

Offices Business Review: Guadalajara 3Q 2023

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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.

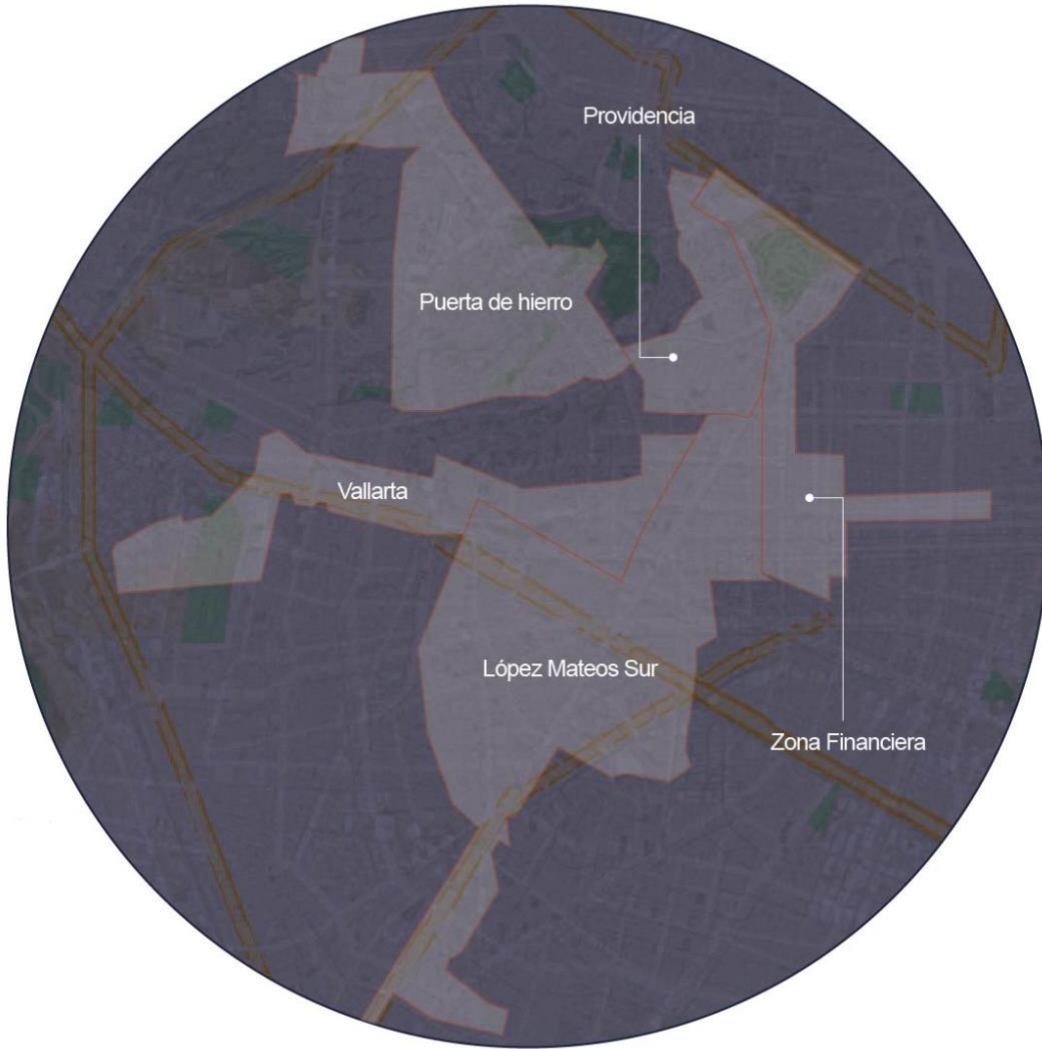
We continuously work to standardize number formats, calculations and ratios in order to present our results in a simple and comprehensible manner. Once data has been thoroughly verified and meets quality standards, it is merged and loaded unto our database, which in turn compares it against other entries 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

In July 2023, industrial production in Mexico grew annually by 4.9%, driven by construction, which increased by 24.7%. Meanwhile, the manufacturing industry saw a rise of 1.1%, as reported by the National Institute of Statistics and Geography (INEGI).

As of July 2023, employment in the manufacturing industry experienced a slight increase of 0.3% compared to the same month in 2022, according to figures from INEGI.

