

Commercial Real Estate In Mexico - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Commercial Real Estate Market In Mexico Market size in terms of transaction value is expected to grow from USD 53.60 billion in 2024 to USD 75.99 billion by 2029, at a CAGR of 7.23% during the forecast period (2024-2029).

Investors overcame pandemic limitations, resulting in the year's busiest start ever for commercial real estate. According to industry sources, in the first quarter of 2023, the annual asking rent for industrial and logistics real estate in Mexico was USD 6.47 per square meter in Monterrey, the country's largest market. This growth was primarily due to the recovery of industries hit by the COVID-19 pandemic. Moreover, the quarterly investment figures in the development of offices, hotels, and retail all increased year over year.

Due to its safety, culture, tourist attractions, and standard of living, Yucatan is one of the most sought-after places to live in Mexico. The industrial sector has also seen an exponential rise in public and private investment, which has boosted trade, services, housing, and tourism. The exceptional geographic setting provides a desirable balance between the city and the beach. Since more than 80% of the country's real estate is concentrated in just 15 states, the peninsular entity is currently one of those states. Numerous corporate, land, residential, commercial, and industrial developments are being done in this area to capitalize on the Yucatan real estate boom.

Monterrey City district is witnessing high real estate investment primarily due to multiple industries in this area. Similarly, M?rida is ranked sixth overall and the most competitive city in the southeast by the Mexican Institute of

Competitiveness (IMCO). The market, driven by the increase in tourists and huge investments in industrial real estate, creates opportunities for many cities to flourish and contribute to the country's economy.

The real estate investment mood has improved, but there is still cause for caution. The market is experiencing instability due to geopolitics, inflation, and rising interest rates. The real estate industry faces many challenges, including shifting monetary policy, labor shortages, trade and transportation impediments, and demand pressures from businesses wishing to expand or restart operations.

Mexico Commercial Real Estate Market Trends

The Offices Segment is Occupying the Significant Market Share in the Market

The office real estate market in Mexico is growing and competitive. Mexico, one of North America's most dynamic and developed countries, also has a strong economy under a favorable business environment. This has attracted many national and international companies to establish their offices in the state, driving demand for office space in Monterrey.

Monterrey, the capital and largest city of Nuevo Leon, is the state's main hub for office real estate. It is home to numerous office buildings, business parks, and co-working spaces. The city has diverse office spaces available, from smaller office suites to large corporate headquarters.

In May 2023, Taiwan-based electronics manufacturer Quanta Computer announced that it would invest USD 1 billion in the northern Mexican state of Nuevo Leon, adding to the 2,500 jobs already created and nearly USD 500 million already invested by Quanta in Nuevo Leon. Quanta Computer is a supplier to Tesla, which earlier this year 2023 announced it would build a new factory worth USD 5 billion in Monterrey, Mexico's third-biggest city and an industrial hub.

In March 2023, Faurecia, a company of Group FORVIA, added to its operational capacity in the Americas with the opening of a new, state-of-the-art manufacturing facility in Mexico. Featuring bioclimatic design principles to optimize energy efficiency and support the Group's commitment to achieving carbon neutrality by 2045, the more than 33,500 square-meter facilities will

employ approximately 1,500 people and manufacture automotive seat structures, instrument panels, and center consoles aligned with industry megatrends in sustainability and light-weighting.

By Key City, Nuevo Leon is Attracting More in the Mexico Commercial Real Estate Market

The commercial real estate market in Nuevo Leon is experiencing strong growth, driven by increasing demand for industrial and logistics facilities. Monterrey is a leading industrial real estate market in Northern Mexico. Major factors influencing growth include Monterrey's proximity to the US border, Availability of skilled labor, good infrastructure, and a strong manufacturing base. Companies are increasingly near sharing manufacturing operations with Monterrey to diversify supply chains.

Tesla's new factory in Nuevo Leon and investments by its suppliers will further boost demand. Other companies expanding include Navister, Lingong Machinery, Hershey's, and Cuprum. The industrial parks around Monterrey are nearing full capacity. This is leading to more construction and expansion into municipalities like Pesqueria and Salinas Victoria.

The mixed-use tower will be 456 meters high, with 100 levels distributed; 35 will be focused on offices, 21 on apartments, eight on a hotel, four on commercial parking, and a 360° viewpoint on level 93. The amenities that have programs for this development are intended for recreation and services to improve the lifestyle: central park, indoor pool, gym, co-working spaces, valet parking, room service, sky bar, and restaurant, among others. Ancore Group and Nest just reported that this resort will be ready by 2026.

Nuevo Leon, remains at the forefront of the industrial real estate sector nationwide, positioning itself as the most attractive city for companies that want to install their manufacturing processes. The accumulated demand during the first five months of 2023 reached 536,000 square meters, a figure that doubles that registered in the same period of 2022 and represents 23% of the total throughout the Mexican territory. From October 2021 to March 2023, Monterrey received around 130 investment projects: 68 new companies and 62 expansions, representing 11,564 million dollars.

The construction of new industrial buildings remains active to house the companies that are attracted by nearshoring. The real estate platform reported that there are around one million 590,000 square meters of space under construction today. Nuevo Leon's commercial real estate sector is being reactivated due to the increase in capacity and new investments. It is expected that the office market will take three or four years to return to pre-pandemic levels.

Mexico Commercial Real Estate Industry Overview

Mexico's commercial real estate market is fragmented due to the presence of a large number of players. Speculators do not drive the Mexican housing market. The major players include NAI Mexico, Hines, Onni Contracting Ltd, Grupo Sordo Madaleno, Grupo Posadas, and many others. There are many developers, and it is highly competitive. Medium- and small-sized real estate developers are arising in strategic regions of the country, and there is a boom in the use of financial investment instruments, such as Fibras and CKDs.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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