



RESEARCH 1Q 2021



Queretaro Industrial Market

Stable New Year

Queretaro is a key state in Central Mexico as it ranks second in terms of Foreign Direct Investment. Consequently, manufacturing and logistics companies located in the area saw sound stability during the first quarter of the year.

The aerospace industry is one of the main economic drivers in Queretaro. According to FERNIA (Mexican Federation of Aerospace Industries), this sector has attracted more private investments within the Space 2.0 market to partake in the new space age. Additionally, Queretaro is home to 50 companies in the aerospace sector featuring 450 production units that generate more than 9,500 jobs in the sector. The aerospace sector in the city also generates sales for more than \$1.2 billion USD on a yearly basis. These figures depict the consolidation of Queretaro's industrial market as one of the main industrial markets in the country with international projection.

Current Conditions

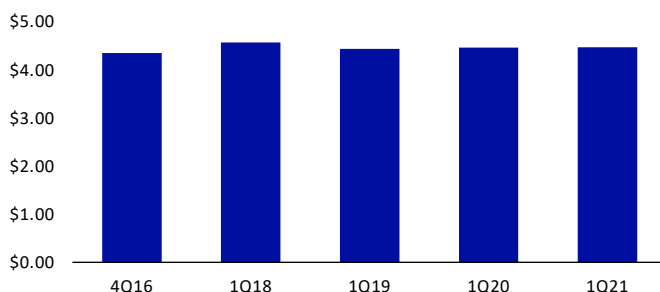
- The Class A inventory reached 66.7 million square feet by the end of this quarter.
- Construction activity was recorded at 500,000 square meters during the first quarter of 2021.
- The vacancy rate increased from 6.8% in the 4Q20r to 7.5% in 1Q21.

Market Summary

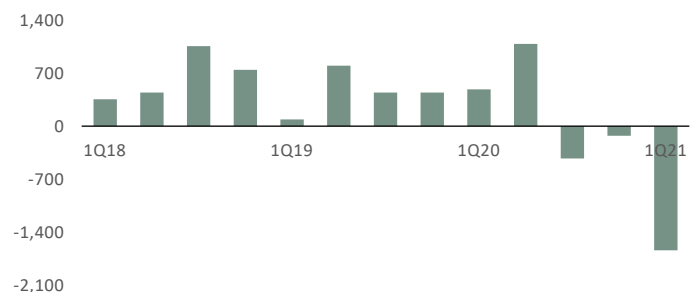
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	66.7M	66.7M	58.1M	↑
Vacancy rate	7.5%	6.8%	8.0%	→
Quarter absorption (SF)	-1.6 M	-0.02 M	1.1 M	↓
Average asking rent (USD/SF/year)	\$4.36	\$4.20	\$4.44	←
Under construction (SF)	0.5 M	0.7 M	3.1 M	↑

Market Analysis

AVERAGE ASKING RATE (USD/SF/year)



NET ABSORPTION (THOUSAND SF)



Industrial Operations Hub

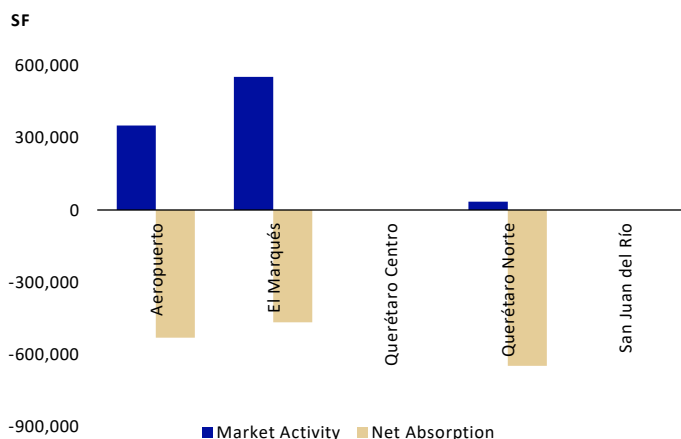
Queretaro industrial activity comprises 3 main sectors: manufacturing, automotive and aerospace. This is made evident by the transactions recorded over the last five years, of which 25% correspond to manufacturing companies; 23% to automotive companies and tier 1 and tier 2 suppliers. Additionally, a \$30.3 million pesos investment is expected to be made throughout 2021 to add 27 new projects that will drive an economic spillover of more than \$1.2 billion USD for the automotive sector in Queretaro.

The most active submarkets in the city during the first quarter of 2021 were El Marques and Aeropuerto with absorption of 553,851 square feet and 351,143 square feet, respectively. This activity has been mainly driven by companies in the manufacturing sector. In contrast, the activity in the logistics sector declined and even recorded some vacated spaces.

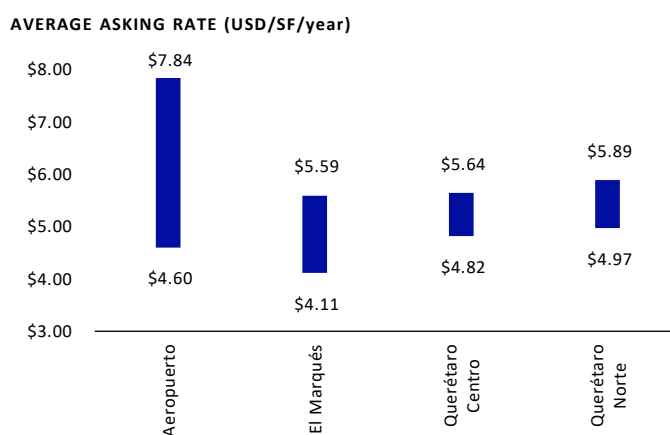
Asking rates remain stable

Even though absorption has declined over the last year, asking rates have remained stable. By the end of 2020, the weighted average asking rate was recorded at \$4.20 USD per square feet per year and it posted a slight increase to \$4.36USD per square feet per year during the first quarter of 2021. The highest asking rates were detected on the Queretaro Centro submarket at \$4.76 USD per square feet per year, whereas the El Marques submarket posted the lowest asking rate in the city at \$4.59 USD per square feet per year.

