

# Queretaro Industrial Market

## Strength in the face of macroeconomic adversity

Persistent inflation portends conditions leading to economic stagnation. Although the industrial sector has performed outstandingly, the differential effect of price increases in supply chains has impacted growth. However, Mexico maintains conditions that enable the development of the sector in the face of adverse macroeconomic conditions.

At the end of the second quarter, Queretaro stands out as a result of three elements in its industrial market: increase in surface area in BTS and speculative construction, decrease in the availability rate and slight increases in average asking lease prices.

### Technology companies strengthen their footprint

The growth of key sectors continue such as automotive, metalworking and manufacturing. However, technology companies related to the storage, analysis and distribution of information (data centers) have strengthened their footprint in the EI Marques and Airport submarkets. With four projects under development, the government of Queretaro announced the creation of the State Energy Agency to address the increase in energy demand.

### Current Conditions

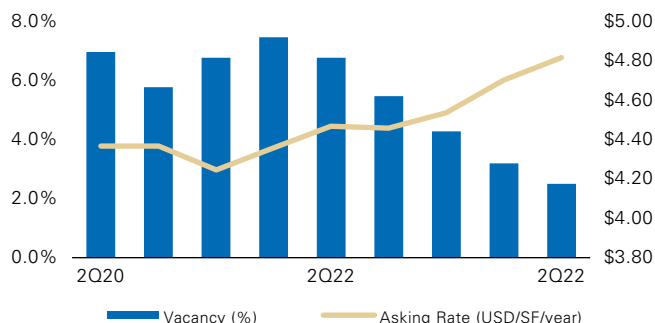
- Class A industrial inventory consists of 67.9 million square feet at the end of the first quarter of 2022.
- There was an increase in industrial surfaces under construction, which went from 1.7 to 4.0 million square feet compared to the previous quarter.
- The availability rate continued to decline, going from 3.2% to 2.5% compared to the previous quarter.

### Market Summary

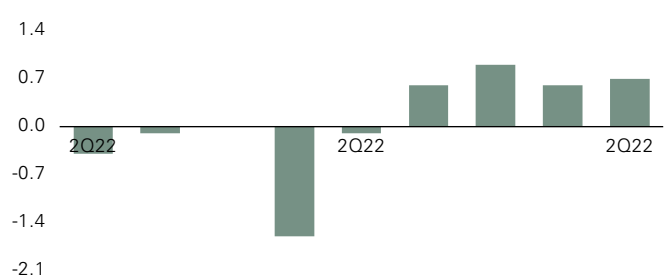
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	67.9 M	67.3 M	67.3 M	↑
Vacancy rate	2.5%	3.2%	6.8%	→
Quarterly absorption (SF)	0.7 M	0.6 M	-0.1 M	→
Average asking rent (USD/SF/year)	\$4.82	\$4.70	\$4.47	↑
Under construction (SF)	4.0 M	1.7 M	0.6 M	↑

### Market Analysis

#### AVERAGE LEASE RATE AND VACANCY RATE



#### NET ABSORPTION (Millions SF)



## RESEARCH 2Q 2022

### Price increases adjusted to market conditions

The Airport and El Marques submarkets registered a slight growth in their average asking lease prices. The most important increase was registered at the Airport and is related to the presence of new speculative warehouses and warehouses with better equipment. However, this submarket also features competitive prices.

Querétaro Centro maintains the same price range with respect to the previous quarter, and its weighted average asking lease price is similar to that of the Airport corridor. The Marquis has the lowest weighted average asking lease price in the market.

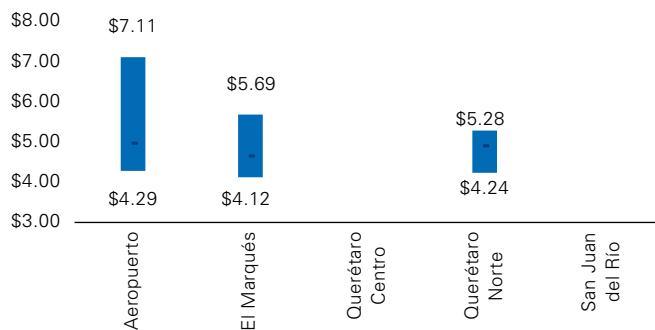
### BTS and new speculative projects

The Airport submarket boasts a new industrial park (Vie Verte II) in addition to the start of construction projects driven by BTS projects. This explains the decrease in absorption and increase in construction figures. The BTS projects represent the arrival of companies of high productive specialization that have chosen the state as a result of its suitable economic integration.

For the El Marques corridor, there were significant closings related to temporary leases. However, vacancies were also recorded.

