

# Industrial Business Review: 4Q 2022 Bajío

**Index**

<b>We are Datoz</b>	<b>2</b>
<b>Methodology</b>	<b>2</b>
<b>Bajío region</b>	<b>3</b>
<b>Markets</b>	<b>4</b>
<b>Economic outlook</b>	<b>5</b>
<b>Summary</b>	<b>5</b>
<b>Inventory</b>	<b>6</b>
<b>Availability rate</b>	<b>6</b>
<b>Asking prices</b>	<b>7</b>
<b>Gross absorption</b>	<b>7</b>
<b>Construction</b>	<b>8</b>
<b>Net absorption 1</b>	<b>8</b>
<b>Net absorption 2</b>	<b>9</b>
<b>Looking forward</b>	<b>10</b>
<b>Glossary</b>	<b>11</b>
<b>Legal notice</b>	<b>12</b>
<b>Contact</b>	<b>12</b>

## **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 9 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

**Bajío region**



**Markets**



## Economic outlook

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).

In October 2022, employment in the manufacturing industry grew by 1.7% year-over-year. Overall employment increased 7.9% due to the rise in the manufacturing of computer components and electronic accessories, according to INEGI.

From the first to the third quarter of 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%.

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%.

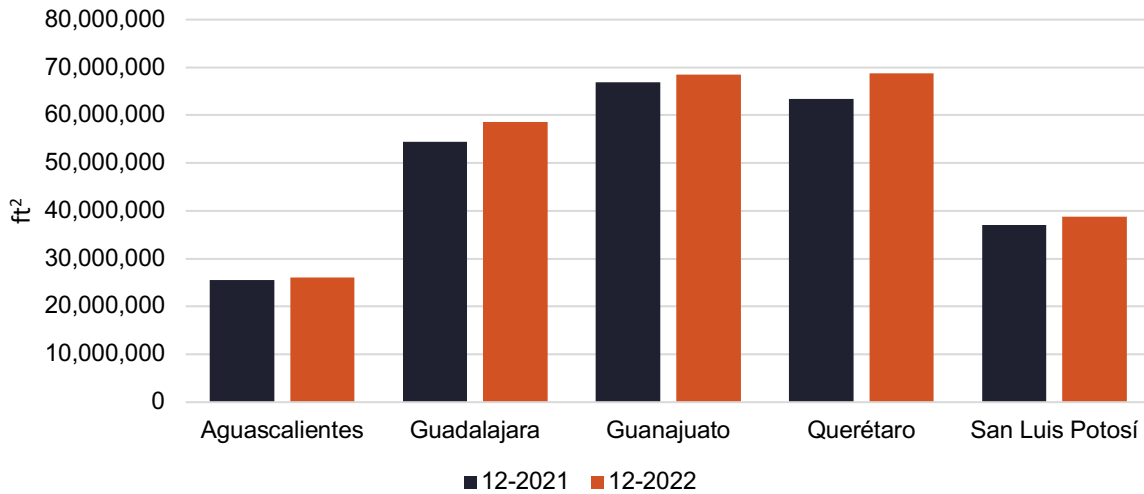
2022 closed with annual inflation of 7.8%, according to INEGI. Food, non-alcoholic beverages and services continued to drive the nation's prices.

## Summary

1. The bajío region closed the 4Q 2022 with a total inventory of 260 million ft<sup>2</sup>.
2. The region registered an availability rate of 4.91%, around 13.4 million ft<sup>2</sup>. Queretaro and Guadalajara's availability rate stood at 5.58% and 5.01%, respectively.
3. The weighted average asking price for industrial space in the bajío region ended at \$0.42 USD/ft<sup>2</sup>/month.
4. As of 4Q 2022, the region accumulated 14.0 million ft<sup>2</sup> of gross absorption.
5. From January to December 2022, construction starts in the region recorded 13.1 million ft<sup>2</sup>.
6. At the end of the year, the region's cumulative net absorption, excluding new spec spaces, amounted to 9.3 million ft<sup>2</sup>.
7. Including new spec space, net absorption reached 425,473 ft<sup>2</sup> by the end of 4Q 2022.

