

# Mexico Industrial Real Estate: Key to Global Supply Chains

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## EXECUTIVE SUMMARY

- Mexico has emerged as a critical link in global supply chains, benefiting from the continued shift of manufacturing closer to North American consumers.
- Demand is outpacing supply in many core industrial markets, creating favorable conditions for landlords and supporting long-term asset performance.
- With predominantly USD-denominated leases and wider cap rates than comparable U.S. assets, Mexico industrial real estate may offer a compelling risk-adjusted investment opportunity.

Mexico has become one of the most important links in the global supply chain. As manufacturers reposition production closer to the U.S. and e-commerce continues to expand, demand for modern industrial space is accelerating. Yet despite strong fundamentals, institutional-quality industrial assets in Mexico continue to trade at a meaningful discount to comparable properties in the U.S.

For investors, the opportunity is unique: access to Class A industrial assets leased to multinational tenants under primarily USD-denominated contracts, with cap rates typically 200 to 300 basis points (bps) wider than comparable U.S. properties. Supported by powerful secular demand drivers and constrained new supply, Mexico's industrial real estate market offers a compelling combination of income, growth and relative value.

## The forces driving demand

These attractive market dynamics are being underpinned by two long-term structural trends that extend well beyond the traditional real estate cycle. First, global manufacturers are redesigning supply chains to bring production closer to North American consumers. Second, the continued growth of e-commerce is increasing the need for modern logistics infrastructure. Together, these forces are reshaping industrial demand across Mexico and reinforcing the country's role as a critical hub within global supply chains.

Manufacturers and logistics operators are shifting production from Asia closer to the U.S. consumer and Mexico has emerged as a key beneficiary of the nearshoring trend. Its geographic proximity to the U.S., skilled labor pool, cost advantages and favorable trade framework under the United States-Mexico-Canada Agreement (USMCA) have enhanced its appeal as a manufacturing base. In turn, these factors are driving demand for industrial real estate.

### Nearshoring by the numbers: Reshaping Mexico's role in global supply chains

**\$110B+**

forecasted growth in Mexico's manufacturing exports to the U.S. by 2030<sup>1</sup>

**200M**

sq. ft. of new industrial development needed over the next six years<sup>2</sup>

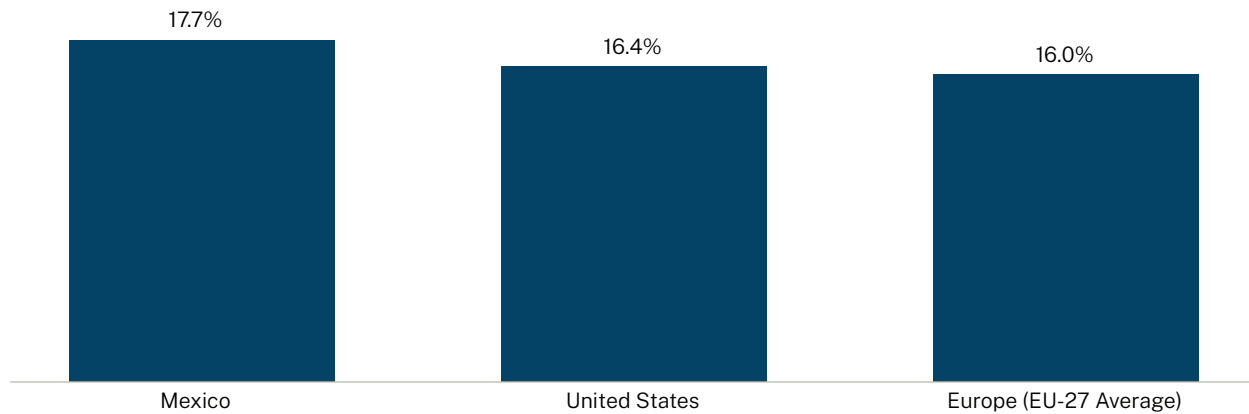
**~40%**

of Mexico's total industrial real estate absorption since 2020 tied to nearshoring demand<sup>3</sup>

