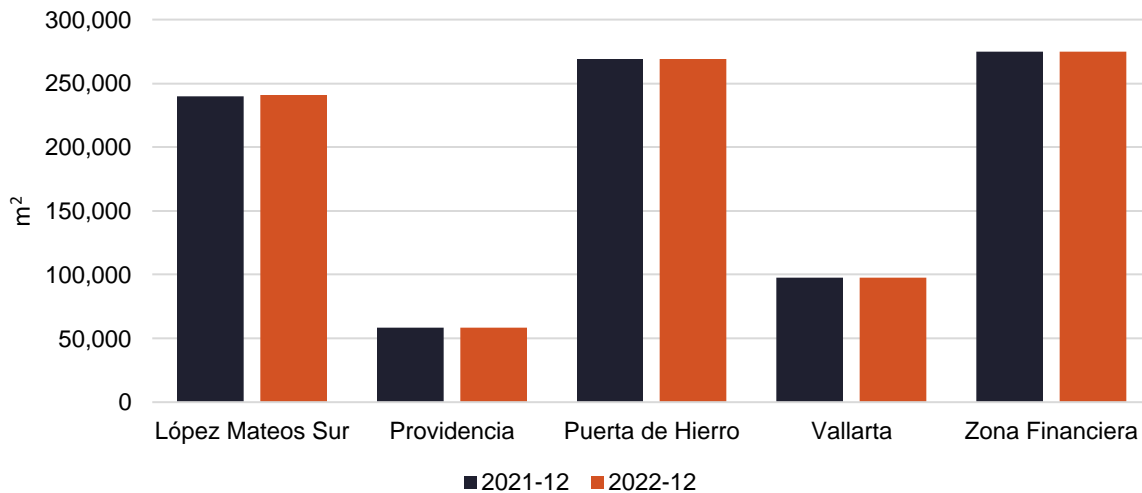
From the 1Q-2022 to 3Q-2022, foreign direct investment (FDI) in Mexico reached \$32.1 billion dollars, according to the Ministry of Economy. The largest share comes from the United States, with 46.2%.

Summary

1. Guadalajara's corporate market closed the fourth quarter of 2022 with 940,717 m² of delivered GLA, a year-to-date growth of 0.14%.
2. The market registered an availability rate of 18.282%, around 171,963 m² belonged to delivered space and 10,038 m² was still under construction.
3. As of 4Q 2022, Guadalajara accumulated 39,748 m² of gross absorption.
4. The weighted average asking price for office space in Guadalajara stood at \$18.39 USD/m²/month.
5. From January to December, Guadalajara recorded 36,645 m² of new office space.

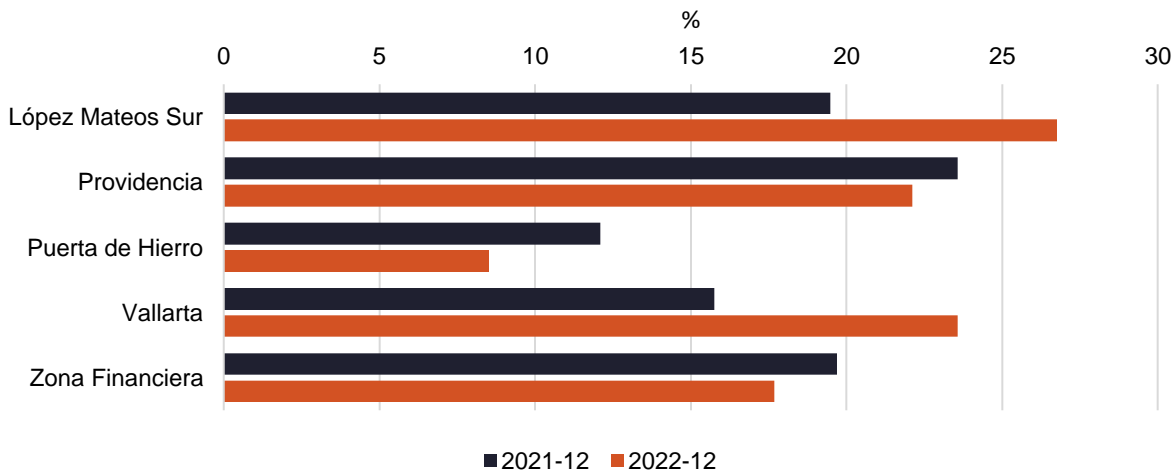
Inventory

Guadalajara’s delivered inventory closed 4Q 2022 with 940,717 m² of GLA, a year-to-date growth of 0.14%. Zona Financiera, Puerta de Hierro, and López Mateos Sur concentrate 83% of total inventory. Zona Financiera and Puerta de Hierro had an inventory of 274,640 m² and 268,940 m², respectively.



