

Offices Business Review: Querétaro 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

Querétaro 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).

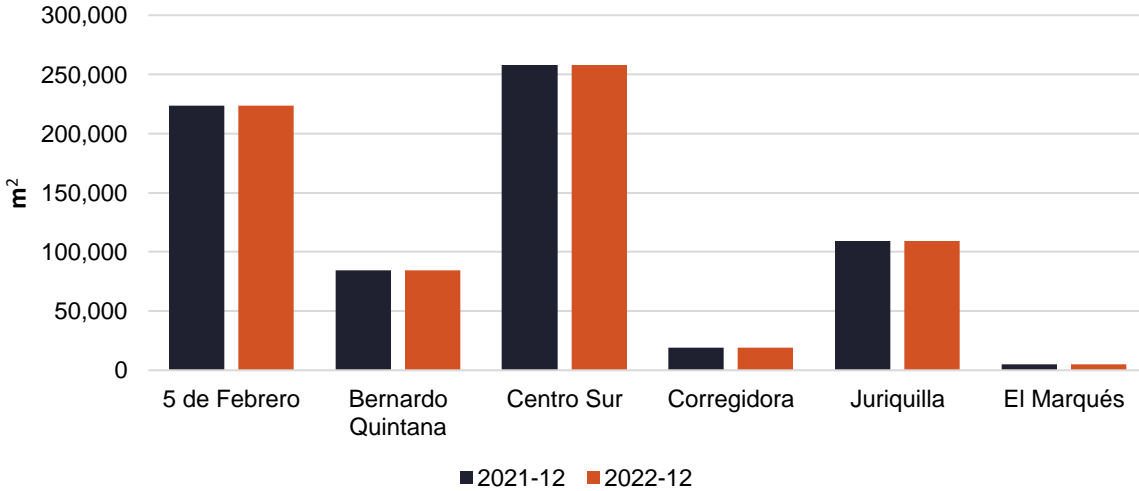
From the 1Q-2022 to 3Q-2022, foreign direct investment (FDI) in Mexico reached \$32.1 billion dollars, according to the Ministry of Economy. The largest share comes from the United States, with 46.2%.

Summary

1. Queretaro's corporate office market closed the fourth quarter of 2022 with 694,071 m² of delivered GLA.
2. The market registered an availability rate of 13.53%, around 93,921 m² belonged to delivered space and 7,981 m² was still under construction.
3. As of 4Q 2022, Querétaro accumulated 26,942 m² of gross absorption.
4. The weighted average asking price for office space in Querétaro stood at \$14.84 USD/m²/month.
5. From January to December, Querétaro added 2,525 m² of new available space.

