

Capitalizing on Nearshoring Opportunities: *Key Points for Designing a Commercial Strategy and Leveraging the Industrial Construction Boom in Mexico.*

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Mexico finds itself at an unprecedented opportunity to address the growing demand in the industrial sector. Recently, announcements of Foreign Direct Investment (FDI) exceeding 100 billion US dollars have been made, with foreign companies looking to relocate their operations to Mexican territory to meet the needs of the US market. The relocation of these companies opens extensive opportunities for various sectors linked to construction, which can capitalize on the demand for materials and services for the construction of industrial warehouses in the coming years.

Industrial Market in México

What is being discussed in the media?

The industrial spaces sector is characterized by its fundamental unit of measurement: the square meter. In this context, various key aspects of the market, such as availability, construction, and inventory, are articulated around this unit of measurement. Therefore, it is imperative that any company interested in assessing its potential in this sector estimates its products and services (tons, liters, hours, pieces, personnel, etc.) in terms of their use per square meter, which we will call usage density.

Actual Inventory



97.5
million
m²

in industrial
warehouses
at the end of
2Q 2023.

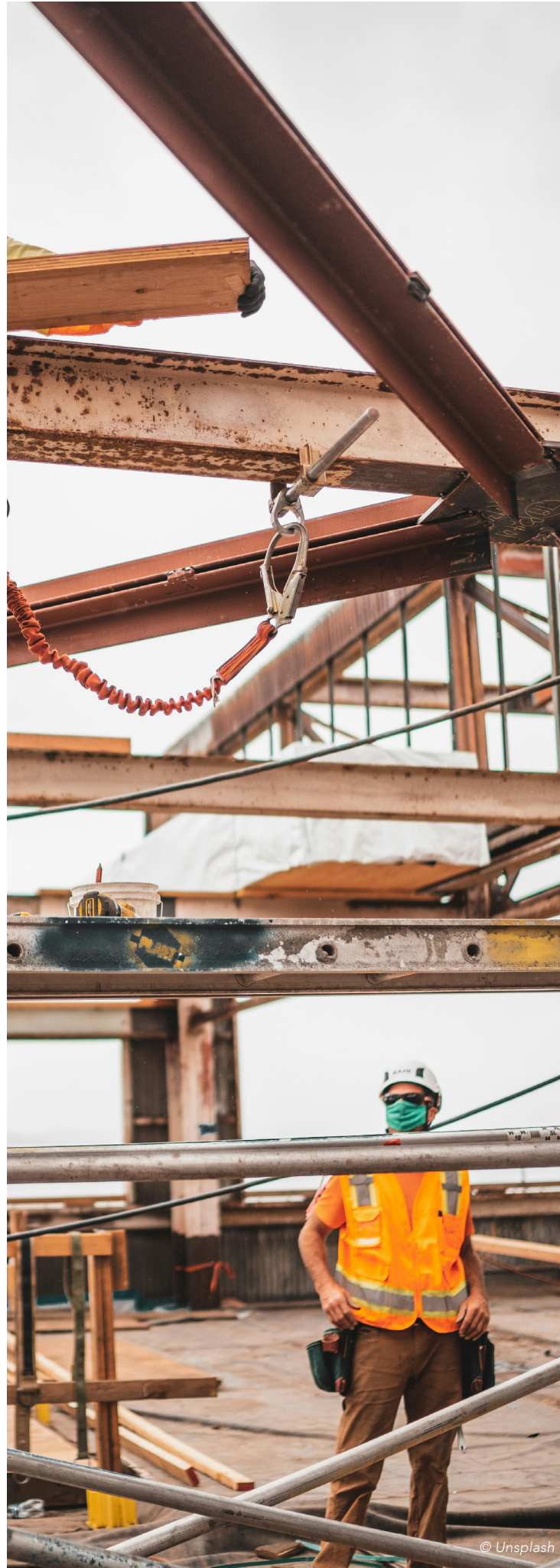
3.7%
Availability
rate

*Source: Datoz

Historical Growth of the Industrial Market

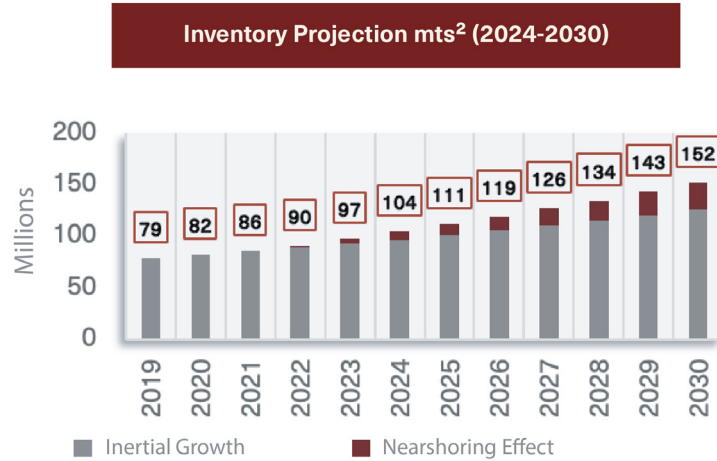
