

**Nearshoring Outlook****BBVA Research-AMPIP Survey, 2nd edition**

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**BBVA Research and the Mexican Association of Private Industrial Parks (AMPIP) conducted the second edition of the survey to identify opportunities and challenges of nearshoring.**

**Key points**

- The survey, conducted in May 2024, covers 53.1% of AMPIP industrial parks and 92.9% of Mexico states with an AMPIP member present.
- In 2023, the arrival of new firms accelerated; respondents reported receiving 196 new tenants, 46.3% above the annual average between 2018 and 2022. From the new tenants 46% came from the United States (U.S.), and 17% from China.
- Of these 196 new firms, 37% are mainly in the manufacturing industry (excluding automotive), 27% are in the automotive industry, and 36% are in logistics activities.
- Respondents estimated that the pace of firm arrival will continue for 2024 and 2025, with an expected 201 and 198 new tenants, respectively. They estimate that 34% will come from the U.S. and 17% from China.
- Furthermore, 94% of respondents reported that they have experienced an increase in demand and/or profitability of industrial spaces, which is consistent with the current occupancy level of 98% in AMPIP parks.
- 100% of respondents plan to expand the supply of spaces between 2024 and 2025. The most significant demand for industrial spaces was in Nuevo León, Baja California, Bajío, Chihuahua, Coahuila, and the Mexico City Metropolitan Area.
- The lack of an adequate electricity supply is the main factor that can limit the arrival of new tenants.
- Aligning the supply and demand of industrial spaces is essential to take advantage of the opportunities that nearshoring offers Mexico.

**Introduction**

The *nearshoring* process is the relocation process of firms aiming to bring (all or part of) their production closer to the U.S. market, continuing its pace in 2023. During this year, we observed the consolidation of Mexico as the U.S.'s leading trading partner, surpassing China as a supplier of goods and Canada in

total trade volume.<sup>1</sup> This trend continues for the first quarter of 2024 (1Q24), with 82.7% of Mexican exports destined for the U.S. reaching 118.9 billion dollars, 2.1% higher than the previous year.

In 2023, we published our [first nearshoring survey](#) in association with the Mexican Association of Private Industrial Parks ([AMPIP](#)) through a survey of its members, in which we confirmed the interest of firms to operate in Mexico and we anticipate a more significant arrival of enterprises in the next two years. AMPIP integrates 460 industrial parks hosting more than 4,000 firms. Our survey results cover 53.1% of the Industrial Parks with AMPIP associates, 35.6% of the total real estate developers, real estate investment trusts (REITs of FIBRAs in Spanish) / investment funds. At the regional level, it covers 92.9% of the Mexico states in which AMPIP has a presence.

In this new edition, we expand our survey with two particular emphasis on the origin of the firms established in Mexico in 2023 and the firms expected to arrive in 2024 and 2025. We also analyze the profile of these new firms, whether their activities involve direct and/or indirect exports or only serve the national market, and identify the main limitations in industrial spaces when seeking to attract new tenants. Finally, as it is an election year in Mexico and the United States, we ask if the elections are a factor in attracting FDI to Mexico.

## New firms arrival to AMPIP parks

The surveyed AMPIP members reported that between 2018 and 2022, they received 669 new tenants in their industrial parks, an annual average of 134 new firms per year in this period. In 2023, respondents reported receiving 196 new firms, showing that the arrival of new firms to Mexico accelerated 46.3% in this last year compared to the average arrival rate of previous years. To put these figures into perspective, the total growth of establishments in Mexico in 2023 was 14.12% higher compared to 2021, according to the last figure reported from Inegi<sup>2</sup>. When breaking down the origin of the new tenants in 2023, 46% (90 firms) came from the USA, 17% (34 firms) arrived from China, and 37% (72 firms) were from other countries, including Mexico.

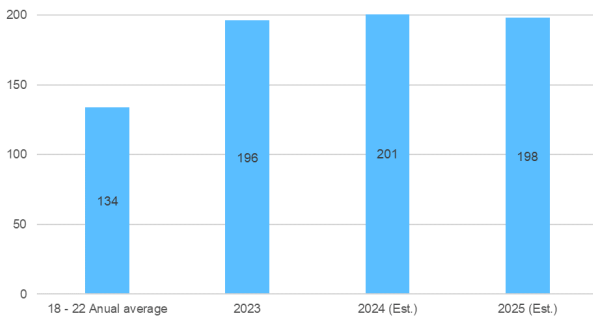
We asked the new tenants about their main economic activity to complement the analysis of the new firms that arrived in 2023 at AMPIP parks. We identified that 37% are related to Manufacturing activities (excluding the automotive industry), 27% carry out activities mainly linked to the Automotive Industry, and 36% focus on Logistics activities (storage, distribution, and transportation).

