

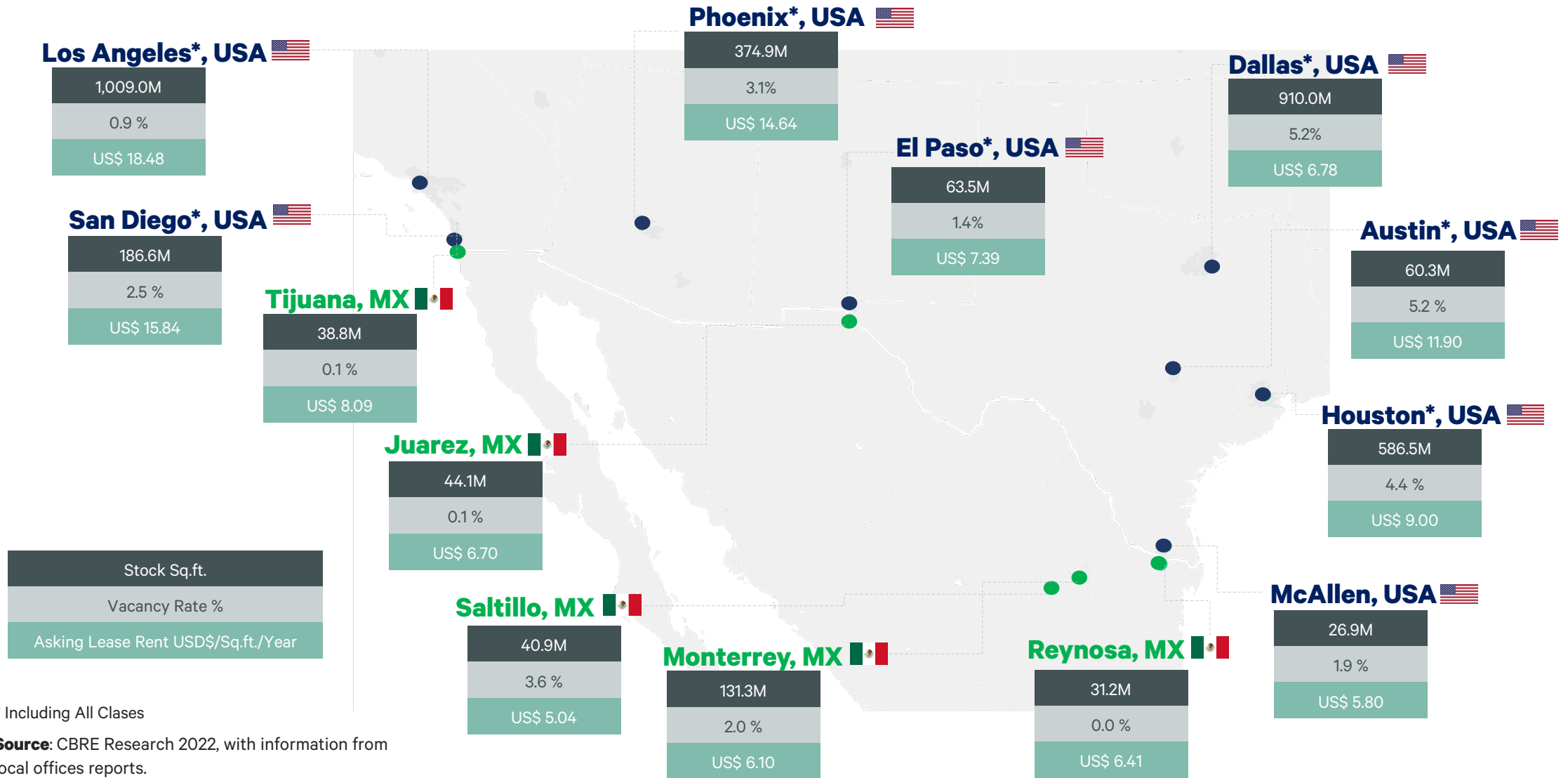


Mexico Nearshoring: Demand in the Industrial Real Estate Market

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(Selected Markets in Northern Mexico & Southern USA)
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Class A Stock, Vacancy Rate and Asking Rents in Selected Industrial Markets in Northern Mexico & Southern USA*