The industrial sector has experienced significant growth, evidenced by a national Compound Annual Growth Rate (CAGR) of 4.1% between 2019 and 2023. However, certain markets, especially attractive for nearshoring, have seen double-digit growth figures in the last two years.

With a historical inventory reaching 97.5 million square meters by the second quarter of 2023, the notably low availability rate stands at 3.7% nationwide, the lowest on record. Given this landscape and recent investment announcements, DCG has undertaken the task of projecting the growth of square meters in the industrial market until 2030.



Industrial Warehouse Growth/Nearshoring

The inventory is expected to grow by 56% by 2030, reflecting a 6.5% CAGR, driven by both inertia effects and nearshoring.



*Source: Estimated by Delphus Consulting using a CAGR method with variable horizons, based on historical growth data from 2019-2023 from Datoz.

10 markets represents 92% of the projected growth.

projected for the year 2030 compared to the current inventory.

56% total growth

Main factors that can affect the forecast:

- Availability of electricity.
- Security and road infrastructure.
- Political stability.
- Access to water.

Understanding the Market and its segmentation

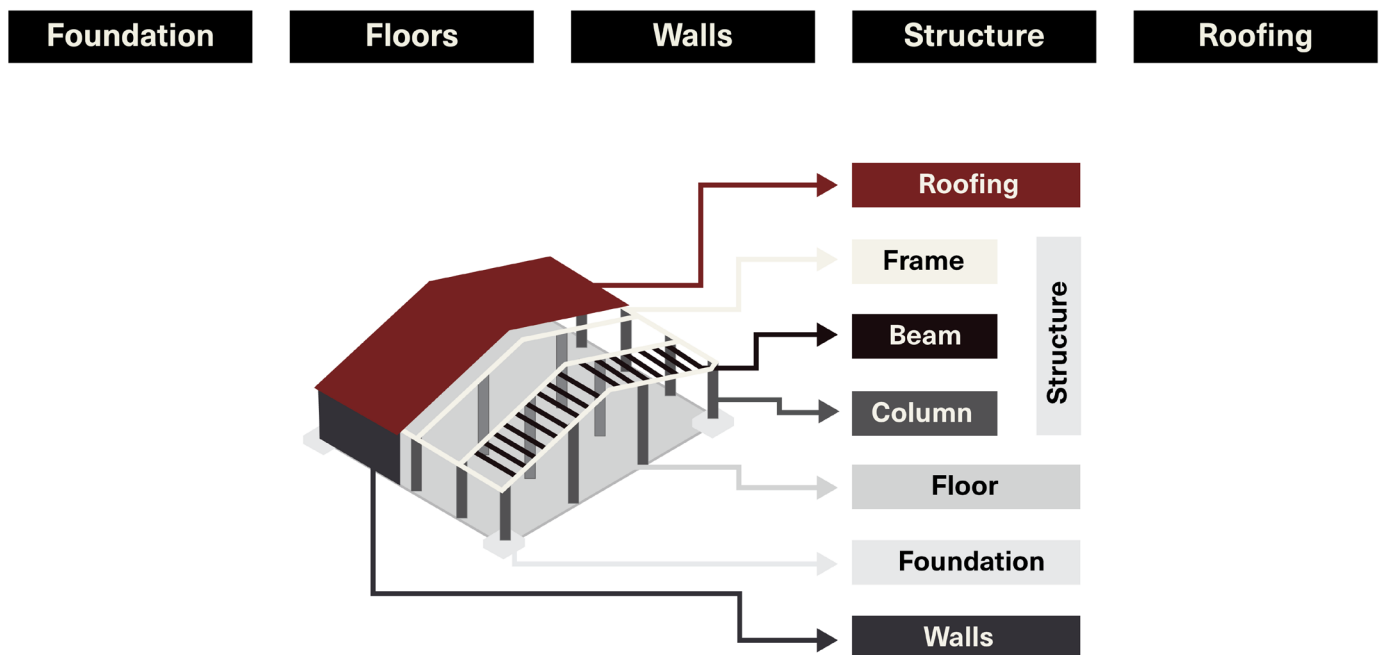
To obtain a more accurate assessment of the potential offered by the growth of industrial spaces to our company, it is crucial to move away from a totalistic perspective and proceed to subdivide or segment the market according to the particularities that most affect our industry. Subsequently, we must estimate individual potential for each segment, considering the demand intensity in each of them.

