



Guadalajara Office Market

Drop in occupancy and inventory provoke an increase in availability

The apparent recovery of the corporate market in the city of Guadalajara turned out to be temporary and once again presented a drop in the main market indicators.

During this quarter, the increase in inventory practically reached the mark of 0.75 million square meters of NRA, which represented a growth of 13.5% compared to the previous year. We expect this upward trend to continue, given that there are more than 115,000 square meters under construction that are waiting to be completed to start commercialization during the next two years.

As is known, this increase in inventory had a direct impact on net absorption which, together with unemployment, once again led this indicator to negative numbers. On this occasion, it closed the quarter with -17,461 m², its lowest level in the last year. Consequently, we saw an increase in the availability rate, which ended the period above 23%, a figure that confirms the condition of an oversupplied market.

Current Conditions

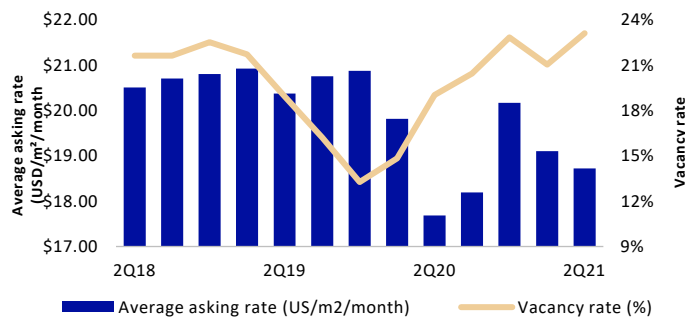
- The vacancy rate increased again and ended the quarter in 23.09%.
- Inventory continues to rise and ended the period with 749,480m².
- Net absorption showed a significant drop and closed the quarter at -17,461 m².

Market Summary

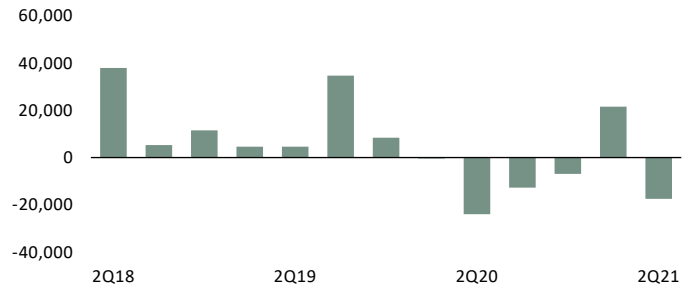
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (m ²)	749,480	740,550	660,083	↑
Vacancy rate	23.0%	21.0%	14.8%	↑
Quarterly absorption (m ²)	-17,461	21,513	-397	↑
Average asking rent (USD/m ² /month)	\$18.72	\$19.10	\$19.81	↓
Under construction (m ²)	116,302	133,544	120,092	↓

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET ABSORPTION (M²)



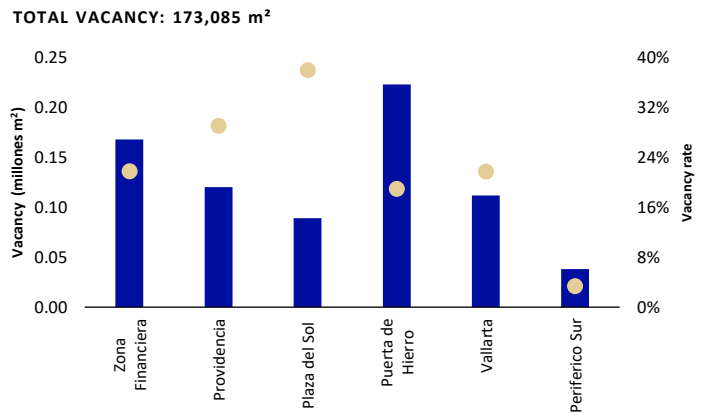
Contrary to previous periods, the corporate market of Guadalajara presented very low figures in its occupations. It closed the quarter with only 3,677 m² of total activity in a period in which only two of its six submarkets saw any type of occupation.

The vast majority of this activity was concentrated in the Providencia corridor, which reported the delivery of 8,930 new m² in the Frater Neruda building. This consolidates it as the third largest corridor in the city, although it is also the second with the highest availability rate (29.08%).

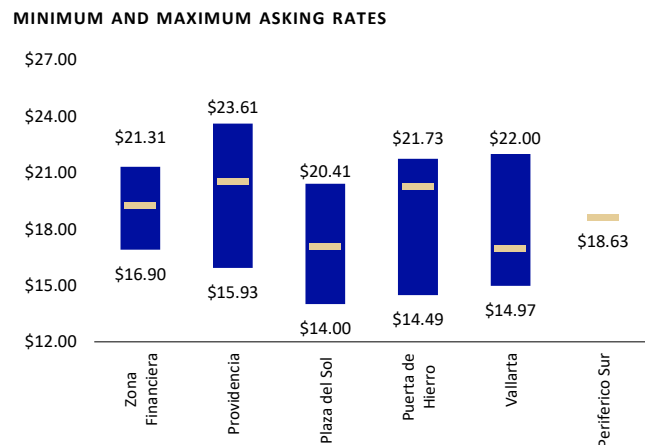
In terms of net absorption, the almost 9,000 square meters mentioned above justify this indicator having such a low level. However, this quarter the aforementioned low occupations weighed more in addition to the more than twelve thousand square meters of vacancy in the class A and A+ corporate market.