E-commerce is another structural driver reshaping industrial demand. Online purchases as a percentage of total retail sales have climbed to 18% in Mexico, a level that is slightly above the United States and Europe; however, the supply of industrial warehouse space per person in Mexico (8-9 sq. ft. per capita) is well below the U.S. (40-45 sq. ft. per capita) and Europe (15-20 sq. ft. per capita). In addition, penetration of online shopping across Mexico has grown from 60% of the population in 2018 to 85% as of 2025. This growth is catalyzing the buildout of logistics infrastructure across the country, particularly in the large population centers of Mexico City, Guadalajara and Monterrey.

## E-Commerce as a Share of Total Retail Sales, by Market (2025)

Mexico's online penetration is now on par with the U.S. and Europe's most mature market



Note: Europe reflects the EU-27 average. Figures reflect estimates from different methodologies and providers and are not perfectly harmonized; they are intended to be directionally, not precisely, comparable.

Sources: Mexico: AMVO, "Estudio de Venta Online 2026" (2025 data), as reported by Retailers.mx (2026); United States: eMarketer/eMARKETER, "Worldwide Retail and Ecommerce Forecast" (November 2025 update; 2025 actuals); Europe: Eurostat, E-commerce statistics for individuals (2025 data).

## Supply constraints

As nearshoring and e-commerce drive record levels of demand for modern logistics and manufacturing space, the supply of industrial real estate has not kept pace. A growing list of barriers when it comes to the availability of capital, land and power continues to restrict the pace of new deliveries.

- » **Capital allocation:** Project delays, higher interest rates and greater legal and macroeconomic uncertainty have left 90% of corporate-level industrial build-to-suit projects on hold, further tightening the development pipeline and slowing the conversion of tenant demand into new groundbreakings.
- » **Infrastructure and land availability:** Developers are selectively launching fewer new projects, as shovel-ready land with utilities, road access and entitlements has become increasingly scarce, particularly in established hubs like Bajío and northern border cities.
- » **Power:** Investment by Mexico's primary electric utility company (CFE) declined in 2025, while regulatory delays affected more than 25,000 megawatts (MW) of private-sector projects. As a result, the amount of industrial land that can be viably marketed has been constrained.

With both industrial starts and deliveries falling, the national industrial under-construction pipeline contracted roughly 33% year-over-year, to about 33.0 million sq. ft. as of March 2026.<sup>4</sup>

## Strong fundamentals

This backdrop of robust demand and low supply leads to strong industrial real estate fundamentals in Mexico. Industrial vacancy rates are roughly 6% nationally as of March 2026. Core hubs such as Mexico City and Toluca are posting vacancies of roughly 4%,<sup>5</sup> effectively functioning as fully leased markets.

Industrial gross absorption remains strong, particularly in the Central region, demonstrating resilient tenant demand despite tightening supply and higher rental rates. As a result, rents have continued to rise, especially among institutional-quality assets. USD-denominated industrial leases recorded double-digit increases in recent years, led by Mexico City, with national rent growth moderating to roughly 8% by March 2026 as new supply came online.<sup>6</sup>

Mexico City remains one of the tightest industrial markets in the country, with roughly 140 million sq. ft. of Class A inventory and a vacancy rate of 4%. While new construction starts are recovering, land scarcity, permitting delays and infrastructure bottlenecks continue to constrain delivery in the most sought-after locations, ensuring that supply relief remains structurally limited even as the pipeline is rebuilt.

Overall, the ongoing gap between viable supply and expanding demand keeps pricing power firmly in the hands of landlords in Mexico's core industrial markets.