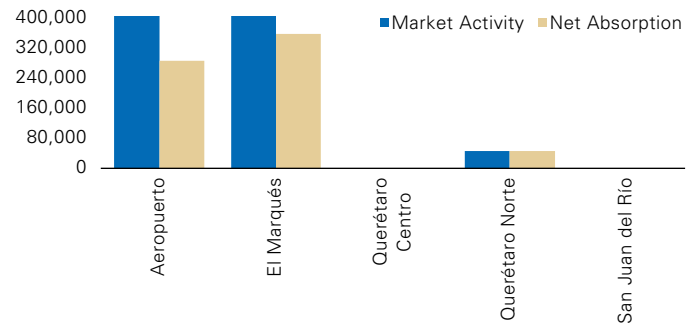
### Average Asking Rates Range

#### AVERAGE ASKING RATES (USD /SF / Year)



### Net Absorption and Activity per Submarket

#### NET ABSORPTION AND MARKET ACTIVITY (SF)



### Market Summary

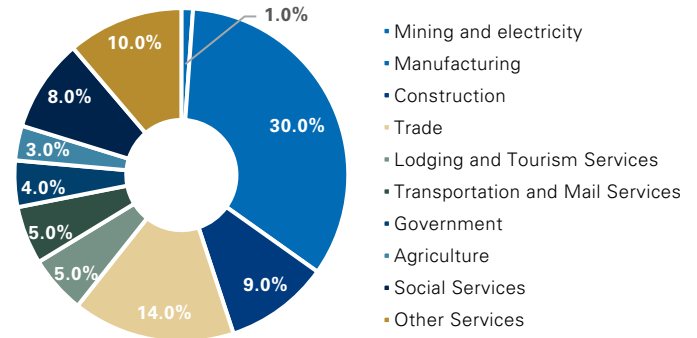
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy (SF)	Vacancy Rate	Activity (SF)	Absorption (SF)	Asking Rate (USD/SF/year)
Aeropuerto	13,473,116	1,740,636	724,493	5.4%	456,760	286,258	\$4.97
El Marqués	19,589,974	1,379,084	554,852	2.8%	570,169	356,967	\$4.65
Querétaro Centro	3,585,693	-	-	-	-	-	-
Querétaro Norte	22,383,577	854,263	450,581	2.0%	45,446	45,446	\$4.91
San Juan del Río	8,880,580	-	-	-	-	-	-
<b>Total</b>	<b>67,912,939</b>	<b>3,973,983</b>	<b>1,729,925</b>	<b>2.5%</b>	<b>1,072,374</b>	<b>688,670</b>	<b>\$4.82</b>

### Querétaro reflects stable macroeconomic conditions

The country's industrial activity indicator continues its growth and recovery trend, although without reaching pre-pandemic levels. On the other hand, Mexico reported in May an increase in the vacancy rate. In addition, according to Querétaro's manufacturing production indicator, the first two quarters of the year saw a slowing growth trend. Over time, adverse macroeconomic conditions impacted the exchange rate, which rose slightly. However, the country's economic conditions showed their strength in the second quarter, with the INPC suffering no increases. In turn, Querétaro's vacancy rate decreased.

### Employment per Economic Sector

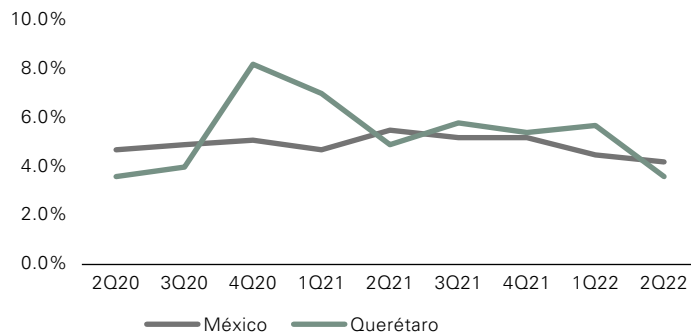
QUERÉTARO, JUNE 2022



Source: INEGI, ENOE

### Unemployment Rate

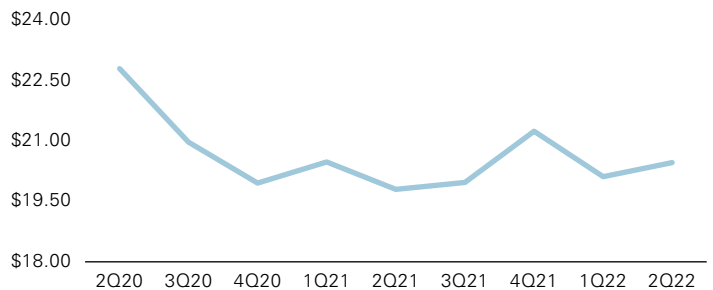
ANNUAL INDICATOR



Source: INEGI, ENOE

### Exchange Rate

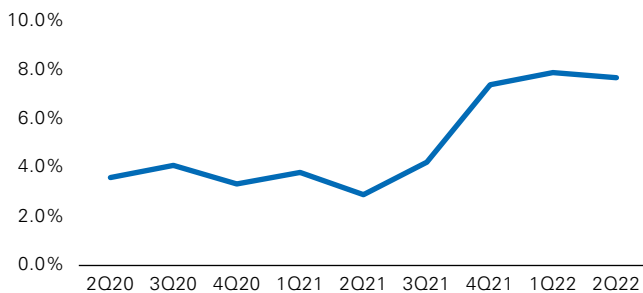
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source: Banxico

### Consumer Price Index (CPI)

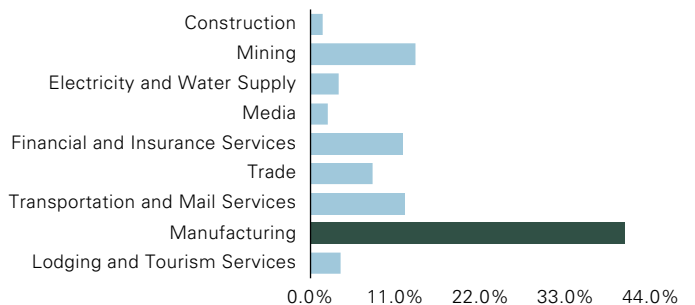
ANNUAL INDICATOR



Source: Banxico

### Foreign Direct Investment

PERCENTAGE



Source: CEFP

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