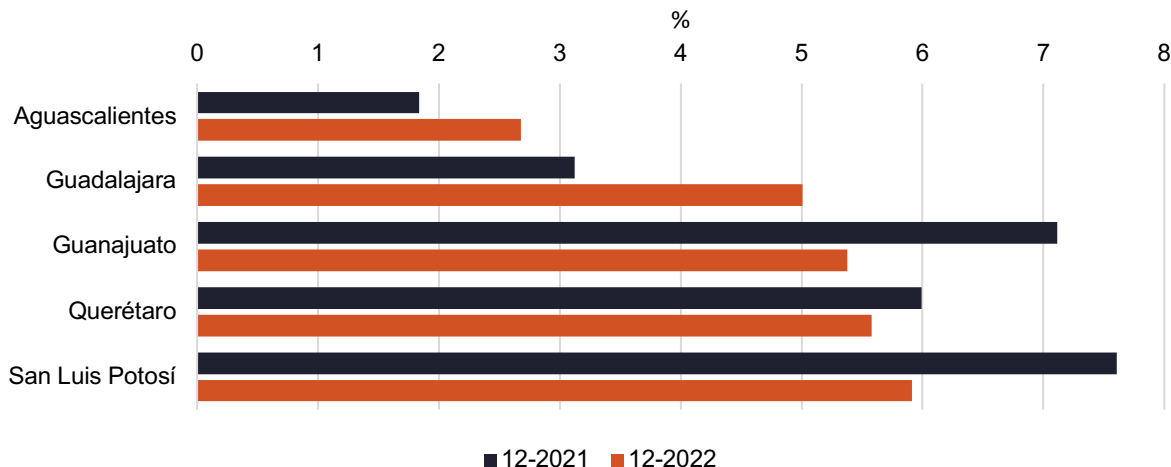
## Inventory

The bajío region closed 4Q 2022 with a total inventory of 260 million ft<sup>2</sup>. Guadalajara and Querétaro were the fastest growing markets of the region. In the last twelve months, Querétaro added 5.3 million ft<sup>2</sup> to reach 68.8 million ft<sup>2</sup>, while, Guadalajara added 4.1 million ft<sup>2</sup> to accumulate 58.6 million ft<sup>2</sup>.



