

Offices Business Review: Guadalajara 1Q 2024



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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 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

Market



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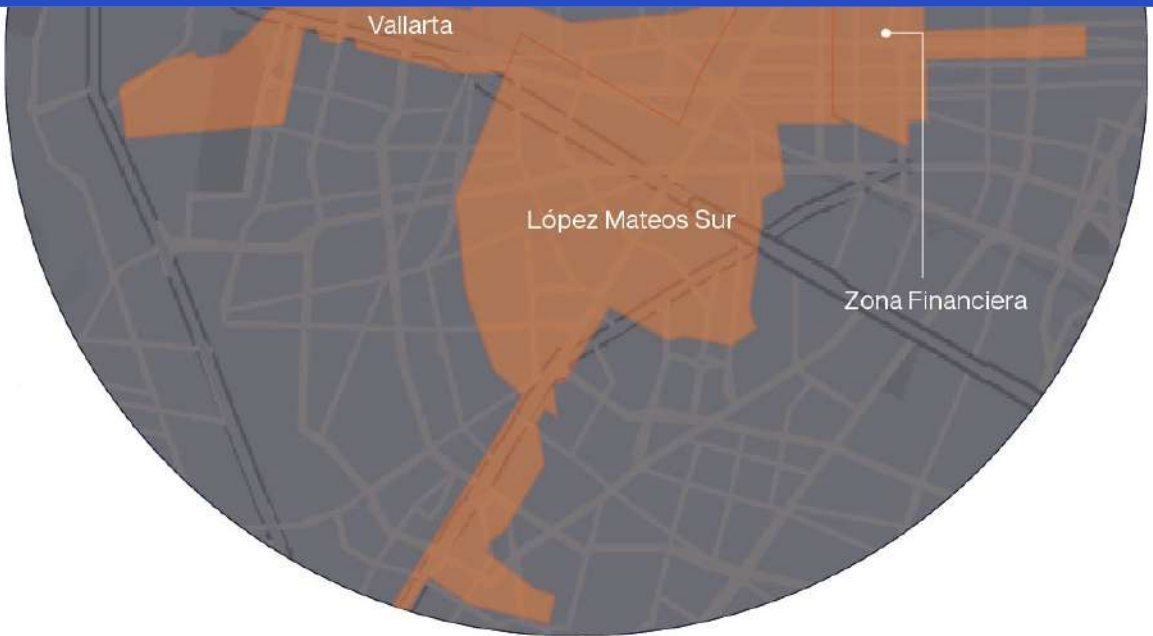
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Submarkets



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Economic outlook

In January 2024, industrial production in Mexico grew 1.9% annually, driven by the construction sector, which increased by 7.9% compared to the same month in 2023. Manufacturing industry saw a decrease of 1.4%, according to the National Institute of Statistics and Geography (INEGI).

Employment in the manufacturing industry declined by 1.0% annually during January 2024. The chemical industry was the sector with a 2% increase in employment, but clothing manufacturing contracted by 1.4%.

By the end of 2023, Foreign Direct Investment (FDI) in Mexico reached \$26.158 billion, 27% higher than in 2022, marking a historical peak, according to the Secretariat of Economy.

In January 2024, private consumption experienced an annual growth of 1.3%, driven by imported goods, which increased by 14.2%, according to INEGI.

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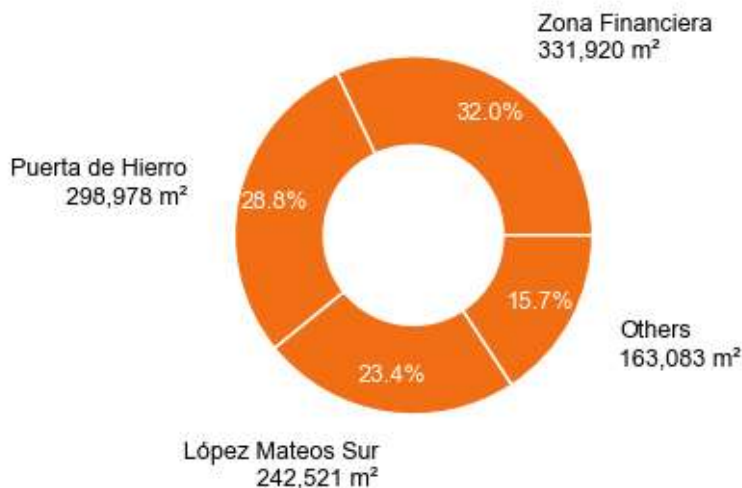
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Summary