Thus, by mid-2021 we see an over-supplied office market in the city of Guadalajara that has sustained an upward trend in the general availability rate since the end of 2019. We expect this trend to continue to rise due to the significant amount of space that is under construction and that will be entering the inventory during the next months. If we do not see a significant recovery in occupancy levels by the end of the year, the corporate market of the city of Guadalajara may reach historical points in vacancy levels that will definitely alter the rental prices of these spaces.

Vacancy per Submarket



Average Asking Rates Range



Submarket Stats

	Total Inventory (m ²)	Deliveries (m ²)	Under construction (m ²)	Total Vacancy (m ²)	Vacancy Rate (%)	Total Activity (m ²)	Net Quarterly Absorption (m ²)	Average Asking Rate (USD/m ² /month)
Zona Financiera	167,714			36,482	21.8%	0	0	\$19.51
Providencia	120,092	8,930		34,918	29.0%	3,476	-5,454	\$19.66
Plaza del Sol	89,059		31,487	33,824	37.9%	0	-10,333	\$16.22
Puerta de Hierro	222,912		43,420	42,286	18.9%	201	-492	\$20.08
Vallarta	111,624		41,395	24,279	21.8%	0	-1,181	\$17.30
Periférico Sur	38,079			1,296	3.4%	0	0	\$18.63
Total Market	749,480	8,930	116,302	173,085	23.1%	3,677	-17,461	\$18.72

Foreign Direct Investment as a Boost

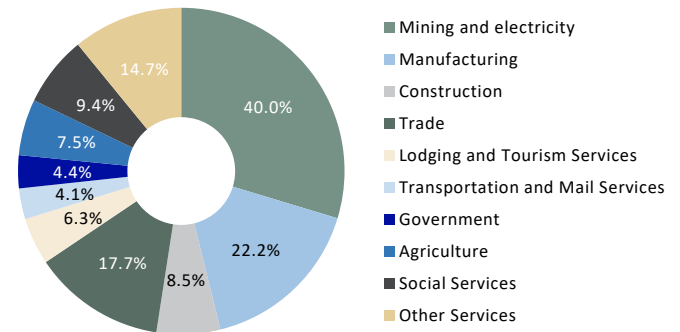
Throughout the first quarter of the year, Jalisco received a large amount of remittances, reaching a ceiling of almost double with respect to Foreign Direct Investment, for which it is now sought that remittances are the impulse of productive projects in various regions of the State and, with it, give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

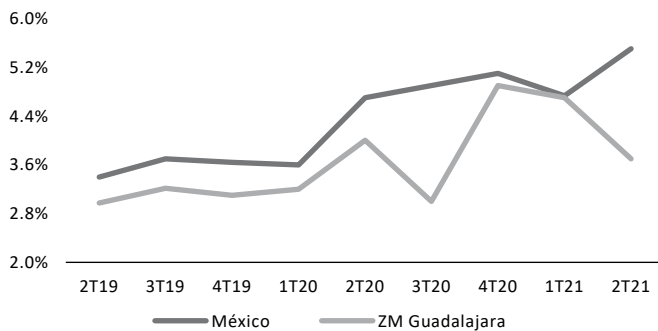
MEXICO CITY AND METROPOLITAN AREA, JUNIO 2021



Source: INEGI, ENOE

Unemployment Rate

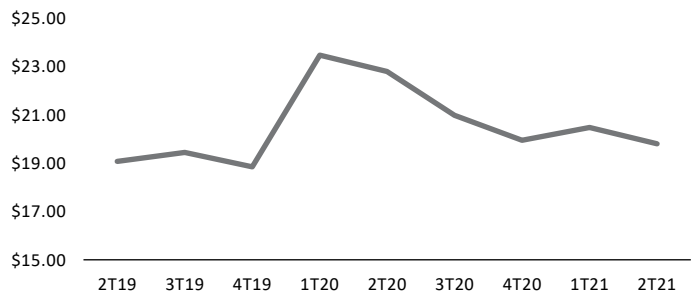
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

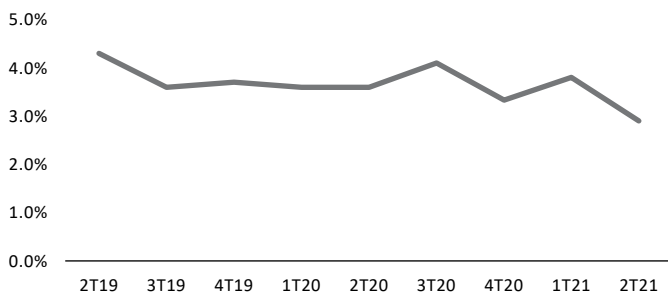
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source : Banxico

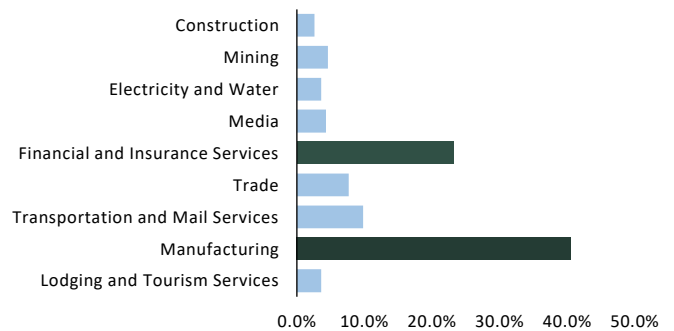
Consumer Price Index

ANNUAL INDICATOR



Source: Banxico

Foreign Direct Investment



Source : INEGI, ENOE

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