



Monterrey Industrial Market

Demand On The Rise

The Class A industrial market posted high demand levels during this quarter showing dynamism in several indicators such as net absorption, gross absorption, transactions and construction activity.

Most of the gross absorption was recorded in the Apodaca and Santa Catarina submarkets at 43.3% and 18.2%, respectively. Net absorption was up to 3.8 million square feet, while the gross absorption reached an unprecedented 4.3 million square feet. Some major transactions include Uline, Estafeta, Pantos, MFG, Lucky Harvest, among others.

Construction activity continued on the rise during the quarter above 5.4 million square feet from 2.9 million square feet in the year-ago-period and from 4.1 million square feet in the prior quarter. Class A inventory reached a space of 75.3 million square feet.

Current Conditions

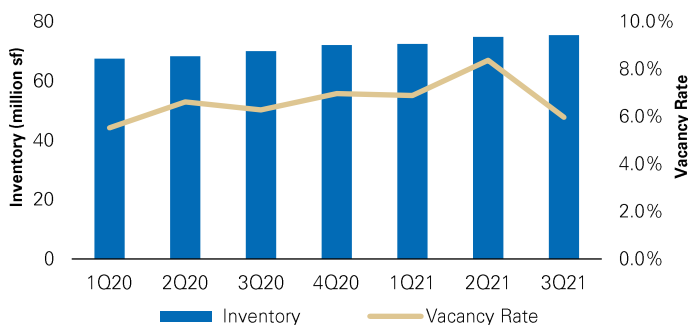
- Vacancy registered 4.4 million square feet
- More than 5.4 million square feet under construction were registered
- Stable rental price, US\$4.70 per square feet per year
- Accumulated gross absorption (Class A) over 8.6 million square feet

Market Summary (Class A)

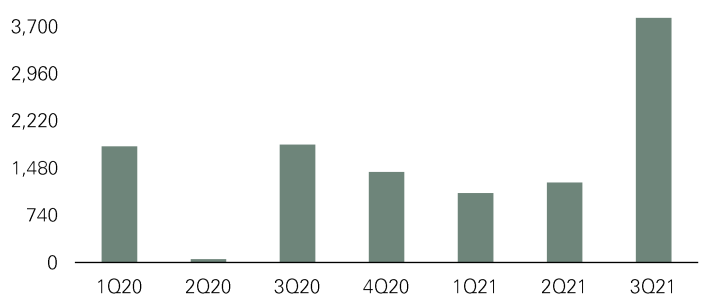
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	75.3M	74.7M	69.9M	↑
Vacancy Rate	6.0%	8.4%	6.3%	→
Quarterly Net Absorption (SF)	3.8M	1.2M	1.8M	→
Average Asking Rent (SF/Year)	\$4.70	\$4.70	\$4.66	→
Under Construction (SF)	5.4M	4.1M	2.9M	↓

Market Analysis

INVENTORY & VACANCY RATE



NET ABSORPTION (000'S SF)



Rising Offer

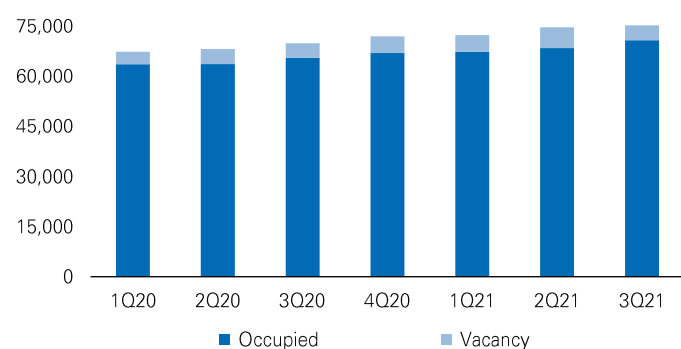
The total vacancy in third quarter of 2021 was recorded at 4.4 million square feet, up from 4.3 million in the year-ago period, but down from 6.2 million square feet in the second quarter of 2021. The vacancy rate recorded a 6.0%, down from 6.3% in the third quarter of 2020 and down from 8.4% in the second quarter of 2021. The decline in the vacancy rates has been due to the high demand for industrial Class A space, mainly in the Apodaca submarket.

Asking Rates Remain Stable

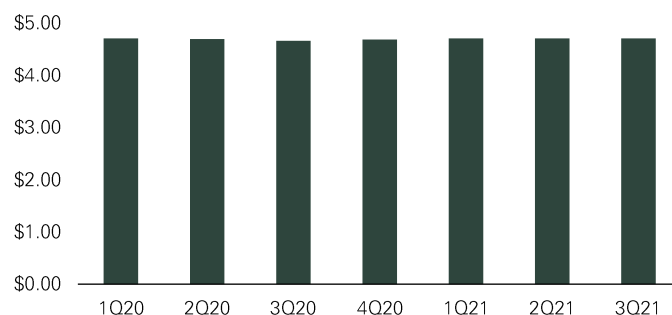
The weighted average asking rate has remained stable over the last three quarters. The asking rate was recorded at US\$4.70 per square feet per year, up from US\$4.66 per square feet per year in the year-ago period. The highest asking rates were recorded in the Pesqueria, Apodaca and Guadalupe submarkets at US\$4.87, US\$4.83 and US\$4.70 per square feet per year, respectively. In contrast, the lowest asking rate was recorded in the San Nicolas submarket at US\$4.32 per square feet per year.