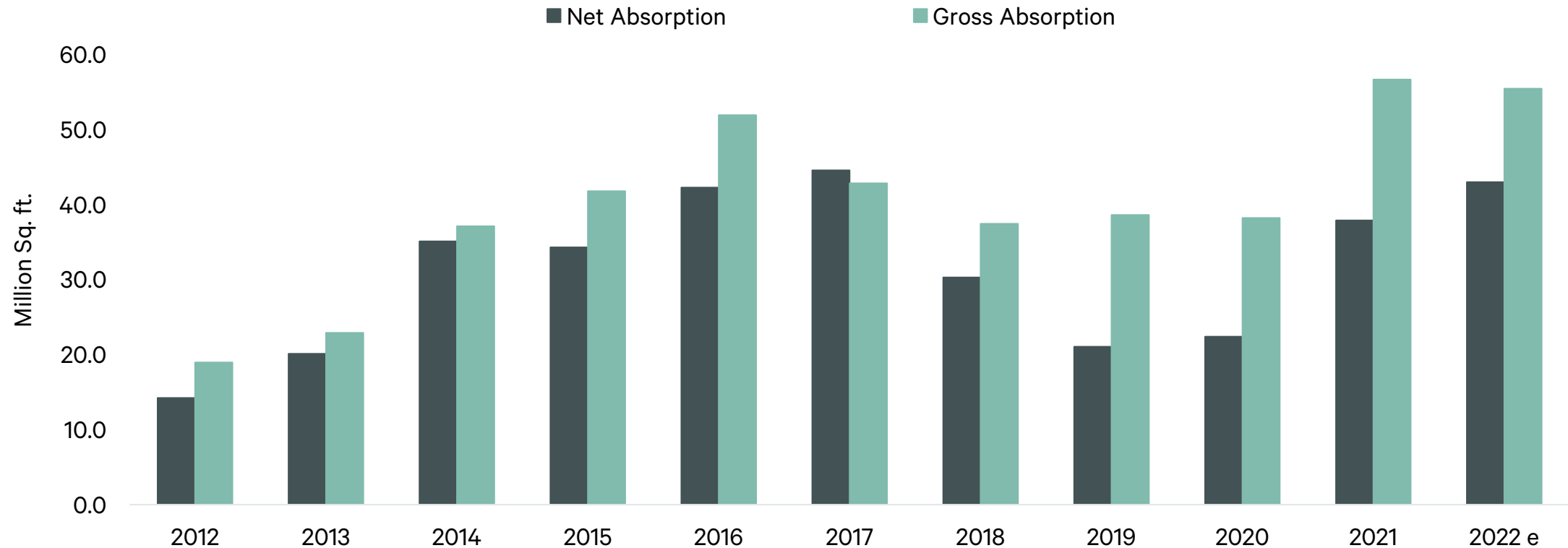


* Including All Classes

Source: CBRE Research 2022, with information from local offices reports.

In 2021, gross absorption in main markets in Mexico recorded historical figures with high concentration in BTS and pre-leased transactions. We expect the net demand in 2022 is going to grow 14% annual while the gross absorption could remain very similar to the 2021 figure.

Figure 1: Net and Gross Absorption in Mexico's 13 Main Industrial Markets (Sq. ft.) 2012 – 2022e.