During the first semester of 2023, Foreign Direct Investment (FDI) in Mexico reached \$29.041 billion, a 41% increase compared to the same period in 2022, according to data from the Ministry of Economy.

In July 2023, private consumption recorded an annual increase of 4.3%, driven by imported goods, which increased by 19.1%, according to INEGI.

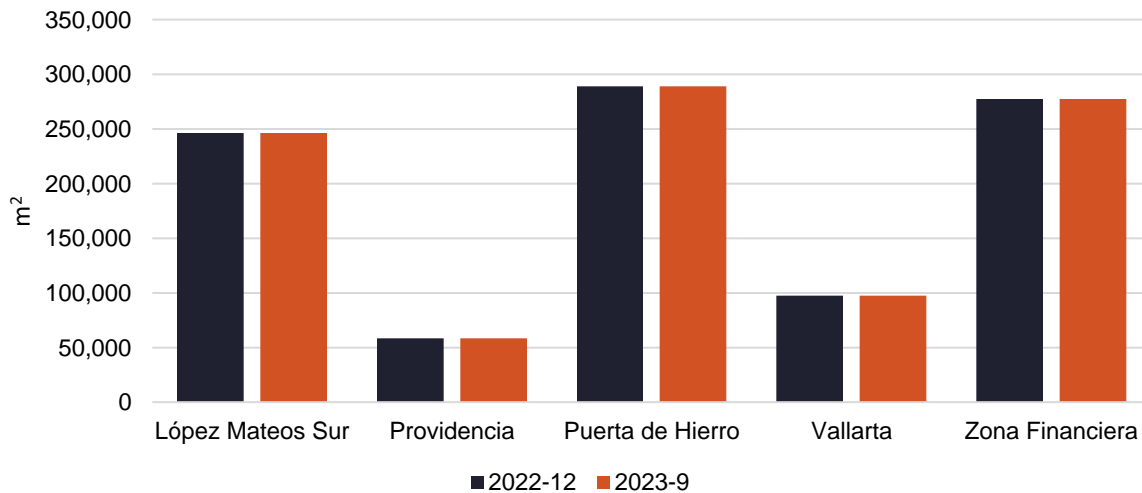
The National Consumer Price Index registered an annual growth of 4.64% as of August 2023, according to INEGI.

Summary

1. The corporate real estate market in Guadalajara ended 3Q 2023 with a total existing inventory of 968,510 m² and 75,030 m² under construction.
2. Guadalajara ended the period with an availability rate of 14.14%, 136,964 m² of existing space, and 6,784 m² under construction.
3. At the end of 3Q 2023, Guadalajara accumulated a gross absorption of 52,019 m².
4. The average market asking price was \$353.58 MXN/m²/month. Puerta de Hierro had the highest rate at \$430.87 MXN/m²/month.
5. From January to September, Guadalajara registered 16,211 m² of new space.

