

# Industrial Business Review:

Bajío-Western  
4Q 2023



# Index

We are Datoz	2
Methodology	2
Market	3
Submarkets	4
Economic perspective	5
Summary	5
Inventory	6
Construction starts (YTD)	6
New spaces (YTD)	7
Gross absorption (YTD)	7
Net absorption (YTD)	8
Availability rate	9
Asking prices	9
Looking forward	10
Glossary	11
Legal notice	12
Contact	12

## 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 15 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

# Region



Markets



## Economic outlook

October de 2023, industrial production in Mexico grew by 5.2% annually, driven by the construction sector, which increased by 27.5% compared to 2022. Meanwhile, the manufacturing industry experienced a modest growth of only 0.5%, according to the National Institute of Statistics and Geography (INEGI).

Employment in the manufacturing industry declined by -0.9% annually in October 2023. The textile manufacturing sector had the greatest contraction in employment, followed by the wood industry.

From January to September 2023, Foreign Direct Investment (FDI) in Mexico reached \$32.926 billion, a 30% increase compared to the same period in 2022, according to the Ministry of Economy.

In September 2023, private consumption experienced an annual growth of 5%, driven by imported goods, which increased by 24.3%, according to INEGI.

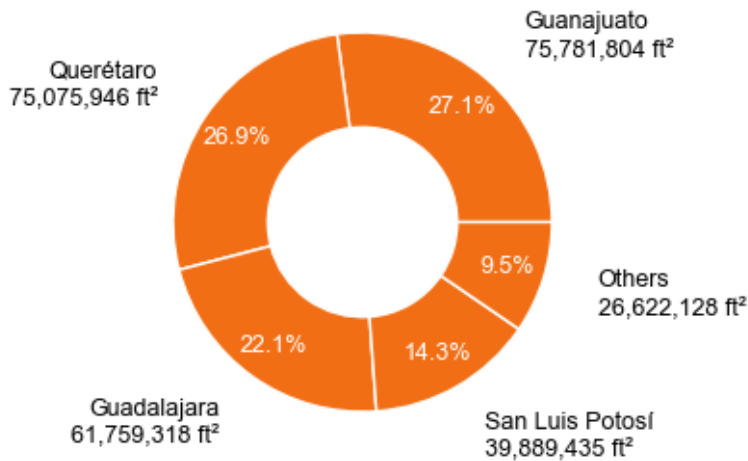
In December 2023, the National Consumer Price Index or the inflation rate recorded an annual growth of 4.66%, according to INEGI.

## Summary

1. The Bajío-Occidente region concluded 4Q 2023 with a total inventory of 279.1 million ft<sup>2</sup>.
2. Throughout 2023, the region accumulated construction starts totaling 13.9 million ft<sup>2</sup>, with the Querétaro standing out with 5.4 million ft<sup>2</sup>.
3. At the end of 4Q 2023, the region recorded new availability of 13.6 million ft<sup>2</sup> between vacancies and spaces under construction.
4. From January to December 2023, the region accumulated gross absorption of 13.8 million ft<sup>2</sup>.
5. The net cumulative absorption for the Bajío-Occidente region was negative, totaling -3.1 million ft<sup>2</sup>.
6. The Bajío-Occidente region reported an availability rate of 4.95%, with 16.2 million ft<sup>2</sup> of net leasable area available.
7. At the end of 4Q 2023, the average asking price for the region was \$0.50 USD/ft<sup>2</sup>/month.