1. The northwest region closed Q1 2024 with a total inventory of 24.9 million square meters (m²).
2. From January to March 2024, the region accumulated construction starts totaling 93,476 square meters (m²), with activity particularly notable in Tijuana.
3. By the end of Q1 2024, the region added 98,260 square meters (m²) of new spaces, including vacancies and speculative buildings.
4. From January to March 2024, the northwest region recorded a gross absorption of 74,733 square meters (m²).
5. The net absorption accumulated by the region by the end of Q1 2024 was -15,571 square meters (m²).
6. The northwest region recorded a total availability rate of 5.12%.
7. By the end of Q1 2024, the average listing price in the region was \$6.51 (USD) per square meter per month.

Inventory

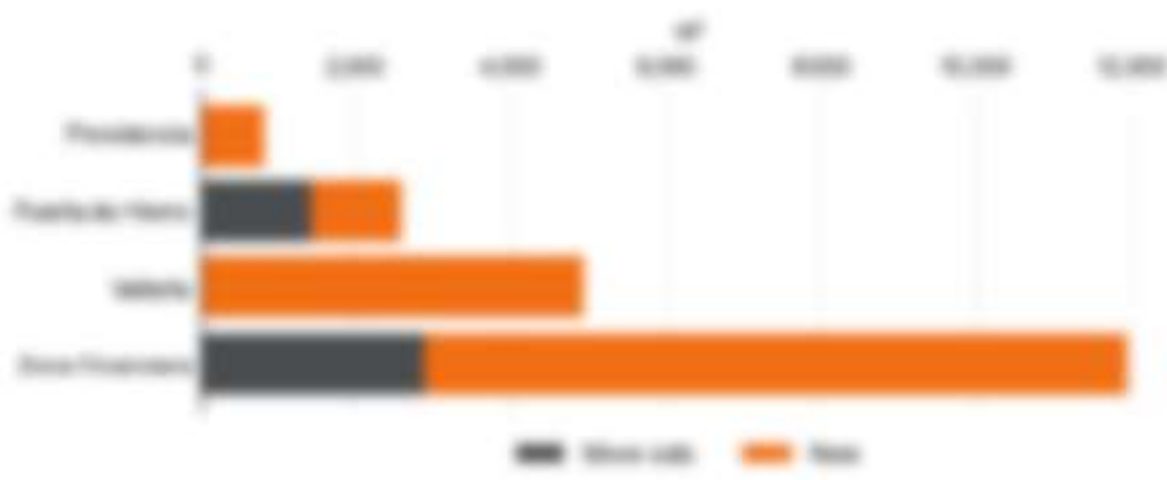
The office real estate market in Guadalajara closed 1Q 2024 with a total inventory of 1,036,502 m². Three corridors concentrate 84% of the inventory. Zona Financiera and Puerta de Hierro have 331,920 m² and 298,978 m², respectively, while López Mateos Sur accounts for 242,521 m².



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During 1Q 2024, developers reported 20,000 m² of new offices, including 10,000 m² in Zona Financiera, 7,000 m² in Puerta de Hierro, and 3,000 m² in López Mateos Sur. The most significant amount of new offices, totaling 1,000 m², is being built in the Zona Financiera. This was followed by Puerta de Hierro with 400 m² and López Mateos Sur with 200 m².



Gross absorption (YTD)

From January to March 2024, Guadalajara's market accumulated a gross absorption of 46,277 m², distributed across four corridors. Zona Francisco had absorption with 7,477 m², accounting for 16% of the total absorption. Puerto de Mexico followed with an absorption of 5,000 m², while Valiente reported 2,200 m² absorbed.