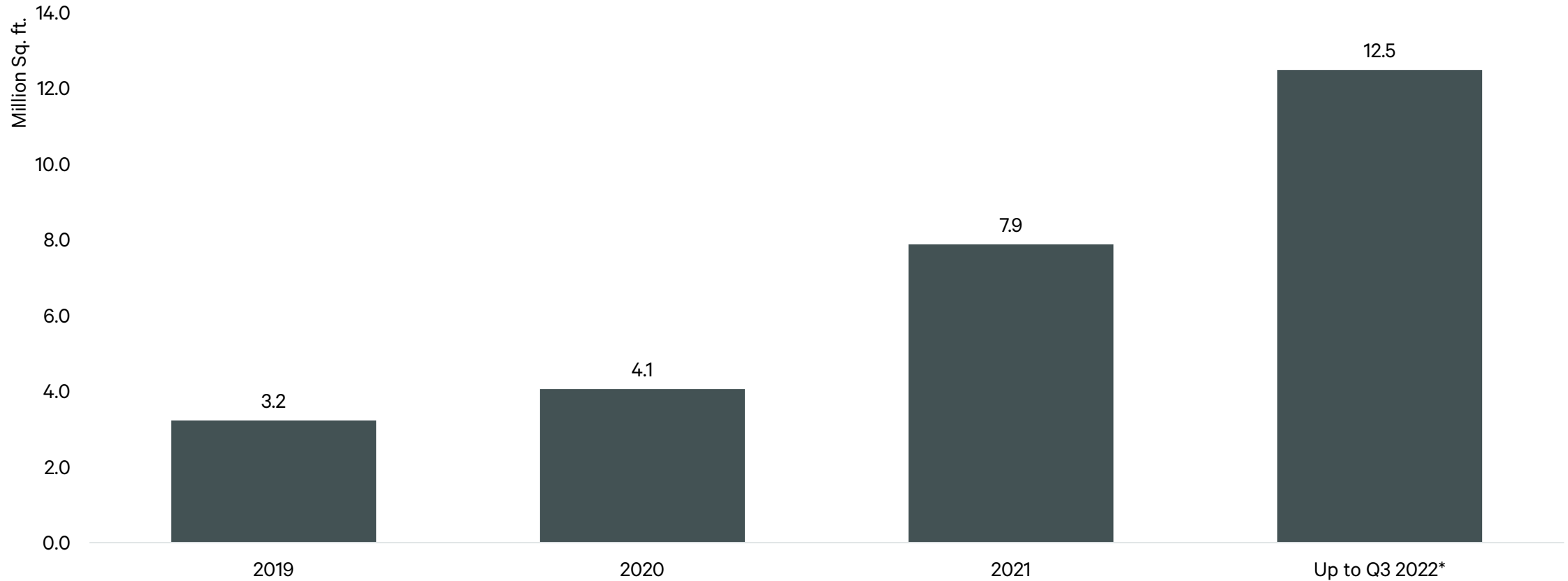


e/ CBRE Estimated figures.

Source: CBRE Research 2022

In the first nine months of 2022, Nearshoring demand registered 12.5 million Sq. ft. representing almost double of the total 2021 figure.

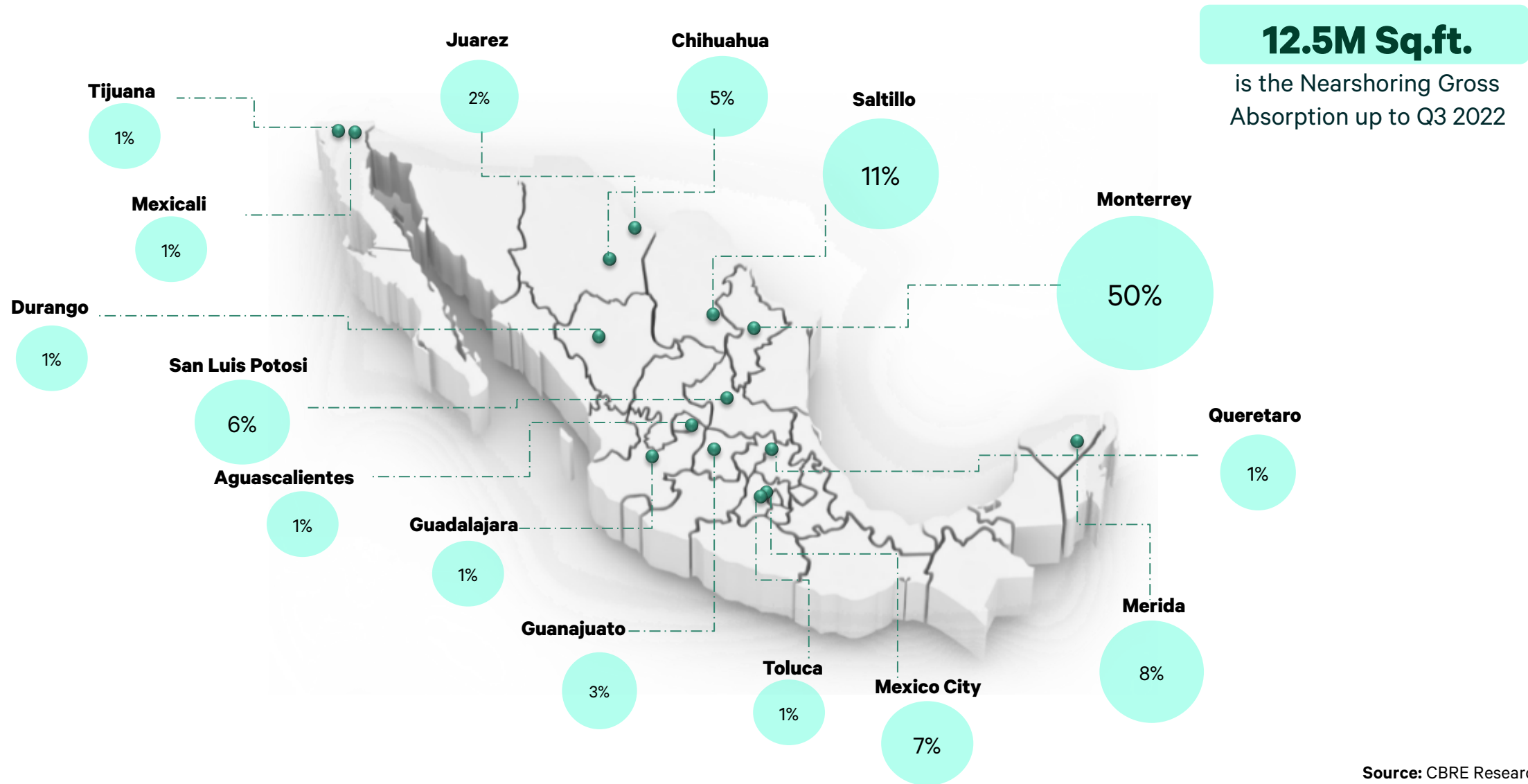
Figure 2: Nearshoring Gross Absorption 2019 – 2022*