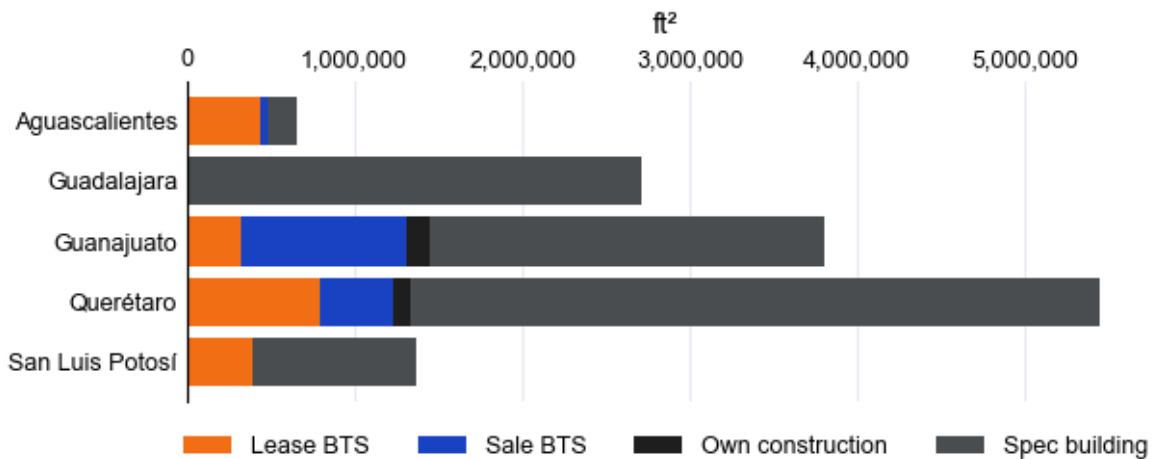
## Inventory

The Bajío-Occidente region concluded 4Q 2023 with a total inventory of 279.1 million ft<sup>2</sup> of net leasable area and a growth of 5.28%. Just over 50% of the inventory is concentrated in the markets of Guanajuato and Querétaro, each with 75 million ft<sup>2</sup>, respectively. Guadalajara follows with 61.7 million ft<sup>2</sup>.



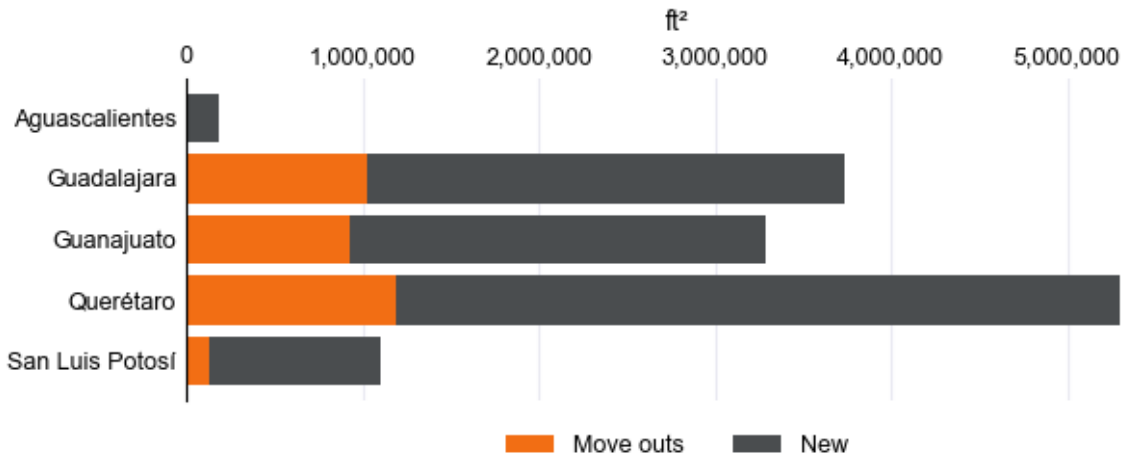
## Construction starts (YTD)

Throughout 2023, the Bajío-Occidente region recorded construction starts totaling 13.9 million ft<sup>2</sup>. Querétaro led construction starts with 5.4 million ft<sup>2</sup> of speculative buildings, build-to-suit (BTS) for lease, sale, and self-construction. Guanajuato, on the other hand, added 3.8 million ft<sup>2</sup> under construction, of which 2.3 million ft<sup>2</sup> were speculative and 987,049 ft<sup>2</sup> were BTS for sale, with the remainder being BTS for lease and self-construction.