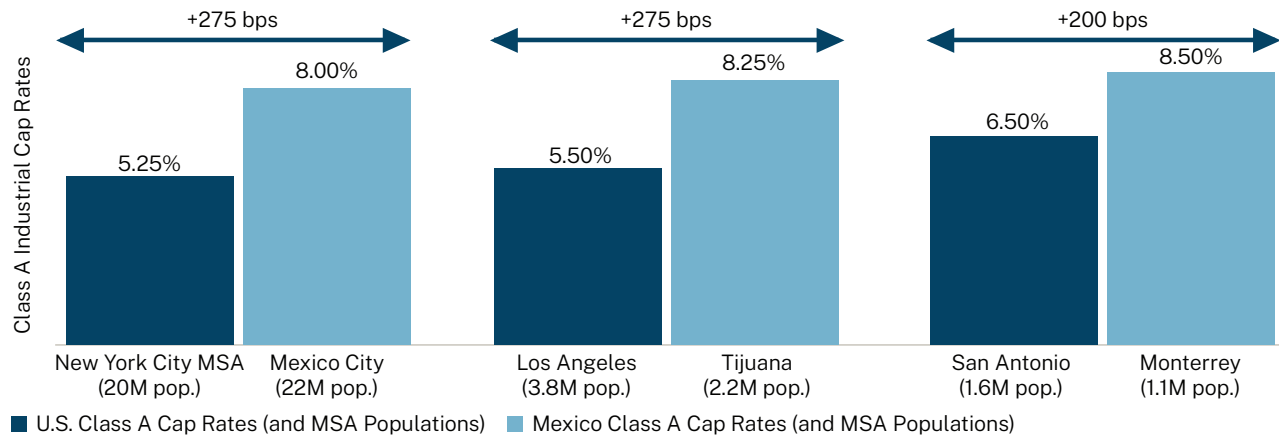
## Attractive yield spread

Despite having Class A building specs, USD-denominated leases and high-credit quality multinational tenants, industrial assets in Mexico will trade 200 to 300 bps wider than comparable buildings in the U.S., a gap not explained by asset quality. For example, newly-built Class A industrial cap rates range from 7.0% to 8.5% in Mexico versus 5.0% to 6.0% in the U.S.

The chart below compares newly-built Class A industrial cap rates across paired U.S. and Mexican markets as of Q1 2026. Across the three market pairs, Mexican assets trade at spreads of roughly 200 to 275 bps above comparable U.S. assets, averaging approximately 250 bps. The differential exists despite many Mexican properties featuring similar building specifications, USD-denominated leases and multinational tenancy.

## Class A Industrial Cap Rates: U.S. vs. Mexico Major Markets

Newly-Built Class A. As of Q1 2026. Spread Averages ~250 bps.



Source: CBRE Research México; Siila México; CBRE México, Q1 2026; World Population Review, 2026.

## Conclusion

Given the USD-denominated nature of leases, Mexico industrial assets present a compelling risk-adjusted yield spread over comparable-quality industrial properties in the U.S. with similar underlying tenant exposure. This spread delivers residual excess returns to compensate investors for incremental local risks such as regulatory variability, infrastructure dependencies and currency exposure. Importantly, this valuation advantage is supported by strong underlying fundamentals, including demand driven by nearshoring and e-commerce, alongside supply constraints that continue to support occupancy and rental growth. For investors seeking income, relative value and exposure to the continued evolution of North American supply chains, Mexican industrial assets may be an attractive addition to portfolios.

## Appendix

### Types of Industrial Assets

Mexico's industrial real estate market offers compelling opportunities supported by long-term structural trends in two closely-linked segments: export-oriented manufacturing facilities and e-commerce-driven logistics assets.