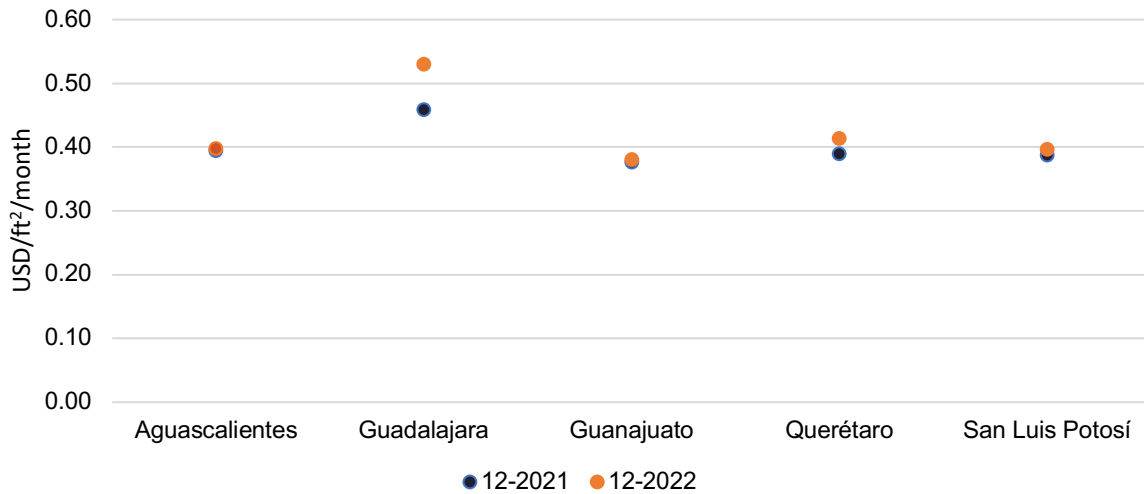
## Availability rate

By the end of 4Q 2022, the region's availability rate stood at 4.91%, equivalent to 13.4 million ft<sup>2</sup>. Guanajuato and San Luis Potosi decreased its rate by 173 and 169 basis points compared to 4Q 2021, and ended at 5.38% and 5.91%, respectively. Meanwhile, Guadalajara's available rate increased 189 basis points due to strong activity of speculative construction starts.



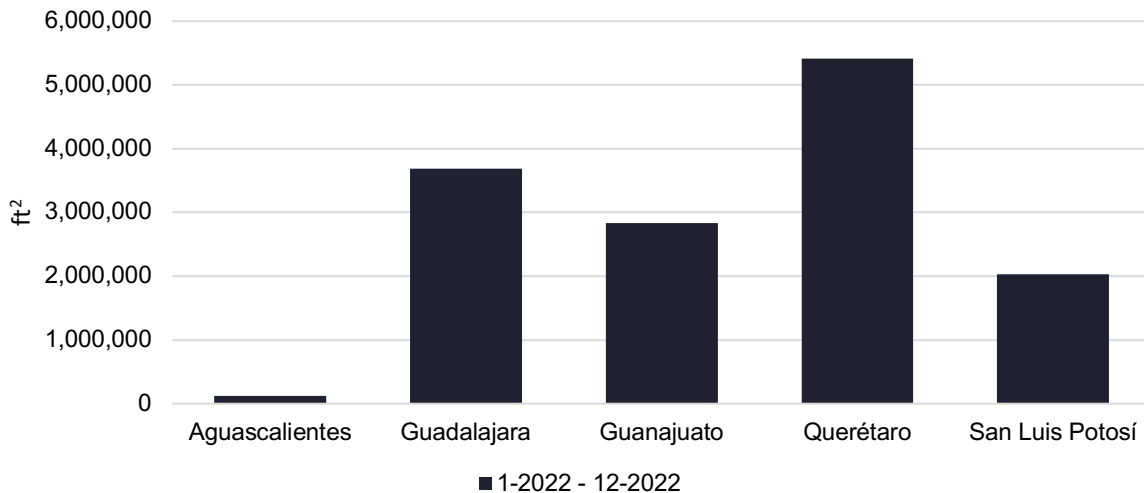
## Asking prices

The weighted average lease asking price of industrial buildings in the bajío region stood at \$0.42 USD/ft<sup>2</sup>/month. In the last twelve months, Guadalajara has had an increase in prices and its average asking rate at the end of the year was 0.53 USD/ft<sup>2</sup>/month, the highest in the region.



## Gross absorption

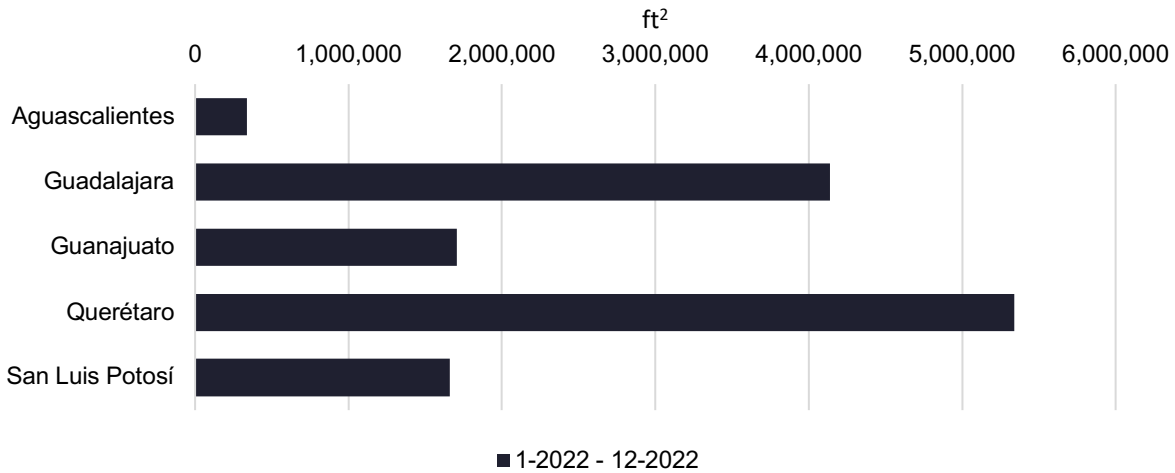
As of 4Q 2022, the bajío region accumulated gross absorption of 14.0 million ft<sup>2</sup>, of which Querétaro accounted for 5.4 million ft<sup>2</sup>, 38% of the region's total, followed by Guadalajara with 3.6 million ft<sup>2</sup>,





