

Guadalajara Metropolitan Area Industrial Market

Market Reactivation

The state of Jalisco has always been characterized by having great growth, since it constantly diversifies and seeks to attract foreign capital. Thanks to this, the state is consolidated as a manufacturing, logistics and technological region at the national level.

The Guadalajara market had a great boost in the current quarter, since it doubled its activity by just over 1.76 millions SF compared to the previous quarter. This can be explained by several factors: the first, the slight decrease in average rental prices; second, due to the region's manufacturing and logistics boost, and, finally, due to the economic reactivation that occurred due to the change in the epidemiological traffic light in the state.

On the other hand, the vacancy rate decreased considerably, going from 4.3% to 1.4% in 2Q 2021. This is thanks to the encouragement by the current dynamism of the market and the high levels of activity in the Zapopan Norte corridor.

Current Conditions

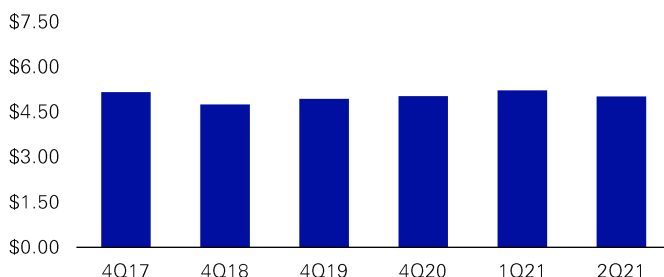
- Class A inventory was closed the quarter at nearly 54.0 million SF.
- Construction activity reached 1.6 million SF in the second quarter of 2021.
- The vacancy rate in the Guadalajara Metropolitan Area decreased from 4.3% in 1Q21 to 1.4% in 2Q21.

Market Summary

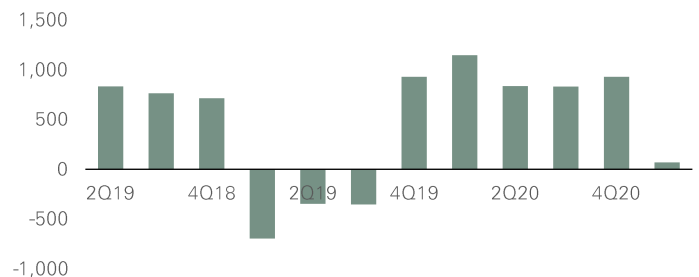
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	54.0 M	53.7 M	37.8 M	↑
Vacancy rate	1.40%	4.30%	1.40%	↑
Quarterly absorption (SF)	301,597	68,341	1.5 M	→
Average asking rent(USD/SF/year)	\$5.02	\$5.16	\$5.16	→
Under construction (SF)	1.6 M	2.9 M	3.1 M	↑

Market Analysis

AVERAGE ASKING RATE



NET ABSORPTION (Thousand SF)



Prices and Availability

In the current quarter, there was a drop in prices compared to the first months of the year. The above, going from \$5.02 USD/SF/Year in 1Q 2021 to \$5.16 USD/SF/Year in 2Q 2021. Regarding the highest market price, it is located in the Zapopan Norte corridor, with a maximum of \$ 6.41 USD/SF/Year. The lowest price in the market corresponds to the El Salto-Airport corridor, with a minimum price of \$ 4.46 USD/SF/Year .

On the other hand, the industrial availability decreased, due to the incorporations of the market; however, new inventory is expected to enter next quarter.

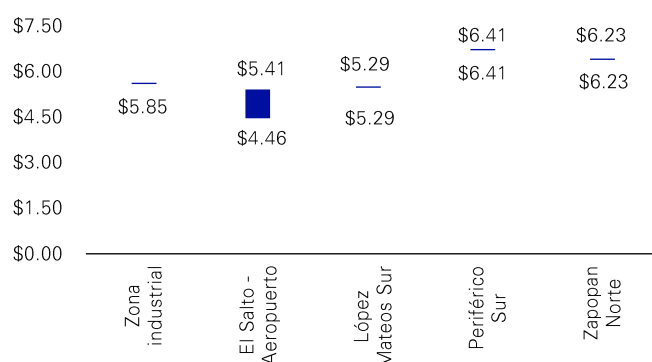
Manufacturing and Logistics

The main operations carried out in the second quarter of the year in the Guadalajara Metropolitan Area belong mainly to manufacturing and logistics activities. More than 323 thousand SF of operations in the manufacturing sector generate 27% of the market activity; while the operations that add up to more than 667 thousand Fr , that is, more than 50% of the transactions correspond to Logistics and Distribution.

The largest operation in the market, of more than 226 thousand SF, is located in the El Salto-Airport corridor and belongs to the logistics business

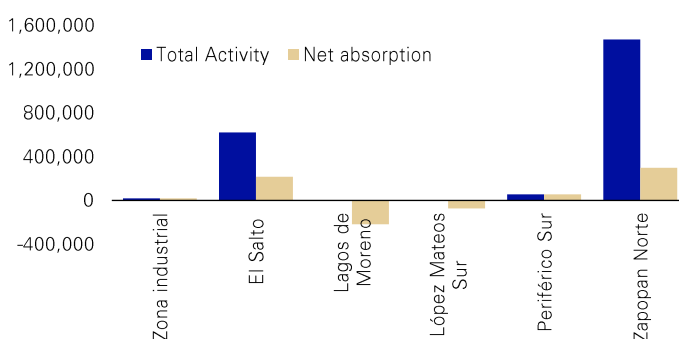
Asking Rates Range per Submarket

AVERAGE ASKING RATE (USD/SF/Year)