* Figures from January to September 2022.

Source: CBRE Research 2022.

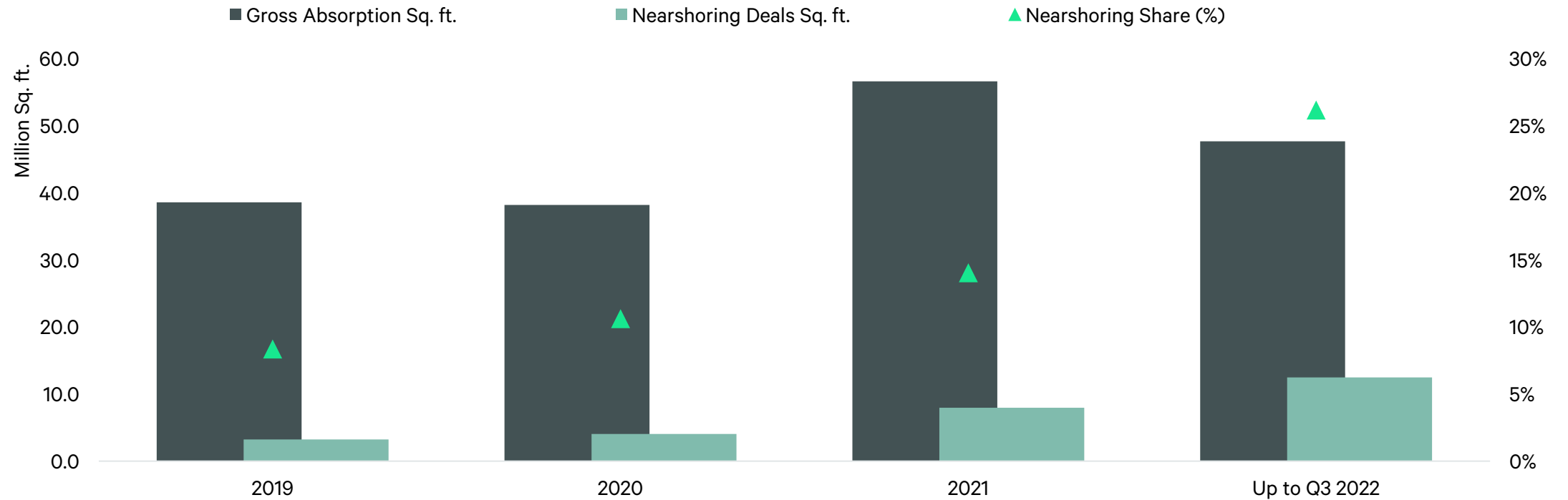
From January to September 2022, the Nearshoring demand was concentrated in the Northeast Region.



Source: CBRE Research 2022

During the first nine months of 2022, Nearshoring net demand has reached a 26% share of the total net demand in Mexico* a significant growth if compared to the 14% share from last year.

Figure 3: Mexico's Gross Absorption* in 13 Main Industrial markets vs Nearshoring Share 2019 – 2022*