Occupied Space & Vacant Space

000's SF



Average Asking Rent (USD/SF/Year)



Market Indicators

	Total Inventory (million SF)	Under Construction (million SF)	Total Vacancy (million SF)	Total Vacancy Rate	Total Asking Rent (USD/SF/Year)
Apodaca	25.8	1.4	1.7	6.9%	\$4.83
Cienega de Flores	12.7	1.0	1.0	8.0%	\$4.59
Escobedo	7.4	0.3	0.8	11.5%	\$4.62
Guadalupe	12.6	0.3	0.1	1.2%	\$4.70
Monterrey	0.9	0	0	0.0%	-
Pesqueria	2.4	0.2	0.2	11.5%	\$4.87
Salinas Victoria	3.4	0.5	0	0.0%	-
San Nicolas	0.7	0	0.02	2.8%	\$4.32
Santa Catarina	8.9	1.2	0.3	3.9%	\$4.56
Market	75.3	5.4	4.4	6.0%	\$4.70

Class A Space Grows

Gross absorption was recorded at more than 4.3 million square feet, the highest recorded over the last quarters. The year-to-date gross absorption was recorded at more than 8.6 million square feet, topping the total gross absorption of 2020 and 2019 of 6.7 million and 7.1 million square feet, respectively. The Apodaca and Santa Catarina submarket posted the highest gross absorption in the market at 1.9 million and 799,000 square feet respectively. Leased space accounts for 66.8% of the absorbed space, while BTS and expansion of existing buildings account for 19.1% and 14.1%, respectively.

Construction On The Rise

With respect to construction activity in the area, more than 5.4 million square feet were under construction in the third quarter, up from 4.1 million in 2Q21 and from 2.9 million square feet in 3Q20. The Apodaca and Santa Catarina submarkets had the most space under construction in the market for 27.1% and 23.8% respectively. Likewise, 52.6% of the space under construction corresponds to BTS projects, while speculative buildings and expansion of existing buildings account for 34.0% and 13.4%, respectively.

Main Operations

Tenant	Submarket	Type	SF
Uline	Apodaca	Expansion	300,000
Estafeta	Santa Catarina	Spec	194,300
Confidencial	Apodaca	Spec	159,000

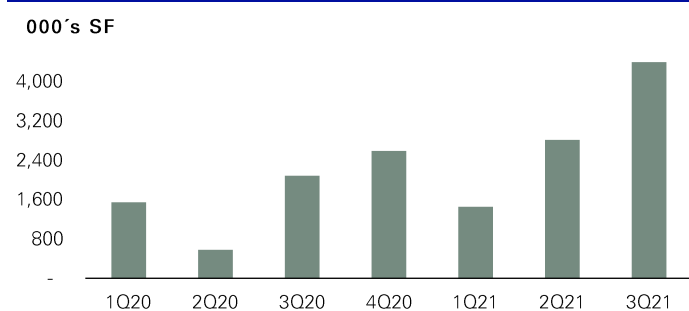
New Supply

Building	Submarket	Type	SF
B013	Cienega de Flores	Spec	254,000
B009	Apodaca	Spec	159,000
AP06	Apodaca	Spec	99,900

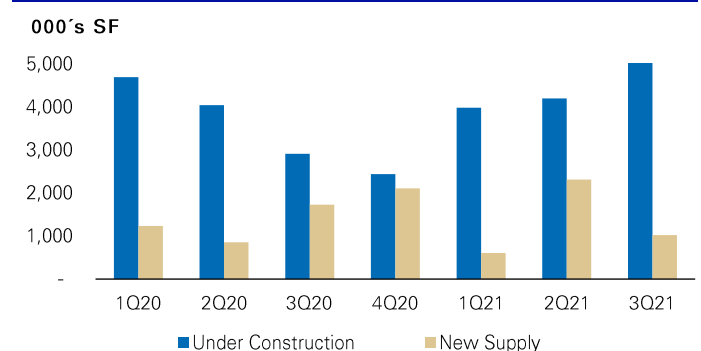
Under Construction

Building	Submarket	Type	SF
AGP	Santa Catarina	BTS	1,000,000
Uline	Apodaca	Expansion	300,000
Mercado Libre	Apodaca	Expansion	230,000