Among the possible segmentation criteria are the type of construction system, ABC class of warehouses, type of use (whether for heavy or light industry), type of activity or sector (such as storage, production, food industry, among others), or whether the construction's origin is speculative or Build to Suit.

The analysis of the industrial warehouse market, particularly concerning construction materials, is based on the understanding of five fundamental elements in its building process.

Each of these components has needs that can be considered independently.

The components that make up an industrial warehouse are:



Important points to consider:

- There are different solutions/materials for each component, and they are evaluated independently.
- Decision-making regarding which material to use is done at the component level and is multifactorial through a cost/functionality iteration.

Classes of Industrial Warehouses Type A, B and C

Although there is no strict regulation that defines the precise characteristics a industrial building must possess to be classified as Class A, B, or C, and this classification can vary according to the evaluator's criteria, generally, the categorization is affected by the quality of implemented systems and the dimensions of open spaces and heights.

Some of the **most common characteristics**, although not necessarily determining, according to the class, include:

Class **A**

- Free height 9m
- Clear Span 17x12 – 18x18
- Platforms at truck height
- Ship-Land Ratio 50-50
- Precast or Tiltup Wall
- 3 air changes per hour
- 10-15% Natural Light
- LEAN Certifications
- Advanced fire suppression systems

Class **B**

- Free height 7m
- Clear Span 12-12
- Platforms at floor height
- Precast or Mixed Wall
- Basic fire suppression systems

Class **C**

- Free height <7m
- Clear Span <12m
- Platforms at floor height or no platforms
- Sheet or Mixed Wall
- Basic fire suppression systems