At the close of the survey (May 2024), Mexican companies represented 27% of the total number of tenants, firms of American origin 44%, Chinese firms 4%, and firms from the rest of the world 25%.

<sup>1</sup> According to figures from the U.S. Census Bureau, since February 2023, the U.S. has imported more goods from Mexico than China. Since May 2023, the total volume of trade (exports + imports) between Mexico and the U.S. has exceeded the volume between Canada and the U.S. For a complete analysis of Mexico's trade situation in 1Q24, see [Mexico | Mexico's trade is even more concentrated towards the United States](#)

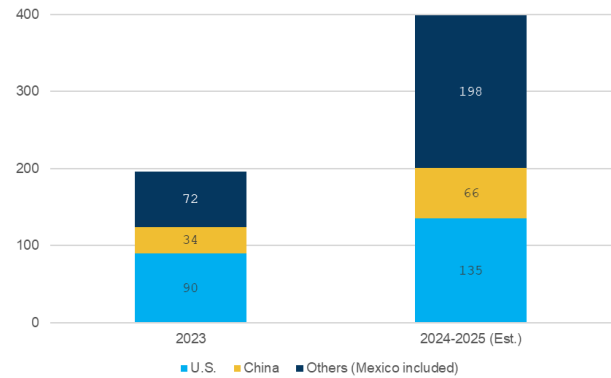
<sup>2</sup> Inegi (2024). Study on business demographics (EDN) 2023. [Available here.](#)

Figure 1. **NEW TENTANS REPORTED (NUMBER OF FIRMS)**



Source: BBVA Research with information from AMPIP  
Note: Number of new tenants are only from surveyed parks.

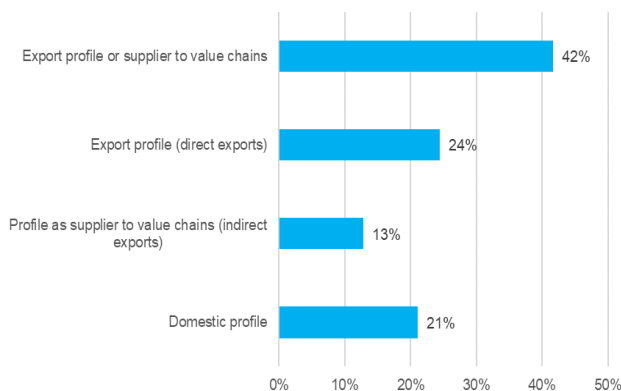
Figure 2. **NEW TENTANS BY COUNTRY (NUMBER OF FIRMS)**



Source: BBVA Research with information from AMPIP  
Note: New tenants for 2024-2025 are estimates and represent the sum of both years.

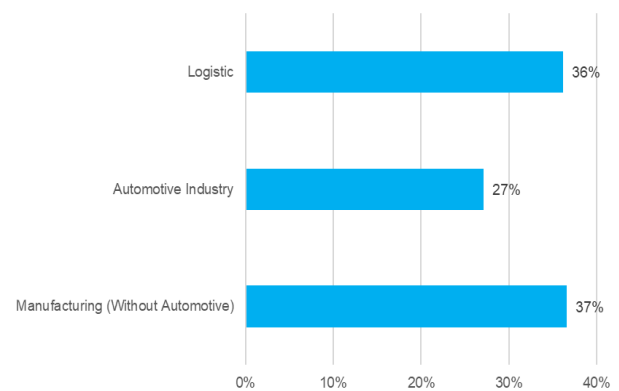
Additionally, we identified the business profile of all the tenants in the park developers surveyed; that is, whether the activities they focus on are mainly to serve the international or domestic market. 79% of the tenants carry out export activities (either direct, indirect, or both), and only 21% of the AMPIP tenants exclusively serve the domestic market. By breaking down these tenants with an export profile, we see that 24% carry out direct export activities to international markets, 13% carry out activities to link with value chains (indirect export), and 42% carry out both direct and indirect export activities.