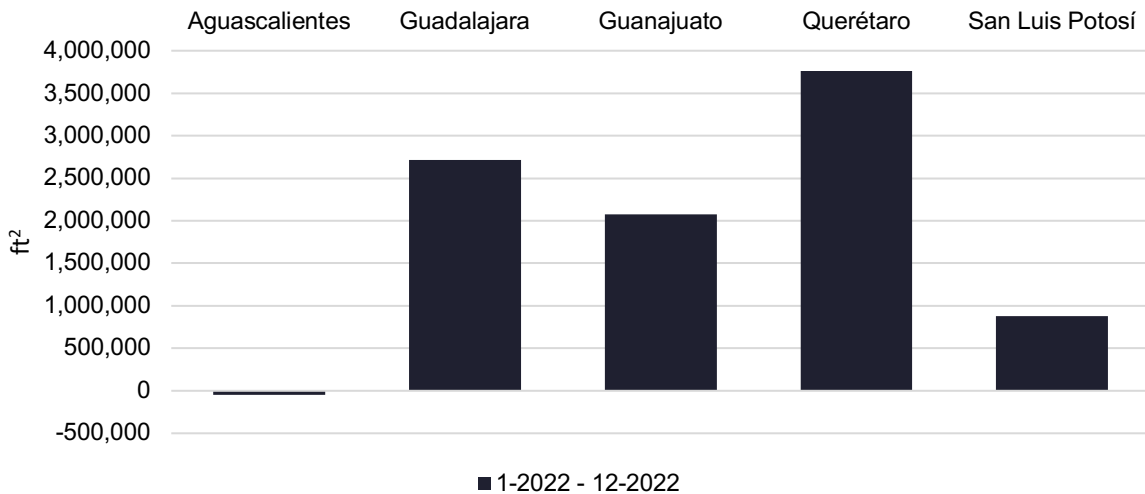
## Construction

From January to December 2022, the bajío region registered construction starts of 13.1 million ft<sup>2</sup> across 45 buildings. Querétaro added 5.3 million ft<sup>2</sup> and Guadalajara 4.1 million ft<sup>2</sup> through 19 and 13 new buildings, respectively.