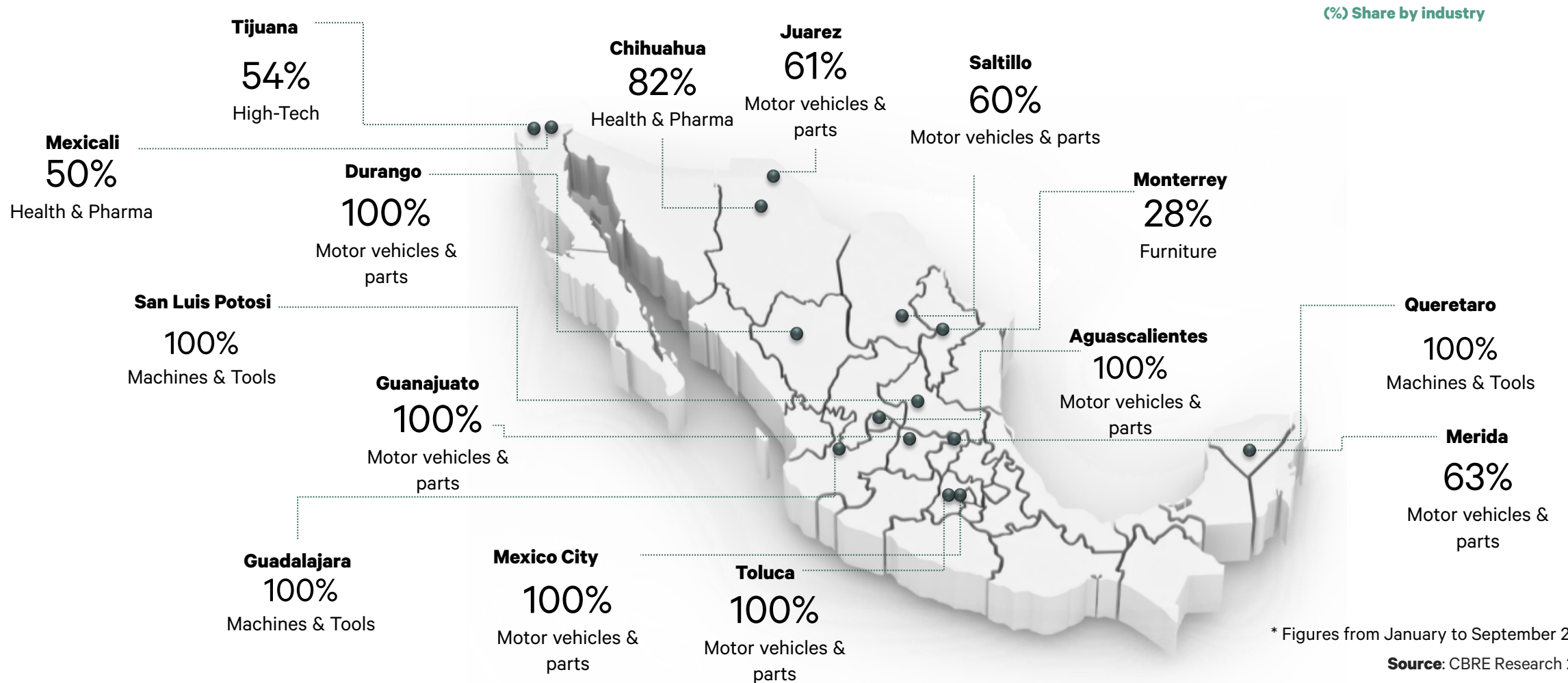


* Figures from January to September 2022.

Source: CBRE Research 2022.

