

	YoY Chg	12-Mo. Forecast
9.0% Vacancy Rate	▼	▲
3,050,688 Net Absorption, SF	▲	▼
\$4.44 Asking Rent, PSF	▬	▬

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
2.5M Monterrey Employment	▲	▼
3.9% Monterrey Unemployment Rate	▲	▲
4.7% Mexico Unemployment Rate	▼	▲

Source: BLS

ECONOMY

On July 1st, 2020 the signing of USMCA was held. This intends to promote the creation of new jobs and promote economic development in North-America since it is one of the most important regional free-trade agreements in the world. In the words of the U.S. President: "By signing, we promise a close and continued friendship between the United States and Mexico to accelerate progress for a better tomorrow".

However, due to the Covid-19 pandemic and despite the reactivation of non-essential activities, local labor statistics show a loss of 80,841 jobs. 83% of the State of Nuevo Leon exports go to the United States. These experienced a -4.6% drop for 2020 to date, resulting in a -2,600 million dollars contraction. Regarding the local submarkets behavior, some of the largest hat important job loses. This was the case for Apodaca, experiencing a 11,781 job decrease, followed by San Nicolas with 9,317.

DEMAND: Leasing Increases

The demand for space between 50,000 to 100,000 square feet was maintained and large projects such as the expansion of Black and Decker were completed in the Apodaca market.

A temporary trend seems to be developing as a consequence of Covid-19, where spaces are sought with short-term contracts to use for special logistics needs.

Despite the challenging recent events, there was an increase in occupancy, as compared to the previous year, and the vacancy rate decreased to 9%.

Regarding supply, there is an increase in build-to-suit projects, while speculative buildings keep a healthy pipeline.

PRICING

Asking lease prices remained very stable across all the submarkets. Between 2012 and 2016 there was a significant increase in rental prices, but since 2018 prices have remained stagnant.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	* ASKING PRICE AVERAGE CLASS A	* ASKING PRICE AVERAGE CLASS B
Apodaca	50,625,975	4,607,051	9.10%	366,974	1,594,566	5,797,974	446,815	\$0.42	\$0.42
Guadalupe	15,522,097	1,551,253	9.99%	0	329,900	1,708,711	40,230	\$0.38	\$0.30
San Nicolás	3,880,744	457,210	11.78%	67,283	127,560	502,130	0	\$0.41	\$0.35
Escobedo	6,499,606	686,992	10.57%	131,918	201,918	600,709	162,879	\$0.39	\$0.34
Ciénega de Flores	17,838,000	978,937	5.49%	280,979	280,979	1,007,797	215,278	\$0.34	\$0.36
Santa Catarina	14,182,404	1,316,919	9.29%	89,502	271,302	1,214,975	99,708	\$0.32	\$0.28
Monterrey	1,203,305	512,921	42.63%	104,532	104,532	321,001	0	\$0.42	\$0.34
Pesquería	1,834,397	210,412	11.47%	0	43,055	200,729	52,509	\$0.35	\$0.30
Salinas Victoria	3,831,974	139,393	3.64%	96,875	96,875	103,600	0	\$0.30	\$0.30
TOTALS	115,418,502	10,461,088	9.06%	1,138,064	3,050,688	11,457,627	1,017,419	\$0.37	\$0.35

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
B005	Apodaca	B&D	503,279	Lease
B012	Apodaca	Amazon	236,612	Lease
Kohler	Guadalupe	Kohler	150,000	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Stand Alone	Guadalupe	Starcorr Sheets	179,900	Sale
N/A	Ciénega de Flores	Arzyz	148,487	Sale

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF
M1	Apodaca	Davisa	132,053
MT 02	Juárez	GP	144,000

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