#### Manufacturing

- » **Border Sites:** On the manufacturing export side, some of the most sought-after assets are those that sit directly within cross-border supply chains. Modern industrial facilities in border markets play a critical role as assembly and distribution nodes, where goods are finished and staged for immediate entry into the U.S. market. These locations benefit from strong leasing momentum and low vacancies that remain below historic averages, underscoring the depth of tenant demand for high-quality space.
- » **High-Spec Facilities:** Monterrey and Guadalajara have emerged as hubs for more capital-intensive manufacturing, including higher-value goods and semiconductor-related activity. The investment opportunities are concentrated in higher-specification facilities and campus-style industrial parks capable of supporting complex production, stringent power and utility requirements, and integration with a growing ecosystem of suppliers.
- » **Auto / Aerospace Sectors:** Mexico's Bajío region—anchored by Querétaro, Guanajuato, Aguascalientes and San Luis Potosí—has become the country's automotive and aerospace manufacturing heartland. Global automakers including General Motors, Volkswagen, Toyota, Honda, Mazda and Nissan operate assembly plants across the corridor, supported by hundreds of Tier-1 and Tier-2 suppliers. Mexico produced a record 3.9 million light vehicles in 2024.<sup>7</sup> Querétaro, meanwhile, anchors Latin America's largest aerospace cluster and is home to operations for Safran, GE Aviation and Bombardier, along with a deep network of precision-machining and maintenance, repair and overhaul (MRO) suppliers. Together, these industries generate sustained demand for higher-specification manufacturing space and campus-style industrial parks.

*Did you know? Automotive components routinely cross the U.S.–Mexico–Canada borders as many as seven or eight times before a vehicle reaches final assembly, so proximity to the U.S.—and the two-to-five-day overland transit it enables—translates directly into lower inventory, tariff and logistics friction than production in Asia.<sup>8</sup>*

#### E-Commerce / Logistics

Mexico has a rapidly growing logistics market, underpinned by the structural rise of e-commerce and delivery challenges due to urban traffic congestion, insufficient road infrastructure, and an increasingly complex last-mile distribution environment. Within logistics, two asset types stand out.

- » **Big-box / fulfillment centers:** Typically located on the urban periphery, these larger-format facilities provide the scale and efficiency required for national and regional distribution networks. These assets are critical for retailers and third-party logistics providers that must process high order volumes and feed both online and brick-and-mortar channels.
- » **Urban-infill logistics facilities:** Typically smaller, well-located warehouses within or adjacent to dense metropolitan areas that benefit from infill land constraints and limited new supply. Their proximity to consumers enables faster delivery times and more efficient last-mile distribution, supporting higher rents than comparable facilities in outlying locations. Many of these assets are older, reflecting the challenges associated with developing new Class A product in dense urban markets. Traffic congestion further reinforces the value of strategically located logistics space.

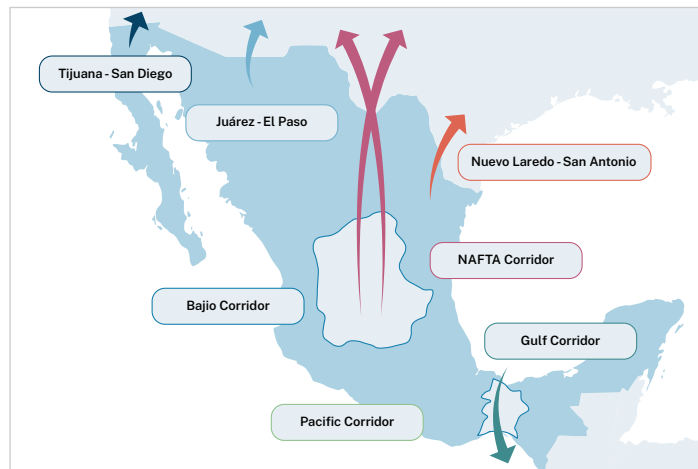
As e-commerce penetration continues to rise and retailers reconfigure their supply chains, demand for both infill and big-box logistics space in major metros is expected to remain robust.

## Lease Structure

The majority of Mexican industrial leases (approximately 80%) are USD-denominated<sup>8</sup> with contractual U.S. inflation-linked escalators.<sup>9</sup> Mexican industrial assets typically have lease terms of five to seven years, with some manufacturing build-to-suits up to 20-year terms.