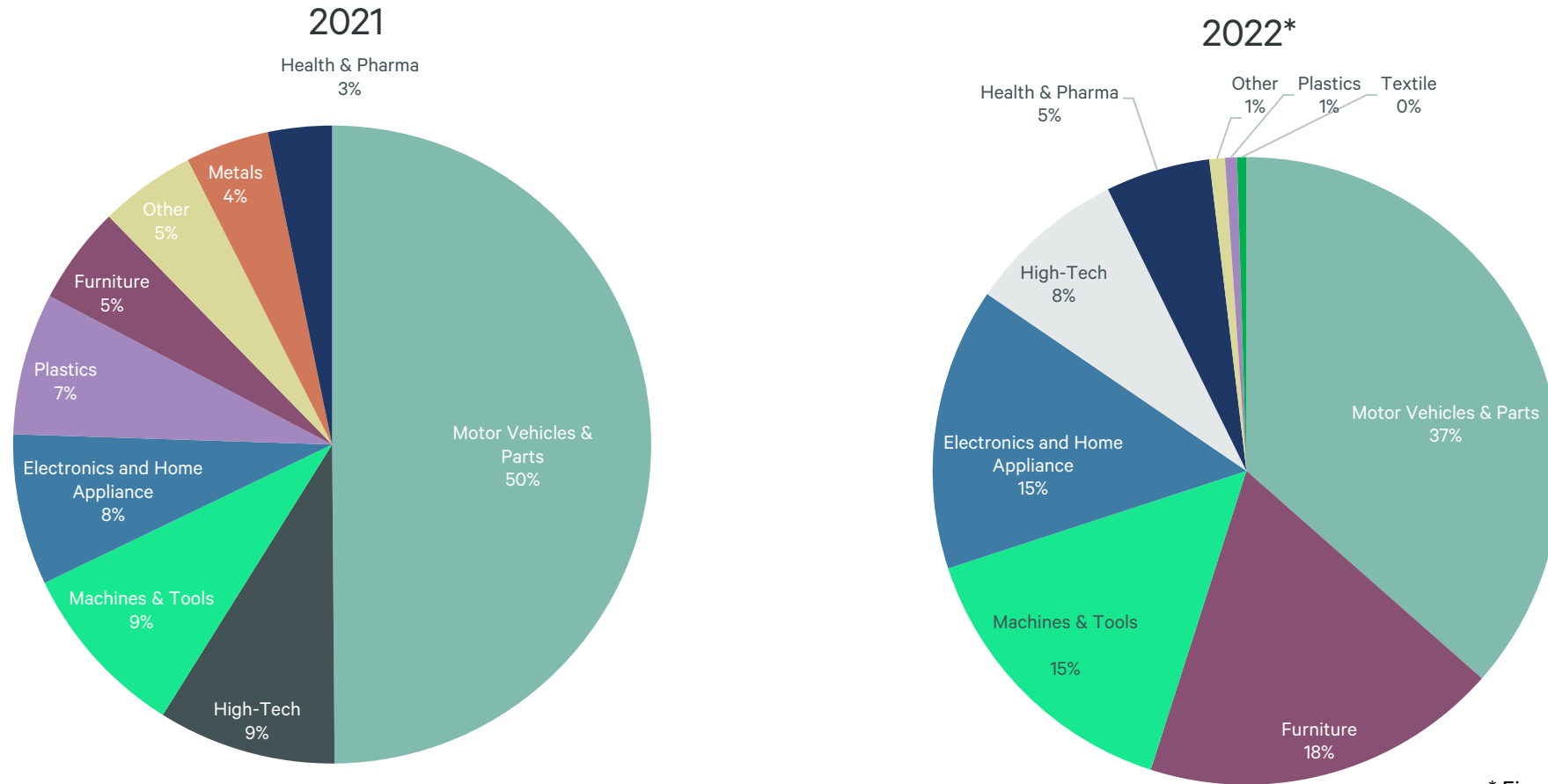
Up to Q3 2022, Monterrey and Saltillo have concentrated 61% of the Nearshoring demand in Mexico. While Motor Vehicles & parts has been the most dominant industry in terms of nearshoring in Mexico.

Figure 4: Nearshoring share by Industry in main markets, Q3 2022*



Motor Vehicles & Parts is representing the 40% of the Nearshoring demand, while Furniture; Machinery & Electronics and Home Appliances production has become a strong trend.

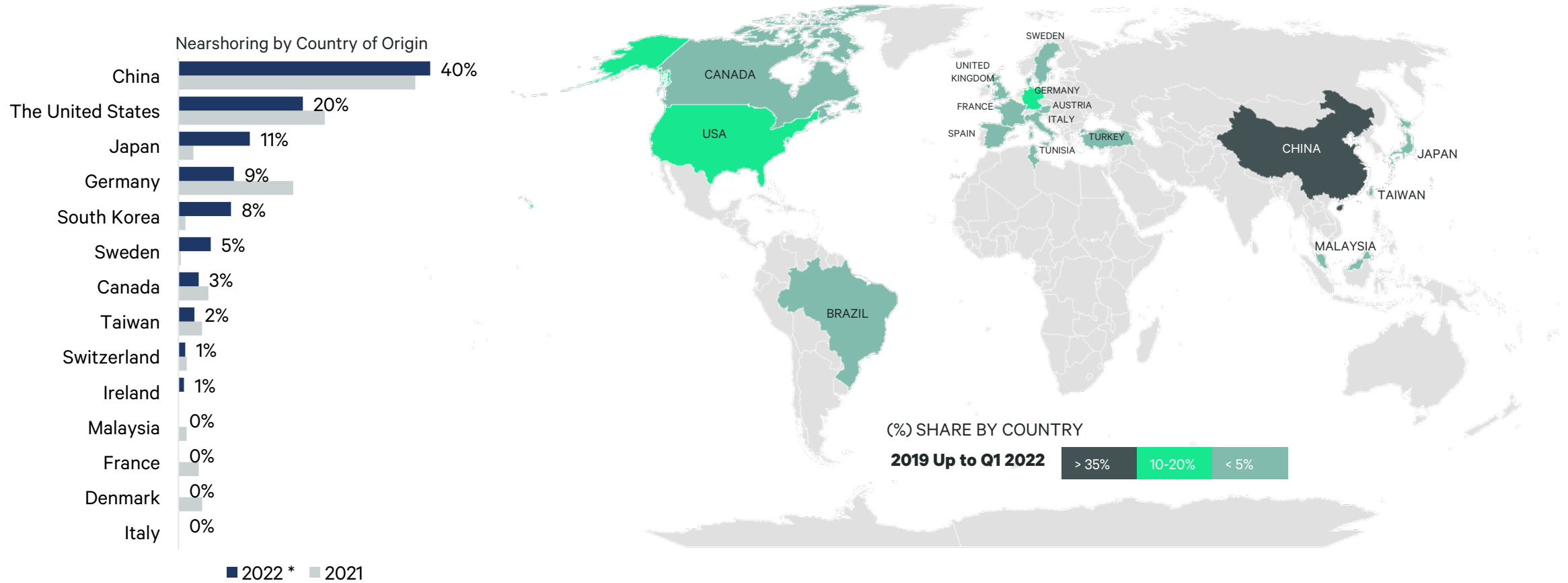
Figure 5: Share of Nearshoring transactions by industry 2020 vs 2022*