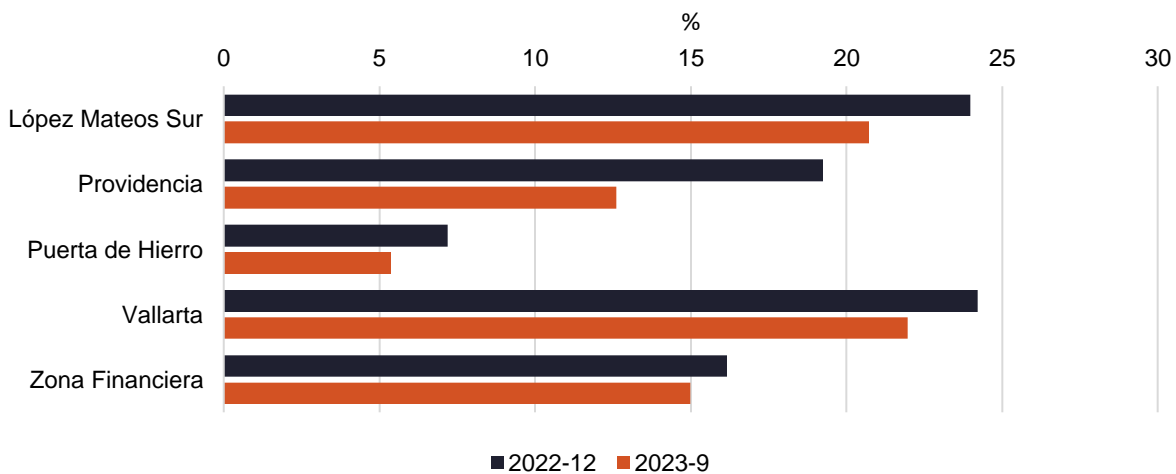
Inventory

Guadalajara ended the 3Q 2023 with an existing inventory of 968,510 m². The three largest corridors concentrated 84% of the total inventory. Puerta de Hierro and Zona Financiera have an inventory of 288,978 m² and 277,055 m², respectively; while López Mateos Sur has 246,348 m².



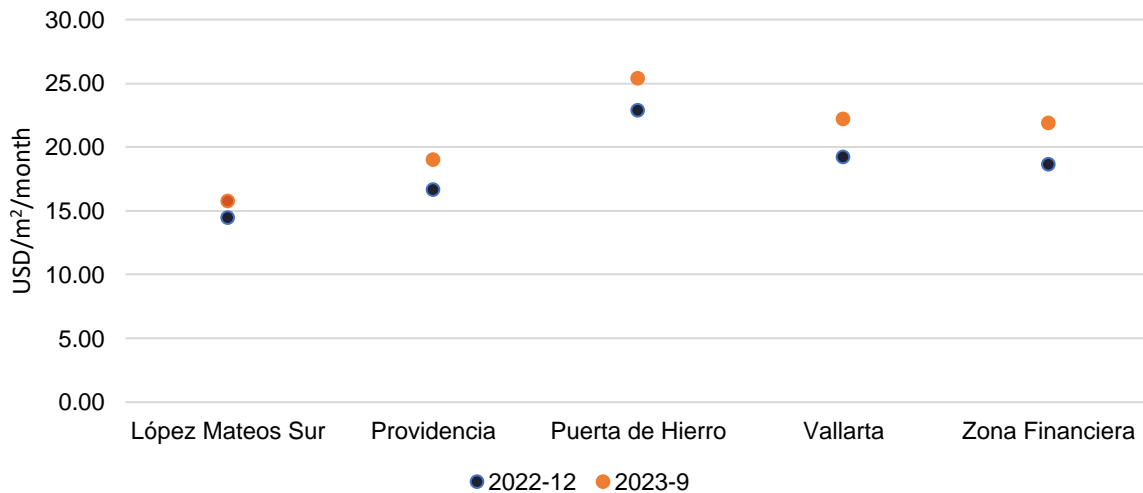
Availability rate

The market ended 3Q 2023 with a availability rate of 14.14%, 136,964 m² available and 6,784 m² under construction. Vallarta registered the highest availability rate with 21.96%, In contrast, Puerta de Hierro had the lowest availability rate, standing at 5.38%, with 15,554 m² available.