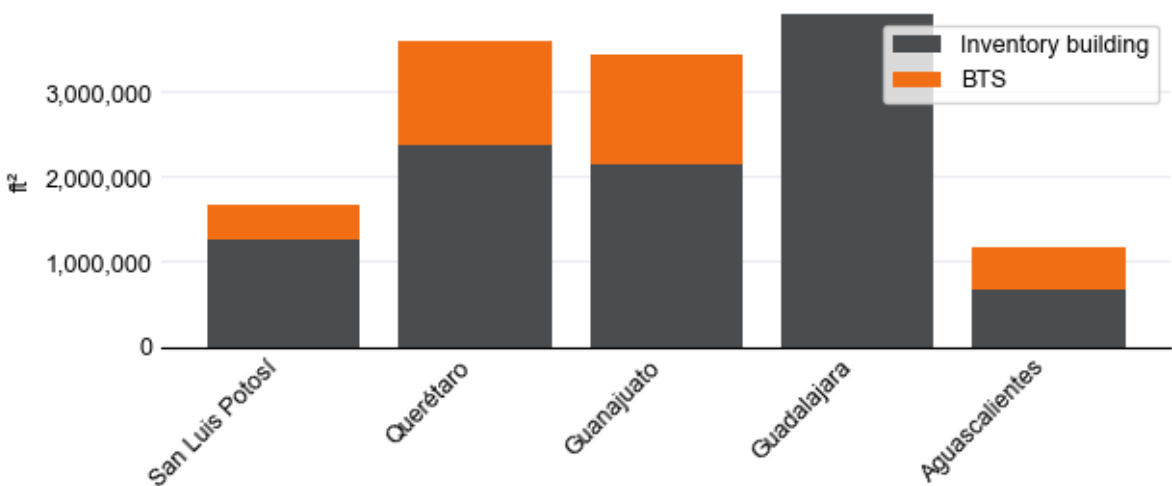
## New spaces (YTD)

At the end of 4Q 2023, the region added 13.6 million ft<sup>2</sup> of new spaces, primarily due to new speculative building offerings totaling 10.3 million ft<sup>2</sup>, while vacancies accumulated 3.2 million ft<sup>2</sup>. Querétaro recorded the highest new availability, with 5.2 million ft<sup>2</sup>, driven by speculative buildings.



## Gross absorption (YTD)

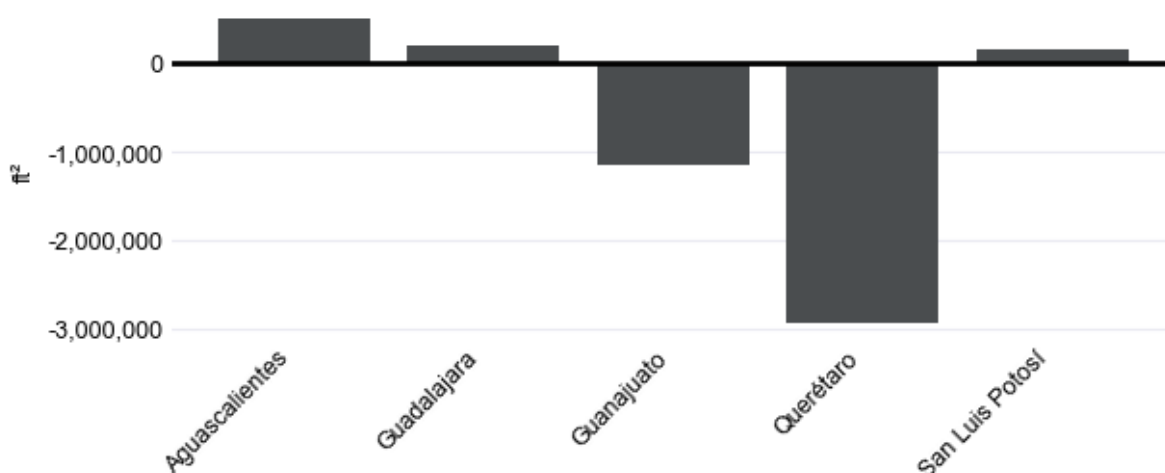
From January to December 2023, the region accumulated gross absorption of 13.8 million ft<sup>2</sup>. Guadalajara closed with an absorption of 3.9 million ft<sup>2</sup>, entirely from speculative inventory, followed by Querétaro with 3.6 million ft<sup>2</sup> between build-to-suit (BTS) and speculative spaces. Meanwhile, Guanajuato accumulated 3.5 million ft<sup>2</sup>. Aguascalientes set a historical record with 1.1 million ft<sup>2</sup> absorbed.