* Figures from January to September 2022.
Source: CBRE Research 2022.

Nearshoring demand from Chinese companies represented 40% from January to September 2022. This data is very similar of the trend we have registered for the last 4 years.

Figure 6: Annual Nearshoring Gross Absorption by Country-of-Origin 2021 – 2022*

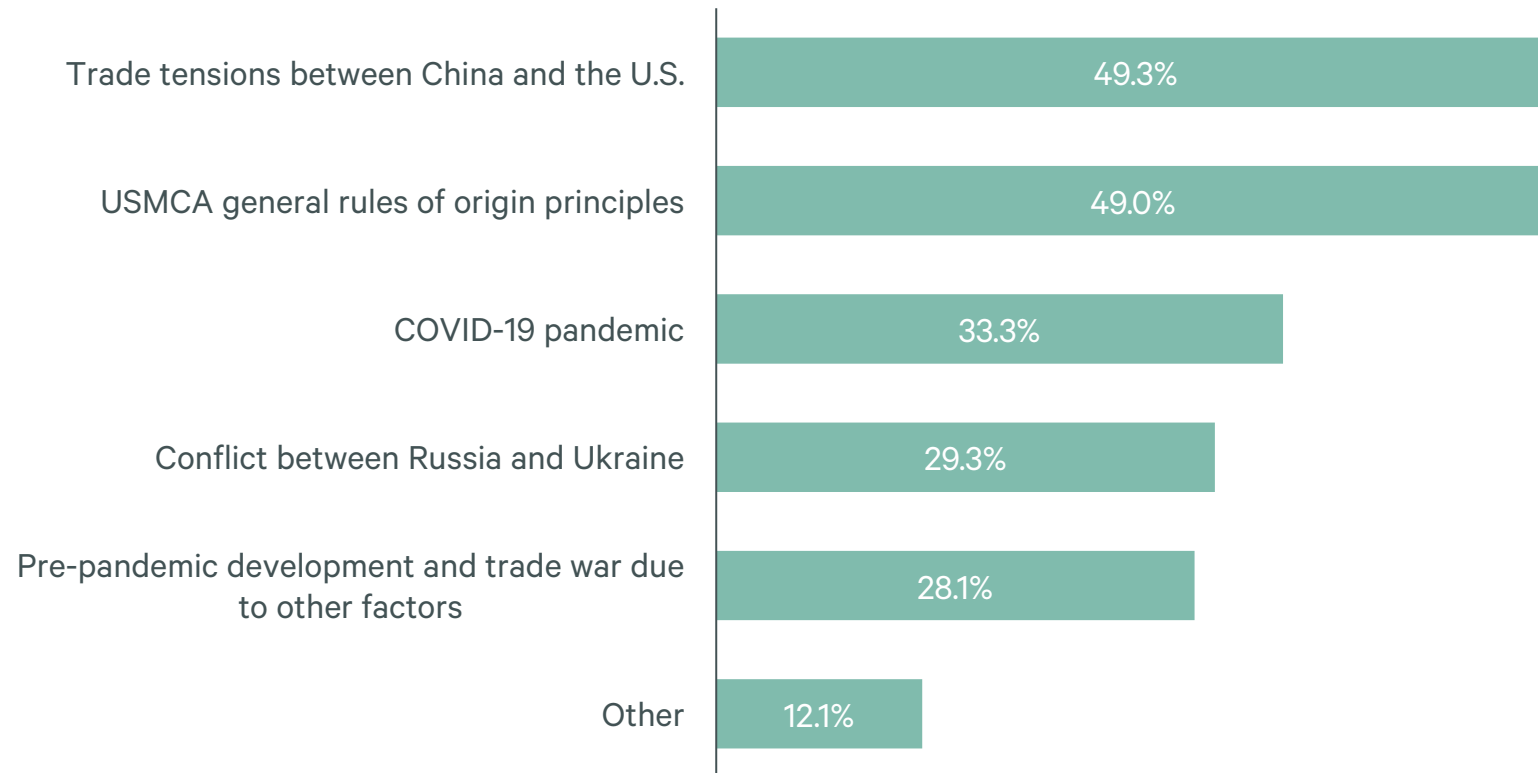


* Figures from January to September 2022.