Key factors in the decision-making process

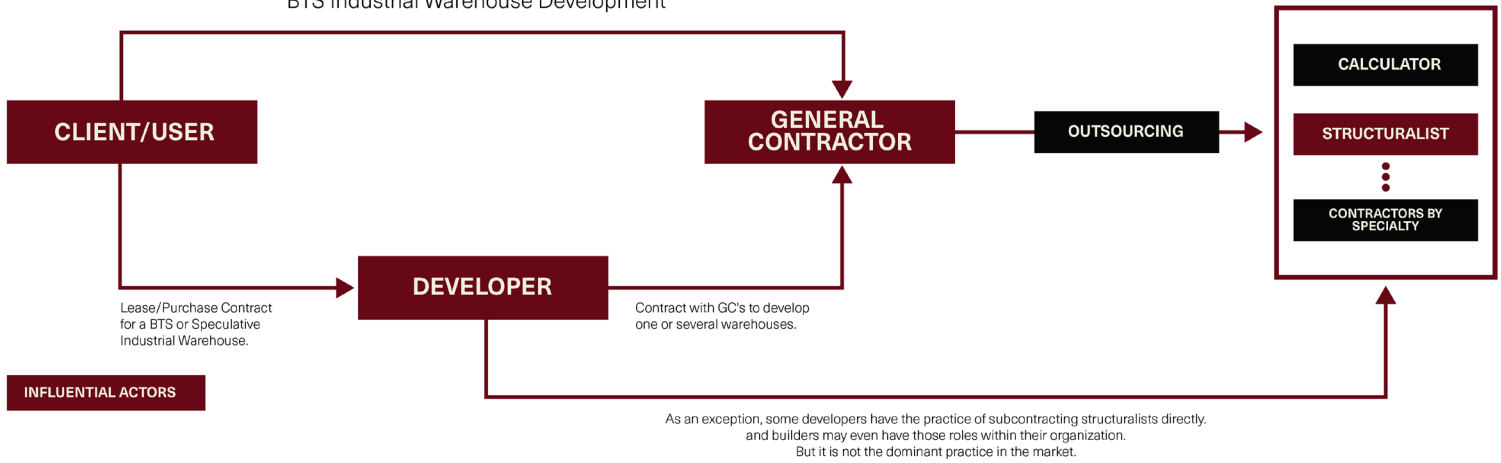
Decision-making process

To ensure that our value proposition effectively reaches decision-makers regarding the acquisition or contracting of our products or services, it is imperative to understand the decision-making process in three fundamental axes and distinguish them by segment:

- **Key Players:** Identify who are the individuals with decision-making or influencing capacity in the process (**Networking Target**).
- **Needs:** Understand which attributes or characteristics generate the most value for the involved actors (**Value Proposition**).
- **Timing:** Determine the critical moments within the industrial warehouse construction cycle in which it is pertinent to establish contacts with relevant actors (**Commercial Management**).

General process of the development of an industrial warehouse and the actors involved

BTS Industrial Warehouse Development



The importance of identifying influential actors and investigating their needs

In the process of developing an industrial warehouse, influential actors play fundamental roles and exert their influence on the selection of materials used throughout the entire process, from its inception to its conclusion. This influence may vary depending on the specific component of the industrial warehouse and the particular role that each actor plays in the process.

For example, in the selection of materials for the structural component, the structural engineer may exert significant influence due to their expertise in structural engineering, as well as their understanding of the loads and design requirements associated.

In summary, it is vital to identify these actors, as each component of the industrial warehouse may require consideration of different variables and factors, and the choice of materials/services may be subject to the influence of various participants in the process.

Client/User → Company that rents/purchases an industrial warehouse.

General Contractor → Company dedicated to supervising and managing all aspects of a construction project.

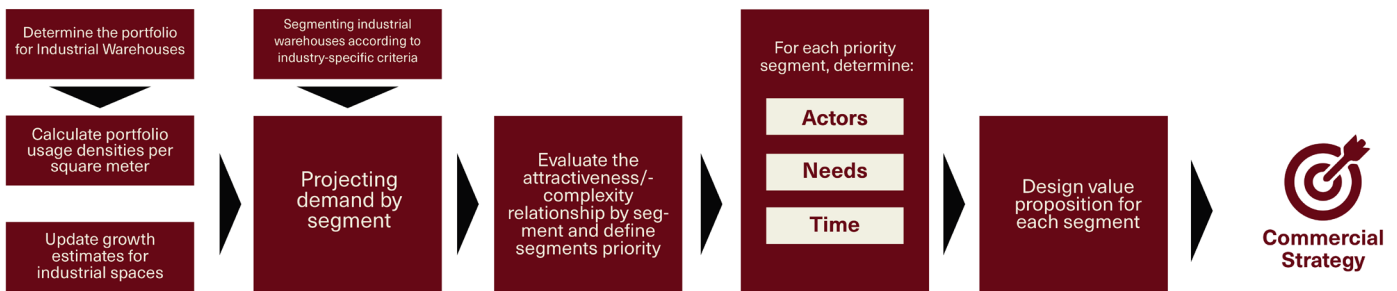
Developer → Company that is responsible for planning, financing, executing and managing real estate development projects.

Structuralist → Company specialized in the design, calculation and manufacturing of structures.

Framework to design a winning commercial strategy

Based on the aspects previously examined, we have developed the following framework that will serve as a guide to design a commercial strategy aimed at taking advantage of the additional demand that will arise in the industrial sector as a result of the nearshoring effect:

Solution Framework



Commercial and Operational Models to enable the strategy

Contact us to support you in the design of your commercial strategy!