Figure 3. **TENANT PROFILE AT MAY 2024 (SHARE %)**



Source: BBVA Research with information from AMPIP

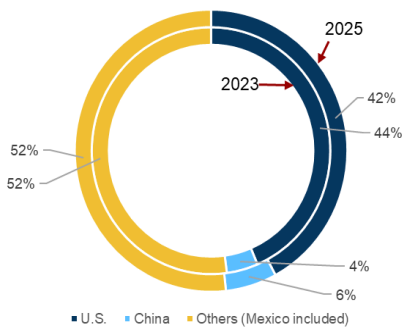
Figure 4. **NEW TENTANS IN 2023 (SHARE %)**



Source: BBVA Research with information from AMPIP

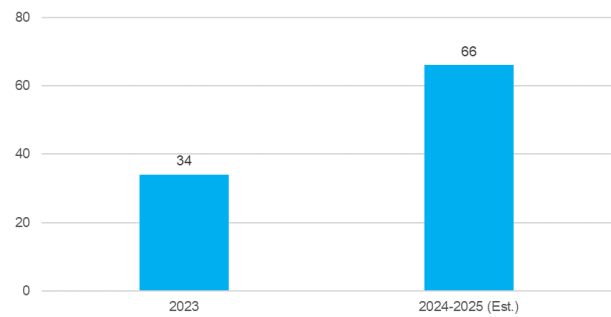
Respondents expect the arrival pace to continue in 2024 and 2025, with 201 and 198 new tenants each year. In addition, survey participants estimate that in these two years, 34% of new tenants will come from the U.S. (135 firms) and 17% from China (66 firms); the remaining 49% (198 firms) are estimated to come from the rest of the world (including Mexico). If all these firms arrive (assuming that the current firms remain), the share of Chinese firms in AMPIP parks would go from 4% at the survey date to 6% in 2025, and the share of U.S. firms would drop marginally from 44% to 42%.

Figure 5. **TOTAL TENANTS BY COUNTRY**  
(SHARE %; IND. PARKS SURVEYED)\*



Source: BBVA Research with information from AMPIP  
Note: Data from surveyed parks. Estimated year 2025, assuming that current firms remain.

Figure 6. **NEW TENTANS FROM CHINA**  
(NUMBER OF FIRMS)



Source: BBVA Research with information from AMPIP  
Note: Arrival of new tenants of Chinese origin in the surveyed parks.

## The opinion of industrial real estate developers

In this survey edition, we identify the main limitations that industrial parks report when attracting new tenants. Additionally, as it is an election year and related to the survey's date (May 2024), we asked if the elections in Mexico and the U.S. could be decisive for the arrival of FDI in Mexico.

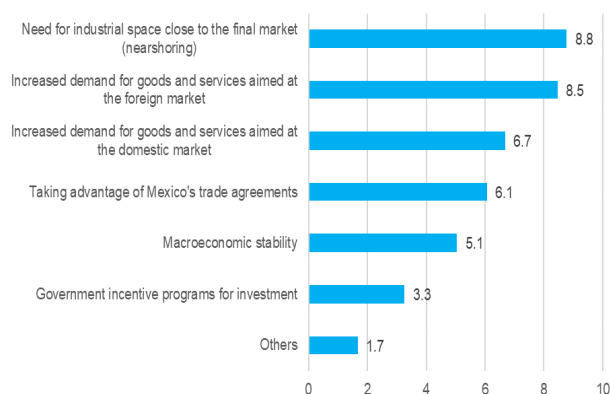
At the survey date, 94% of the AMPIP member's respondents (real estate developers, fibers, and funds) indicated that they have experienced increased demand and/or profitability of industrial spaces. Aligning the supply and demand of industrial spaces is essential to take advantage of the opportunities that nearshoring offers to Mexico, and it is a clear objective for the AMPIP surveyed. Considering that 68% report that, from the beginning of 2023 until the end of the survey, they were unable to accommodate some potential tenants in their industrial park due to a lack of available spaces (this does not imply that the incoming firm did not set up in Mexico, but that they did not find the space they were looking for in the industrial park surveyed). Consequently, 100% of respondents plan to expand the space offer between 2024 and 2025.

We asked AMPIP partners to rank the main factors that explain the increase in demand and/or the profitability of industrial spaces. Respondents place the need for industrial space close to the final market (nearshoring) in the first place, followed by the increased demand for goods aimed at the external market (export). Continuing in order of relevance, the surveyed partners identify a greater domestic demand, the

extensive network of trade agreements that Mexico has, and the macroeconomic stability as determining factors in the increase in demand. Notably, government investment incentive programs are the least considered factor, as seen in [Figure 7](#).