Gross Absorption



Under Construction & New Supply



Economic Conditions

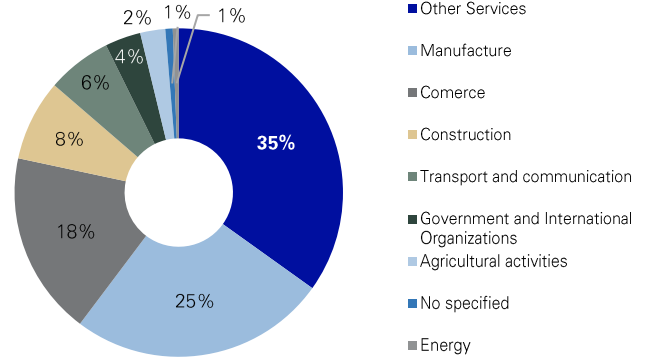
The main economic sectors in September were Services, Manufacturing and Trade and Commerce which combined for 35.0%, 25.0% and 18.0% of the economy in the region.

The Secretariat for Labor and Welfare of the State of Nuevo Leon indicated that by the end of 2Q21, the unemployment rate was recorded at 4.2% in the country and at 4.7% in the state.

The Secretariat of Economy recorded Foreign Direct Investment for \$18.43 billion USD in the second quarter of 2021. Likewise, Direct Foreign Investment in the State of Nuevo Leon was recorded at \$1.45 billion USD which accounts for 8.0% of the DFI in the country.

Employment by Sector, Nuevo Leon

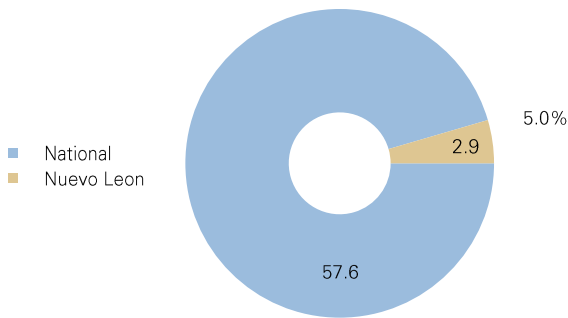
ECONOMIC ACTIVITY



Source: Secretaria del Trabajo y Prevision Social (Nuevo Leon), September 2021

Economically Active Population

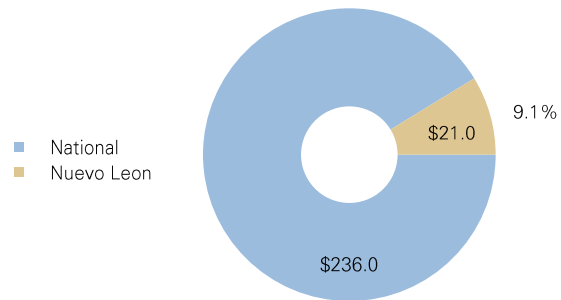
MILLION INHABITANTS



Source: Secretaria de Economia y Trabajo (Nuevo Leon), September 2021

Economic Position, Nuevo Leon

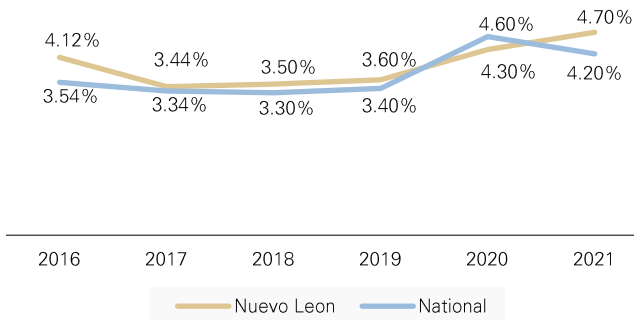
EXPORTS, BILLION DOLLAR



Source: Secretaria de Economia y Trabajo (Nuevo Leon), August 2021

Unemployment Rate

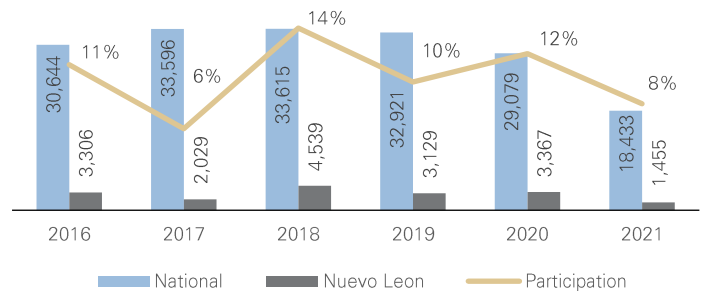
INDICATOR



Source: Secretaria del Trabajo y Prevision Social (Nuevo Leon), September 2021

Foreign Direct Investment

USD MILLION



Source: Secretaria de Economia, 2Q 2021

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