Source: CBRE Research with a map made in Bing, 2022.

According to the latest Mexico's Central Bank Survey on Nearshoring*, companies have mentioned as the two main factors of the relocation trend to Mexico: the Trade tensions between China and the U.S & the USMCA rules of origin to be eligible for preferential tariff treatment.

Figure 7: Factors of arrival of foreign companies in Mexico looking to benefit from its proximity to the United States

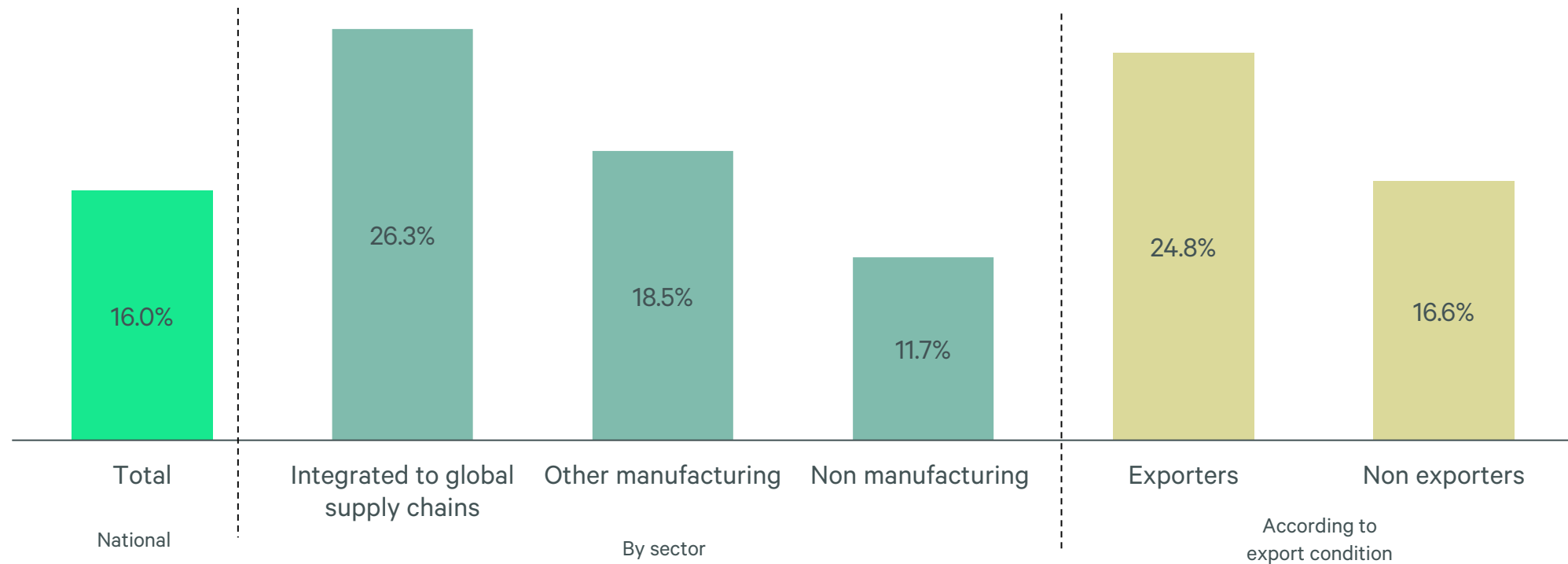


*Banxico survey on June 27 and July 21, 2022, included 463 business executives in Mexico.

Source: CBRE Research with information from the Report on Regional Economies of the Bank of Mexico, Q2 2022.

Banxico survey* also reported that more than 26% of companies that are integrated to the global supply chains have experienced an increase in demand of their products. Similar figure to the 26% of additional demand registered in the Industrial Real Estate market in the first 9 months of 2022 if compared to the total Gross Absorption.

Figure 8: Percentage of companies that Increased Demand for their Products, Services or Foreign Direct Investment (FDI) due to the Nearshoring in the last 12 months



*Banxico survey on June 27 and July 21, 2022, included 463 business executives in Mexico.

Source: CBRE Research with information from the Report on Regional Economies of the Bank of Mexico, Q2 2022.

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