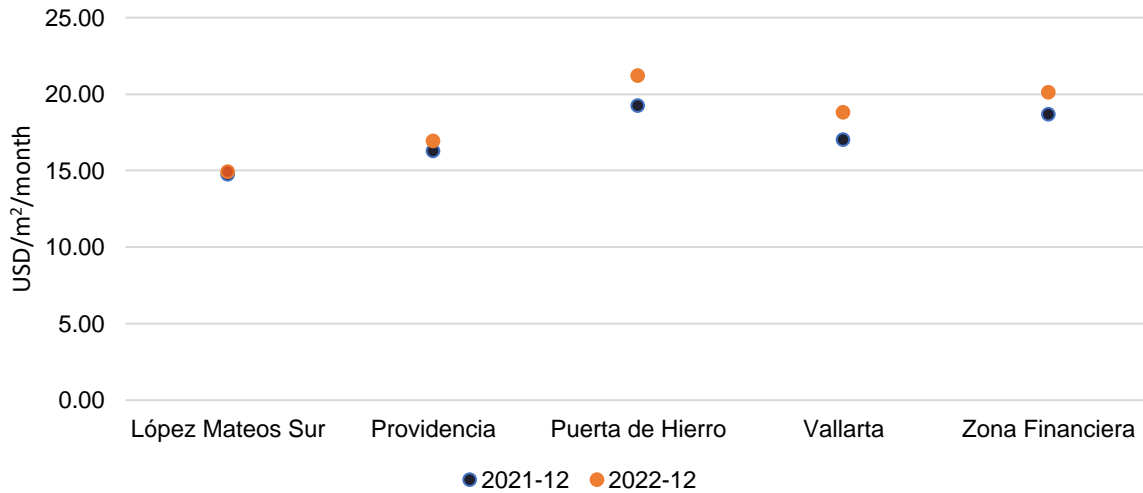
Availability rate

Guadalajara’s availability rate was 18.28% at the end of the quarter. Roughly, 171,963 m² of available area belonged to delivered buildings while 10,038 m² was still under construction. López Mateo Sur has the largest amount of vacated space with 64,498 m² and a vacancy rate of 26.76%.