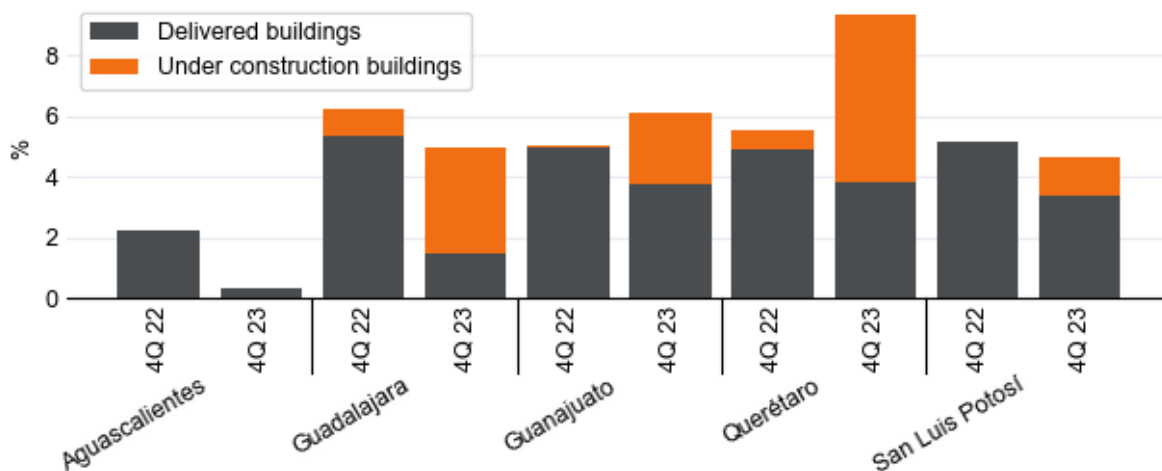
## Net absorption (YTD)

The net cumulative absorption, excluding vacancies, build-to-suit (BTS), and speculative spaces, in the Bajío-Occidente region was -3.1 million ft<sup>2</sup>. Aguascalientes, Guadalajara, and San Luis Potosí had a positive net absorption, with 499,624 ft<sup>2</sup>, 193,260 ft<sup>2</sup>, and 162,576 ft<sup>2</sup>, respectively. The rest of the markets in the region recorded negative net absorption due to the new supply of spaces.