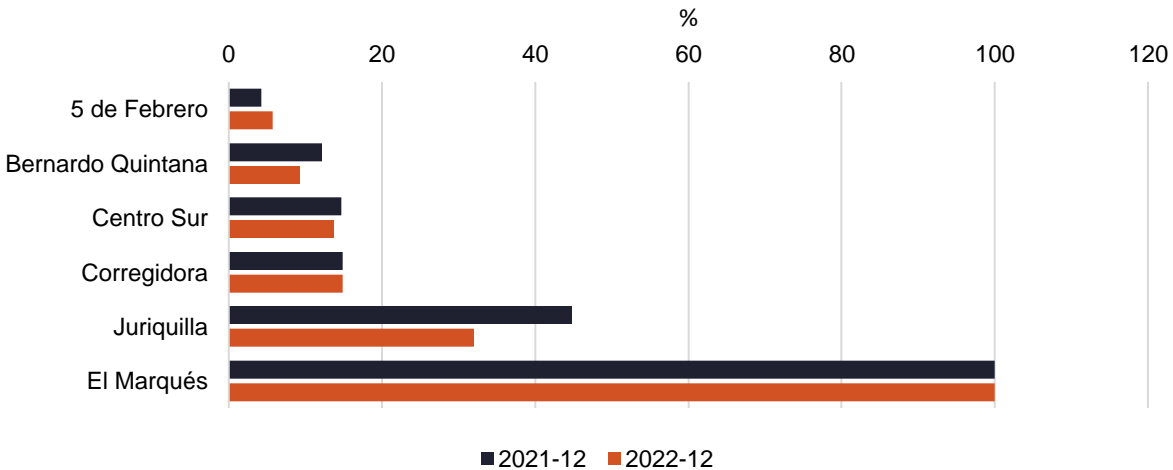
Inventory

Querétaro’s delivered inventory closed 4Q 2022 with 694,071 m² of GLA. Centro Sur is the largest corridor with a 37% share, equivalent to 258,095 m², followed by 5 de Febrero with 223,471 m². This market ended the quarter with 54,163 m² under construction.



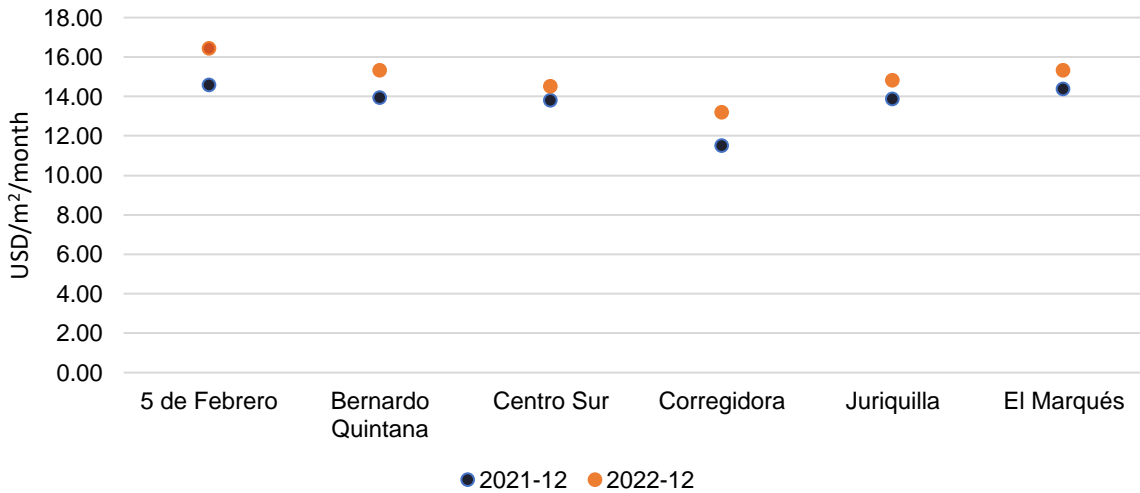
Availability rate

Querétaro’s availability rate was 13.53% at the end of the quarter. Roughly 93,921 m² of available area belonged to delivered space and 7,981 m² was still under construction. Juriquilla has the largest amount of vacated space with a total of 38,156 m², equivalent to a vacancy rate of 31.97%.