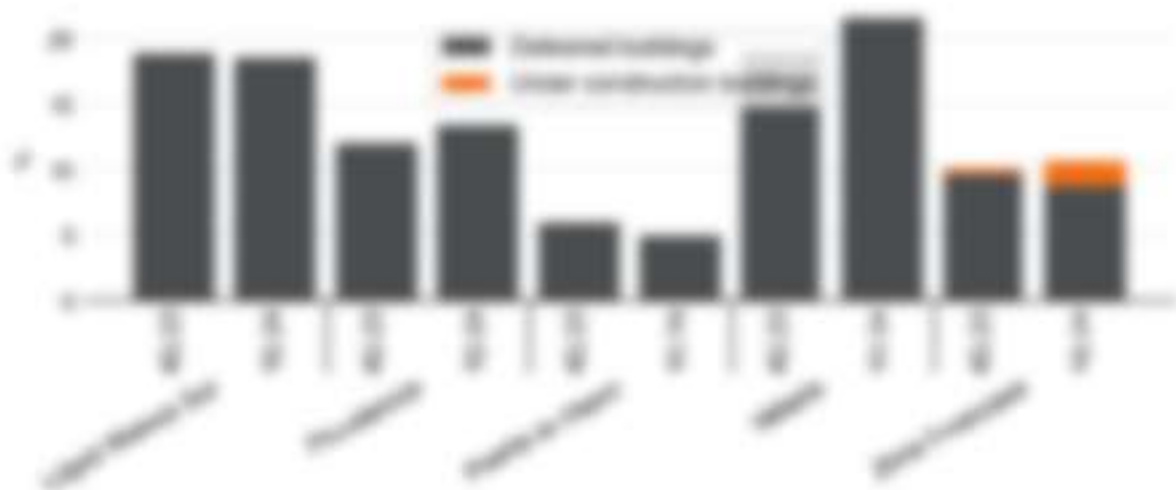


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Availability rate

Guadalajara ended 1Q 2024 with an availability rate of 12.8%. The existing availability was 14,462 m², with an additional 8,754 m² under construction. Except for Zona Francisco, the corridors in this market only have availability in delivered buildings. Valiente had the highest availability rate at 21.7%. In contrast, Puerto de Mexico had the lowest rate at 4.80%.



Asking prices

El cierre del 1Q 2024, la región reportó un precio de venta de \$5.77 millones, un incremento de \$0.20 millón respecto al mismo lapso de 2023. Aguascalientes, Querétaro y San Luis Potosí reportaron alza importante en sus precios debido a la menor oferta. Aguascalientes y Querétaro reportaron los precios de venta más altos con \$6.28 millones y \$6.75 millones, respectivamente.



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Looking forward

The Sagic region has been characterized by its automotive and logistic focus. Its geographical location has allowed major automakers such as BMW, GM, Volvo, Nissan, among others, to establish themselves in the region, leading to the attraction of automotive supply chains. Alongside the operational industry, the acquisition of land by end users has remained active, primarily by companies of Chinese origin. This is due to disruptions in supply chains caused by the reworking trend.

In this sense, the automotive industry and reworking have been the driving forces behind the demand for industrial spaces in the Sagic region, which increased by 50% in just 1Q 2024 compared to the same period in 2023. Quarters led the gross absorption, with a 50% increase, driven by automotive industry suppliers such as Yafeng Automotive, dedicated to interior manufacturing.

By the end of 1Q 2024, Agenceras and San Luis Potosí reported

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Meanwhile, San Luis Potosí began 2024 with dynamism in land acquisition and industrial warehouse occupancy. In 1Q 2024, the market saw a 50% increase in industrial space absorption compared to the same period in 2023.

In the first three months of the year, construction activity in the region declined by 50% compared to the same period in 2023. However, speculative construction starts continue to be registered, mainly in Coahuila, with a 200% increase compared to the same period in 2023.

The addition of speculative spaces influenced the increase in available spaces in the region, which grew by 60% in 1Q 2024 compared to 1Q 2023. In terms of vacancy rate, it increased by 16 basis points over the last 12 months, reaching 5.00%.

Like in other regions, asking prices for industrial spaces in the Sagic West continued to experience significant increases. In the last year, prices rose by 10%, reaching \$1.51 USD/sq.m.

Finally, investments have been announced in various markets in the region that will materialize in the coming months. Despite being an election year, the region will continue with the growth and demand pace it has experienced since 2023.

Glossary

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

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

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

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