Net Absorption and Activity per Submarket



Asking Rates Range per Submarket



Submarket Stats

	Total Inventory (million SF)	Under Construction (million SF)	Total Vacancy (million SF)	Vacancy Rate	Total Activity (SF)	Quarterly Net Absorption (SF)	Average Asking Rate (USD/SF/year)
Aeropuerto	13.1	-	1.9	15.3%	0.4	-530	\$ 4.44
El Marques	19.5	0.3	1.9	9.6%	0.5	-466	\$ 4.41
Queretaro Centro	3.6	-	0.3	8.2%	-	-	\$ 4.76
Queretaro Norte	22.3	0.3	0.9	4.3%	0.03	-648	\$ 4.59
San Juan del Rio	8.8	-	-	-	-	-	-
Total	67.3	0.6	5.0	7.5%	9.3	-1,645	\$ 4.36

Economic Overview 2021

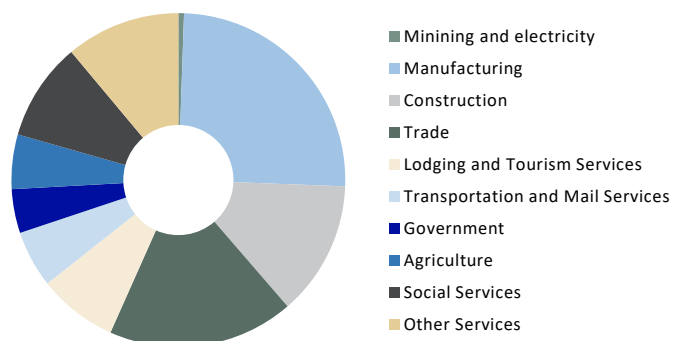
The main economic activity in the state of Querétaro is the manufacturing industry, contributing 30% to the state's GDP. In this regard, the manufacturing of aerospace equipment and the automobile industry stand out.

According to the State Economic Reactivation Program that the State Economic Department has launched, 50% of the 34 thousand jobs lost during 2020 due to confinement have been recovered.

During the first quarter of the year, the manufacturing industry created a greater number of jobs, concentrating 35% of the state total, followed by the services sector.

Employment per Economic Sector

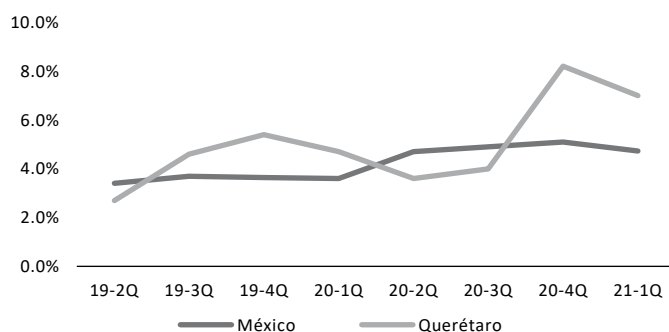
QUERETARO, MARCH 2021



Source: STPS

Unemployment Rate

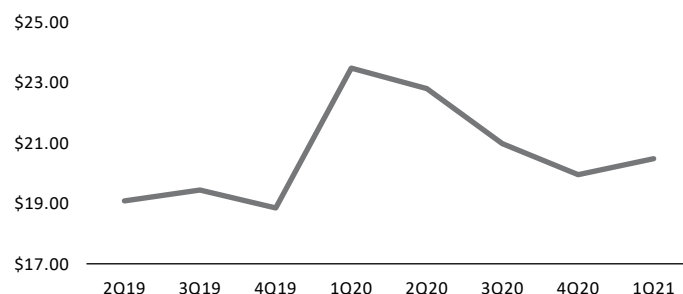
ANNUAL INDICATOR



Source : INEGI, ENOE

Exchange Rate

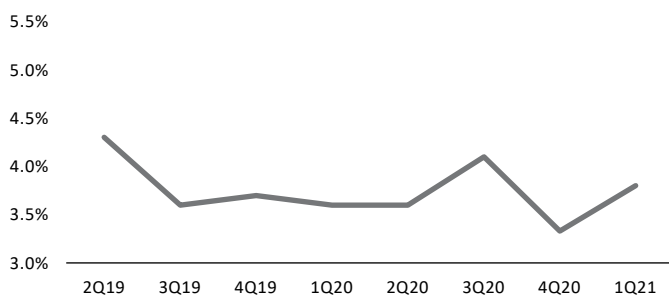
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source : Banxico

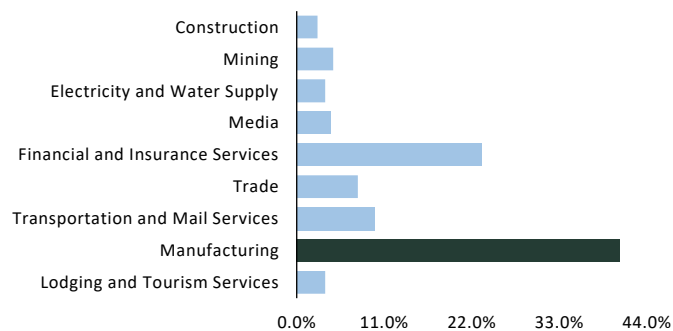
Consumer Price Index (CPI)

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source: INEGI, ENOE

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