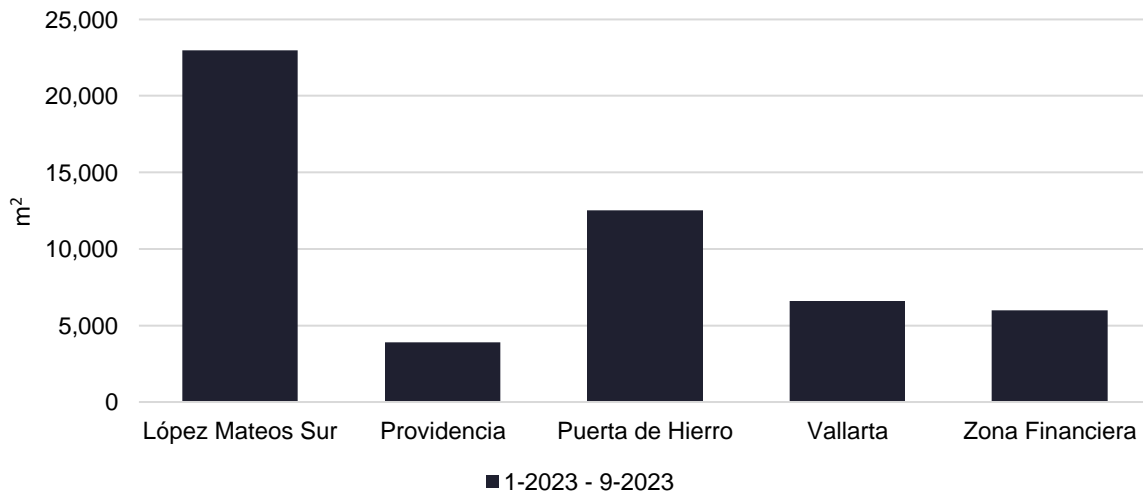
Asking prices

At the end of 3Q 2023, Guadalajara registered an average asking price of \$353.58 MXN/m²/month. Puerta de Hierro continues to have the highest price in the market, quoted at \$430.87 MXN/m²/month, while López Mateos Sur had the lowest price at \$266.97 MXN/m²/month.



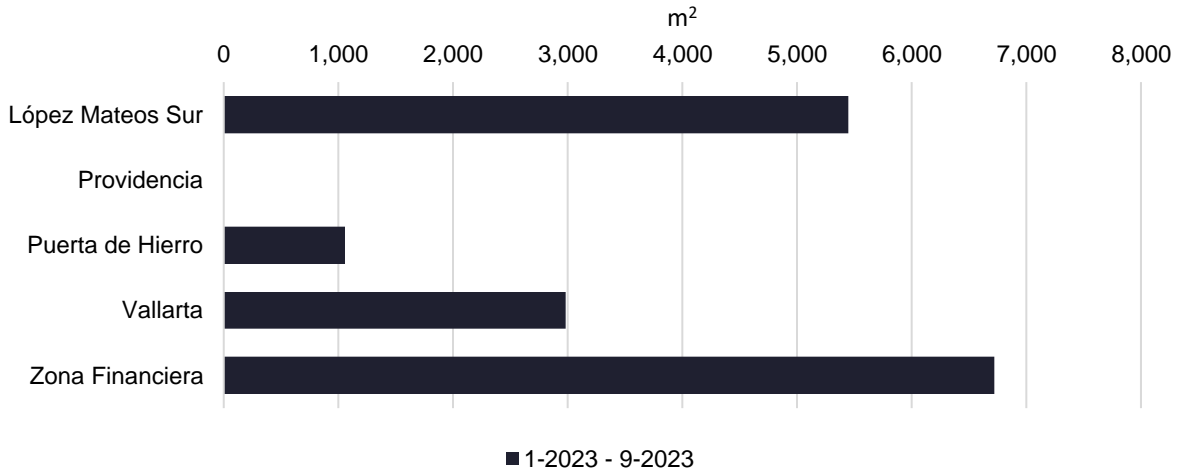
Gross absorption

From January to September 2023, Guadalajara accumulated a gross absorption of 52,019 m². López Mateos Sur led this indicator with an occupancy of 22,987 m², followed by Puerta de Hierro, which added demand for 12,518 m². During these months, all corridors had lease or sale activity.



New spaces

At the end of 3Q 2023, Guadalajara recorded 16,211 m² of new spaces, located in four of the five corridors that make up the market. Zona Financiera concentrated the largest amount of new spaces, adding up to 6,723 m².



Looking forward

The corporate market in Guadalajara showed very positive signs in the first three quarters of 2023. This is because the demand for office spaces increased significantly compared to the previous year, surpassing 52,000 square meters, whereas in the entire year of 2022, it barely reached 39,000 square meters. In other words, as of September 2023, the demand for offices exceeded that of the entire year 2022 by 33%.

Technology and Information Technology (IT) companies such as Luxoft and Tech Mahindra, among others, continue to drive the demand for office spaces in Guadalajara, accounting for 11% of the total absorption.

Additionally, López Mateos Sur was the corridor with the highest absorption, with notable occupancy in Esfera building within the Distrito La Perla complex, owned by Fibra Monterrey. A company in the electronics sector absorbed more than 4,000 square meters.

The rental prices in Guadalajara have remained almost unchanged, making the market highly competitive compared to the markets in Mexico City and Monterrey. Furthermore, rentals are still predominantly in pesos and not in dollars.

We can observe that companies in the technology, electronics, computer science, logistics, and automotive sectors continue to demand office spaces in Guadalajara market. Therefore, the strong absorption rate is expected to continue for the remainder of the year, further reducing the availability rate, which is already at healthy levels in this market.

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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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