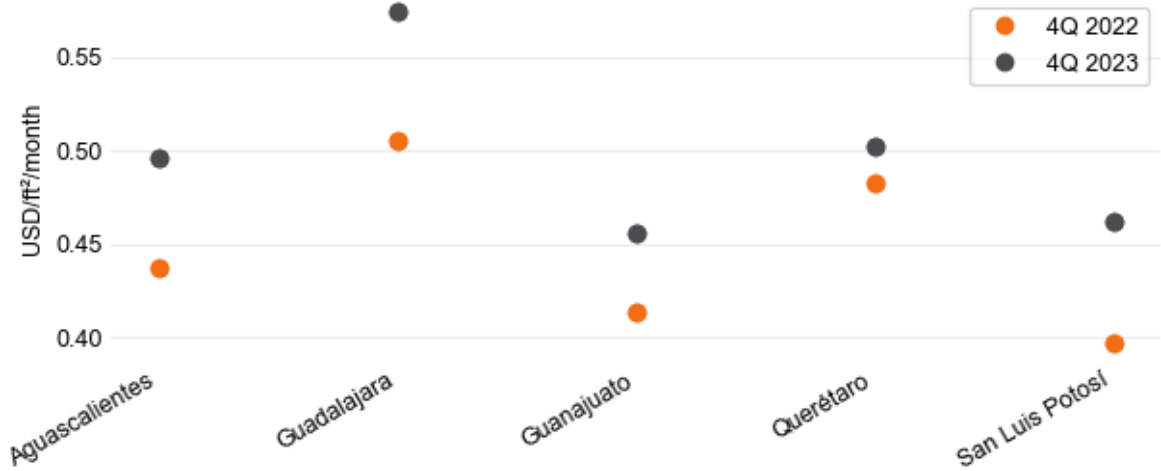
## Availability rate

The region concluded 4Q 2023 with a total availability rate of 4.95%, equivalent to 16.2 million ft<sup>2</sup> of net leasable area available. Aguascalientes, Guadalajara, and San Luis Potosí decreased their rates. In contrast, despite recording a decrease in the availability rate for delivered buildings, the new supply under construction increased the rates for Querétaro and Guanajuato to 9.12% and 5.90%, respectively.



## Asking prices

At the end of 4Q 2023, the region recorded a starting price of \$0.50 USD/ft<sup>2</sup>/month, an increase of \$0.40 USD compared to the same period in 2022. All markets in the region experienced price increases due to new supply. Guadalajara and Querétaro were the markets with the highest starting prices, at \$0.57 USD/ft<sup>2</sup>/month and \$0.50 USD/ft<sup>2</sup>/month, respectively.



## Looking forward

The Bajío-Occidente region closed 2023 with a declining demand for industrial spaces, decreasing by 14% compared to 2022. However, it's essential to note that both 2021 and 2022 were record years for gross absorption. Despite the decline, demand remains at higher levels compared to previous years, driven by nearshoring.

Aguascalientes set a historical record by absorbing 1.1 million ft<sup>2</sup>, with 70% occupied by the automotive sector. This absorption reduced the availability rate to 0.30% for all delivered spaces. The demand momentum is expected to continue this year, leading to a further decrease in the availability rate. Consequently, Aguascalientes will run out of speculative inventory, triggering demand for build-to-suit (BTS) buildings this year.

The gross absorption of San Luis Potosí remains at levels similar to 2022, both in the absorption of industrial buildings and land. According to information from Industrial Land by Datoz, around 326 hectares were sold in 2023, a quantity similar to the previous year, maintaining land activity over the last two years.

Over the last four years, Guadalajara has maintained the pace of demand for industrial spaces, reporting gross absorptions exceeding 3 million ft<sup>2</sup>. If this industrial occupancy synergy continues, by 2024, there will be a shortage of new inventory to meet demand, as availability is only 2.9 million ft<sup>2</sup> of delivered and under-construction spaces.

For Guanajuato, 2023 was also a dynamic year, sustaining demand at levels similar to 2022. The activity focused on expansions of existing companies and the attraction of new investments. On the other hand, it was a historic year in speculative construction, reporting 2.3 million ft<sup>2</sup>.

Querétaro reported a significant increase in the availability rate, rising by 349 percentage points to reach 9.12%, considering delivered and under-construction spaces. This is due to the detonation of speculative construction by developers such as Fibra Uno, Construye Industrial, Eqt Excelter, to name a few.

The Bajío-Occidente region managed to halt the decrease in the availability rate with the detonation of new speculative developments, some of which began absorption before beneficial occupancy. It is estimated that in 2024, the construction of speculative inventory will continue, along with the development of new industrial parks to meet the strong industrial demand experienced by the Bajío due to nearshoring.

## Glossary

**Inventory:** sum of the area of type A, B and C buildings according to most developers and institutional brokerage companies of the period.

**Construction starts:** sum of constructed area of the period.

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

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

**Net absorption:** gross absorption minus BTS projects and new space

**Availability rate:** available area divided by inventory of the period.

**Asking prices:** weighted average asking price weighted by the available area of the period.

## Legal notice

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