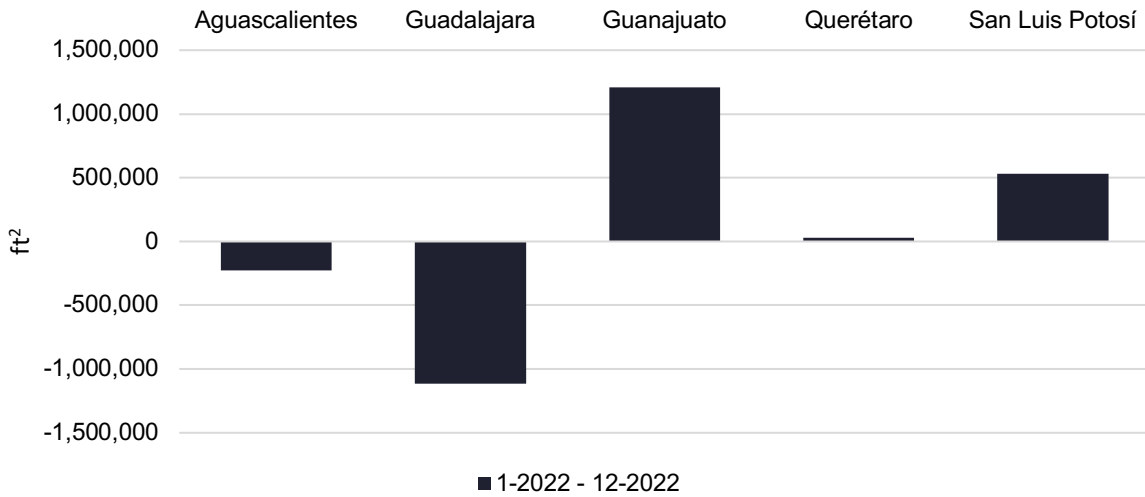
## Net absorption 1 (gross abs - spec construction)

At the end of the year, net absorption in the bajío region, without taking into account new spec spaces, was 9.3 million ft<sup>2</sup>. Querétaro recorded the highest net absorption, with 3.7 million ft<sup>2</sup>, followed by Guadalajara with 2.7 million ft<sup>2</sup>, while Aguascalientes recorded negative net absorption at -50,047 ft<sup>2</sup>.



## Net absorption 2 (net abs 1 – spec construction)

Taking into account new spec spaces, the cumulative net absorption of the bajío region was 425,473 ft<sup>2</sup>. Aguascalientes and Guadalajara registered negative absorptions with -227,689 ft<sup>2</sup> and -1.1 million ft<sup>2</sup> respectively. Meanwhile, Guanajuato recorded the highest positive net absorption, with 1.2 million ft<sup>2</sup>.



## Looking forward

During 2022, the Bajío-Occidente region sustained the demand for industrial space that it had been registering since 2021; in fact, three of the markets that make up the region surpassed the previous year's absorption.

Querétaro led industrial activity in the Bajío-Occidente region, both in terms of absorption of industrial space and construction starts. Most of the construction starts registered in 2022 were absorbed before their beneficial delivery, with 42% being build-to-suit (BTS) spaces and 58% speculative buildings.

Meanwhile, Guanajuato and San Luis Potosí recorded a significant decrease in their availability rates, which were among the highest nationally. The historical records of both markets show a tendency to reactivate demand for speculative space after a passive period.

Guadalajara has maintained strong industrial demand for the last three consecutive years, with annual gross absorption above 300,000 m<sup>2</sup>. Despite surpassing historical records in construction activity recorded in 2Q 2022, it is expected that this will not be enough to meet current demand, so that 2023 is projected to be a year with strong construction activity.

It is expected that by 2023 the demand for new speculative space and, especially, for BTS buildings will continue to increase in the region due to trends such as nearshoring, the automotive and technology industries, as well as the installation of data centers.

## Glossary

**Inventory:** sum of the area of all buildings type A, B and C 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.

**Net absorption 1:** gross absorption minus the sum of the following areas during the period: available area because of a move out and build-to-suit building area.

**Net absorption 2:** gross absorption minus the sum of the following areas during the period: available area because of a move out, new available area and build-to-suit building area.

**Construction:** sum of the following building areas during the period: build-to-suit, speculative and own construction.


## Legal notice

The material presented in this document by Datoz Real Estate refers to information collected from the market and provided by trusted sources. The contents shall be exclusively informative without legal value or effect or of any other nature, so Datoz Real Estate is not responsible for any damage that results from or may derive from the use or misuse that is made of these contents. For more information about this report or any other investigative material of Datoz consult our website [www.datoz.com](http://www.datoz.com).

## Contact



Real Estate · Data · Technology

 Av. Roble #660 Piso 3 Suite 300  
Col. Valle Del Campestre, C.P. 66265  
San Pedro Garza García, N.L.



 info@datoz.com

 www.datoz.com