## Capital Markets

Beyond strong operating fundamentals, the maturity of Mexico's institutional real estate market provides investors with multiple avenues for access and liquidity. A key aspect of Mexico's real estate market is the establishment of publicly-traded real estate investment trusts, known as Fideicomiso de Infraestructura en Bienes Raíces (FIBRAs). Since their inception in 2011, the Mexican FIBRAs have grown significantly to a combined \$25 billion market cap today.<sup>10</sup> Many of the FIBRAs manage large portfolios of stabilized industrial assets leased to high-credit quality multinational tenants under USD-denominated contracts. FIBRAs' total Gross Leasable Area (GLA) exceeded 31 million square meters by Q3 2025, with industrial assets growing 8.2% year-over-year and representing a core pillar of the sector's USD 5 billion in 2025 investments.<sup>11</sup> These vehicles, along with publicly traded Industrial C-Corps, enhance liquidity within Mexico's industrial real estate market.



## ENDNOTES

<sup>1</sup> London Stock Exchange Group (LSEG) FTSE Russell, "Mexico: The Manufacturing Hub of North America." Mexico's manufacturing exports are projected to increase from US\$455 billion to US\$609 billion by 2030, with more than 80% of manufactured goods exported to the United States.

<sup>2</sup> Mexican Association of Private Industrial Parks (AMPIP), as reported by Mexico Business News, "AMPIP Aims to Build 128 New Industrial Parks in Six Years." AMPIP estimates the development of 20 million square meters of industrial space between 2024 and 2030, equivalent to approximately 215 million square feet.

<sup>3</sup> PGIM Real Estate, Industrial Real Estate: The Case for Mexico Industrial (November 2024).

<sup>4</sup> Newmark, "Mexico: Industrial Overview, 1Q26": national under-construction 33.0 million sq ft, down ~33% year over year; Monterrey pipeline ~48% below 2Q 2025 (CBRE, "Monterrey Industrial MarketView, 2T 2026").

<sup>5</sup> Newmark, 1Q26; CBRE, "Industrial MarketView — Mexico City, Q1 2026."

<sup>6</sup> CBRE, "Industrial MarketView — Mexico City": asking rents +24.3% YoY (Q4 2024–Q4 2025). Newmark, 1Q26: national average asking rent +7.8% YoY to US\$8.32/sf/yr.

<sup>7</sup> Automotive: AMIA (Asociación Mexicana de la Industria Automotriz) — Mexico produced a record ~3.9 million light vehicles in 2024 (+5.6% YoY); Bajío states (Guanajuato, Aguascalientes, Queretaro, San Luis Potosí) host assembly plants for GM, Volkswagen, Toyota, Honda, Mazda and Nissan. Aerospace: FEMIA / Aerocluster Queretaro — Queretaro anchors Latin America's largest aerospace cluster, with operations by Safran, GE Aviation and Bombardier. Sources: AMIA; FEMIA; Aerocluster Queretaro, 2024–2026.

<sup>8</sup> Cato Institute (2025): North American automotive components may cross the U.S.–Canada and U.S.–Mexico borders as many as seven or eight times before final vehicle assembly; corroborated by multiple industry analyses citing 6–8 crossings. Source: Cato Institute, 2025.

<sup>9</sup> CBRE, "Industrial MarketView — Mexico City": 81% of available supply leased in USD (Q1 2026); 80% (Q4 2025). A national share is not published in the sources reviewed. The main exception is infill leases in Mexico City, which are predominantly Mexican Peso-denominated leases linked to Mexican CPI.

<sup>10</sup> AMEFIBRA, "AMEFIBRA Marks 10 Years, FIBRA Assets Surpass MX\$1 Trillion," October 2021, as reported by Mexico Business News.

<sup>11</sup> AMEFIBRA preliminary 2025 balance, as reported by Centro Urbano, "AMEFIBRA: Crecimiento de ABR en 2025," and corroborated by Mexecution, "Industrial and Office Assets Drive Mexico's Real Estate FIBRAs Growth in 2025." Total Gross Leasable Area exceeded 31 million square meters as of Q3 2025; the industrial segment grew 8.2% year over year, while approximately US\$5 billion was invested in 2025 developments and acquisitions.

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