Net Absorption and Activity per Submarket

NET ABSORPTION AND MARKET ACTIVITY (SF)



Submarket Stats

	Total Inventory (million SF)	Under construction (million SF)	Total Vacancy (million SF)	Vacancy Rate	Total Activity (million SF)	Quarterly Net Absorption (million SF)	Average Asking Rate (USD/SF/year)
Zona Industrial	1.9	-	0.02	0.90%	0.0	0.0	\$4.71
El Salto	20.6	1.23	0.54	2.60%	0.6	0.2	\$4.19
Lagos de Moreno	2.7	-	-	-	-	-	-
López Mateos Sur	5.0	0.04	0.06	1.10%	-	0.1	\$4.26
Periférico Sur	8.9	0.04	0.01	0.10%	0.1	0.1	\$5.16
Zapopan Norte	15.0	0.29	0.16	1.10%	1.5	0.3	\$5.34
Total	54.0	1.59	0.78	1.40%	2.2	0.3	\$4.04

Foreign Direct Investment as a Boost

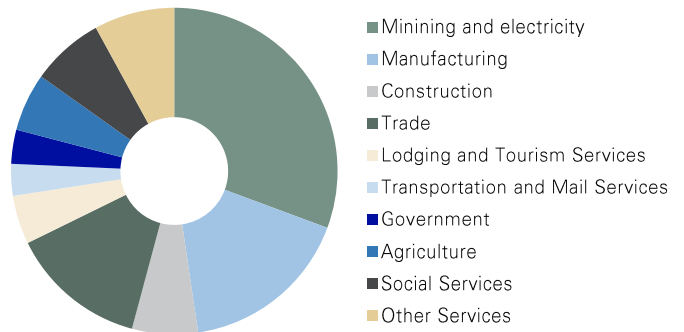
Throughout the first quarter of the year, Jalisco received a large amount of remittances, reaching a ceiling of almost double with respect to Foreign Direct Investment, for which it is now sought that remittances are the impulse of productive projects in various regions of the State and, with it, give an increase to FDI in the current months.

The above will be supported with financing schemes by the government, with interest rates of approximately 8% according to the Jalisco Business Development Fund.

On the other hand, the Ministry of Economic Development also seeks to implement foreign trade opportunities for companies with export potential in Jalisco.

Employment per Economic Sector

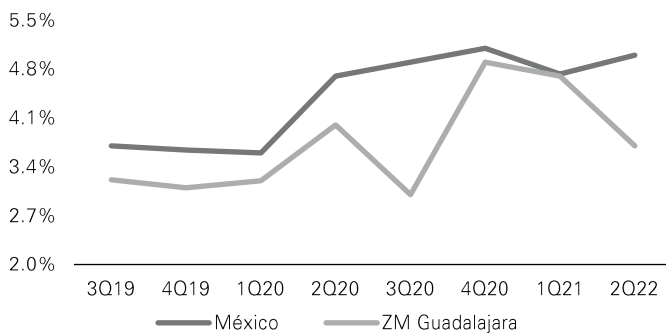
GUADALAJARA AND METRO AREA, JUNE 2021



Source: INEGI, ENOE

Unemployment Rate

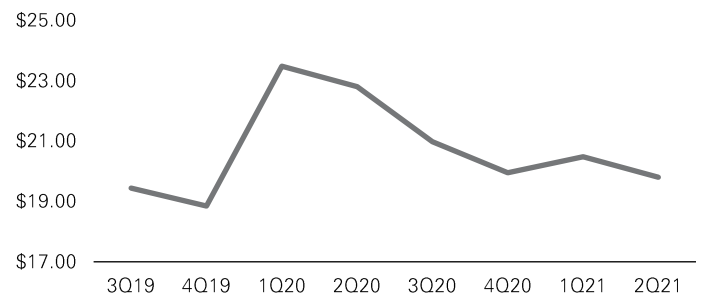
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

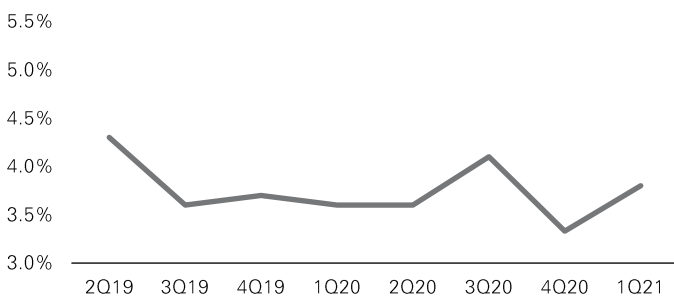
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source : Banxico

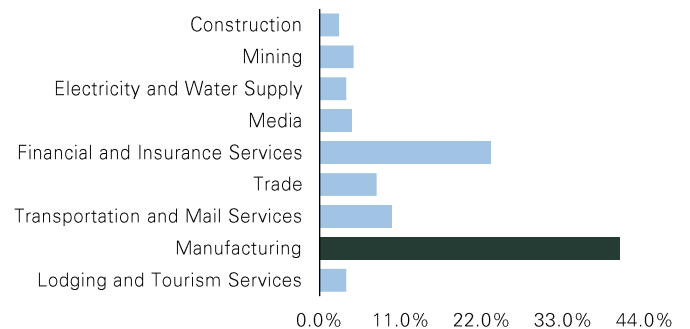
Consumer Price Index (CPI)

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source: INEGI, ENOE

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