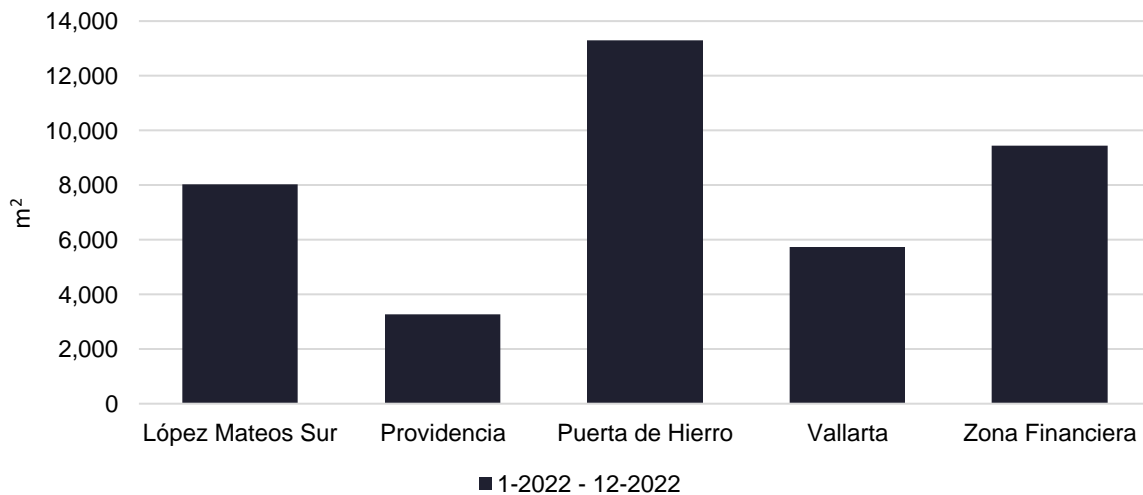
Asking prices

At the end of the third quarter, the weighted average lease asking rate for office space in Guadalajara stood at \$18.39 USD/m²/month. Puerta de Hierro had the highest asking price in the market, currently averaging at \$21.18 USD/m²/month, while López Mateos Sur had the lowest price with \$14.92 USD/m²/month.



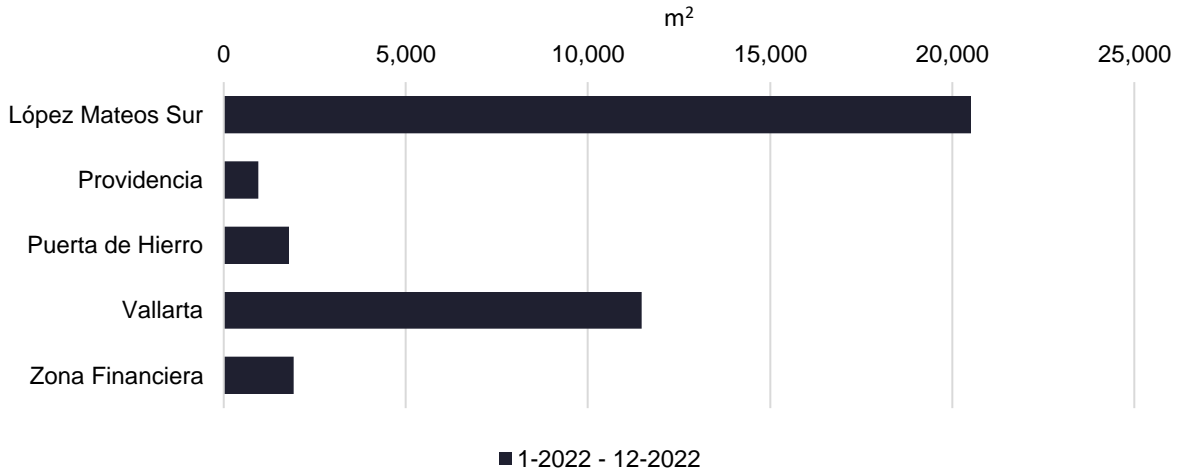
Gross absorption

From January to December 2022, Guadalajara accumulated over 39,000 m² of gross absorption. Puerta de Hierro drove this absorption accounting for over 13,000 m² of occupied space followed by Zona Financiera with over 9,000 m².



New spaces

As of 4Q 2022, Guadalajara registered 36,645 m² of new space, located in all five corridors that make up the market. López Mateo Sur concentrated most of new available space adding over 20,500 m².



Looking forward

At the end of 4Q 2022, Guadalajara's corporate real estate market registered an increase in its vacancy rate reaching 18.3%. The corridors with the highest increase were Vallarta and López Mateos Sur due to new spaces.

The Vallarta corridor has mostly shell and core spaces from class A+ buildings and is thereby the market's corridor with the highest increase in the average lease asking price.

On the other hand, Lopez Mateos Sur's offering is primarily made up of second generation spaces with existing improvements located in class A and B buildings. Despite offering predominantly built-out spaces, it is the corridor with the lowest average asking price.

Although the needs of tenants changed after the pandemic and the market is still going through an anemic period, the pre-pandemic recovery is expected to begin this year, although at a gradual pace.

During 2022, leasing activity was centered in Puerta de Hierro and Zona Financiera corridors, so it is expected that by 2023 these corridors will continue to concentrate most activity.

Glossary

Inventory: sum of the area of all existing buildings type A+, A and B according to most developers and institutional brokerage companies at the last day of the period.

Availability rate: available area divided by inventory at the last day of the period.

Asking price: weighted average asking price weighted by the available area at the last day of the period.

Gross absorption: sum of leased, subleased and sold area during the period.

New spaces: sum of new space area that started promotion in the period.

Legal notice

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