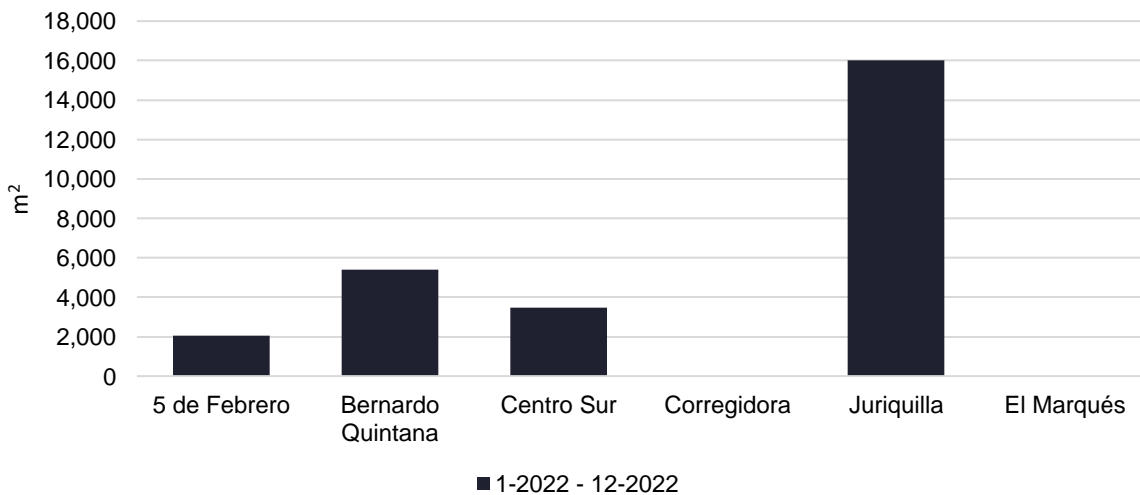
Asking prices

At the end of the quarter, the weighted average lease asking rate for office space in Querétaro stood at \$14.84 USD/ m²/month. The highest asking rent was recorded in 5 de Febrero corridor, currently averaging at \$16.43 USD/ m²/month, while Corregidora continues with the lowest average price at \$13.19 USD/ m²/month.



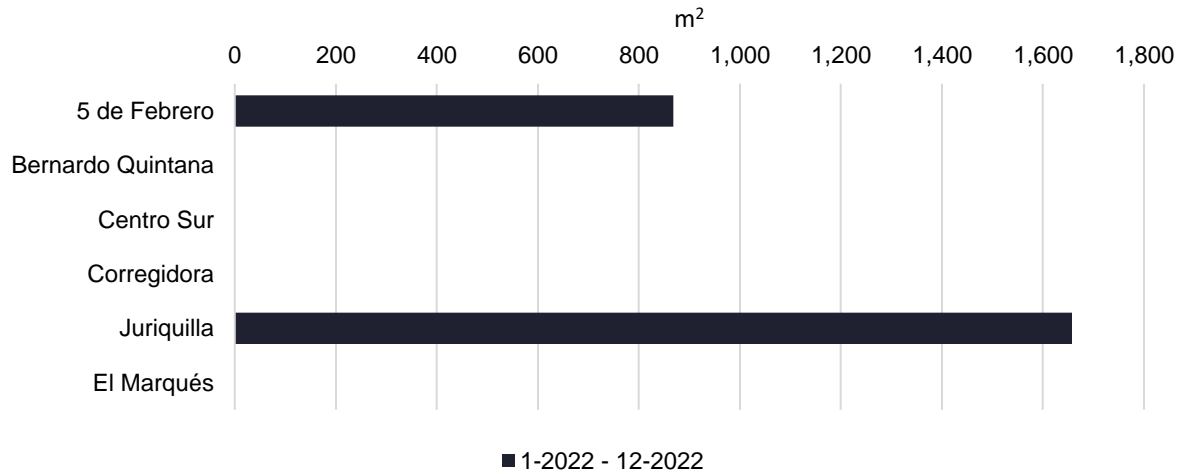
Gross absorption

From January to December, Querétaro accumulated an estimated gross absorption of 26,942 m². Juriquilla drove this absorption through a demand of over 16,000 m², approximately 59% of the market's total demand.



New spaces

As of 4Q 2022, Querétaro registered 2,525 m² of new space. Only Juriquilla and 5 de Febrero added new space, tallying 1,657 m² and 868 m², respectively.



Looking forward

Querétaro's corporate real estate market exceeded 2021, as the demand for office space increased considerably and the availability rate decreased, so the recovery of this market seems to have arrived.

In 2022, Querétaro recorded the highest gross absorption of corporate space since the pandemic, almost reaching 27,000 m². This represented an increase of almost four times over the previous year. The sectors that drove this demand were technology, information technology, logistics, and business centers, among others.

Since absorption grew significantly and new space increased at a marginal level, Querétaro managed to decrease its availability rate by over two percentage points, ending the year with a rate of 13.53%.

Querétaro has gradually positioned itself as one of the most important office markets in the country, as it continues to attract interest from more developers seeking to invest in Querétaro's office market, as well as end users from different sectors seeking to setup corporate operations in the region.

Market outlook remains positive for 2023 and demand for office spaces is expected to grow along with the growth of the region's industrial real estate sector.

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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