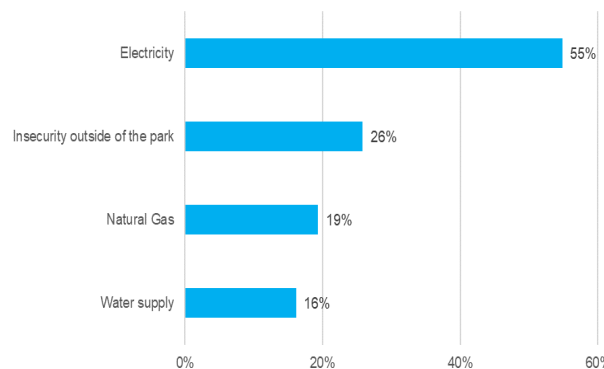
On the other hand, when we asked about factors (not mutually exclusive) that may limit the arrival of new potential tenants, 55% of respondents report the need for adequate electricity supply to meet demand, 26% identify the crime outside the industrial park (in the hosting state and/or on transportation routes) as a limitation. The rest of the identified limitations are illustrated in [Figure 8](#) below and, in relevance order, are the lack of gas and water supply with 19% and 16% of respondents, respectively.

Figure 7. **POSITIVE DEMAND FACTORS**  
(RATING)



Source: BBVA Research with information from AMPIP  
Note: Score out of 10 points, a higher score indicates greater importance.

Figure 8. **FACTORS LIMITING DEMAND**  
(% SHARE)



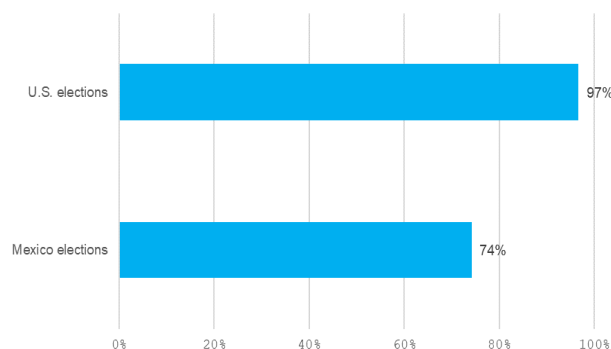
Source: BBVA Research with information from AMPIP  
Note: Non-exclusive responses; respondents could answer more than one factor and the percentage of total respondents is presented.

Regarding the electoral matter, it is noteworthy that 97% of respondents consider the U.S. elections as a factor in attracting FDI, while only 74% consider the presidential elections in Mexico equally relevant as it is shown in [Figure 9](#). As a hypothesis, economic agents discounted the presidential election in Mexico (taking into account the date of the survey), while the result in the U.S. is still uncertain.

Delving into the limitations related to the electricity supply, respondents ranked first the need for more investment in transmission and/or distribution lines. In contrast, respondents placed second in the lack of permits and inefficiency in authorization for generating or cogenerating electric energy, followed in third place by the complexity of procedures for private investment in transmission and/or distribution lines<sup>3</sup>. With less significance, respondents identified that the available energy sources must meet environmental requirements to meet the sustainability goals (decarbonization) that the market demands.

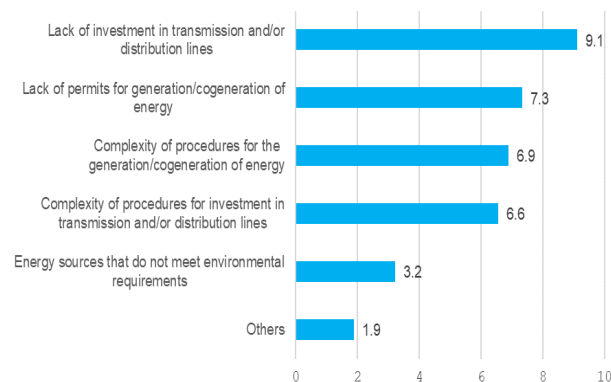
<sup>3</sup> The 2013 Constitutional Reforms on energy and the resulting Electricity Industry Law opened the generation and marketing of electricity to private participation. Meanwhile, transmission and distribution, classified as strategic areas, remained exclusive state activities. Therefore, the private sector has no authority to invest in these areas.

Figure 9. **EFFECT OF ELECTIONS ON FDI**  
(SHARE %)



Source: BBVA Research with information from AMPIP  
Note: Non-exclusive responses; respondents were able to answer more than one factor and the percentage of total respondents is presented.

Figure 10. **ELECTRICITY SUPPLY LIMITATIONS**  
(RATING)



Source: BBVA Research with information from AMPIP  
Note: Score out of 10 points, a higher score indicates greater importance.

Breaking down these limitations at a regional level, the most significant demand for industrial spaces was in Nuevo León (metropolitan area of Monterrey), Baja California (Tijuana), Bajío, Norte (Chihuahua and Coahuila, in their border area, and close to Monterrey, respectively), and the Mexico City Metropolitan Area (State of Mexico and Mexico City). In terms of sufficient and quality electricity supply, limitations are reported mainly in the north and northeast of Mexico (Baja California, Chihuahua, Nuevo León) and Bajío (Querétaro, Guanajuato, San Luis Potosí). Crime outside the industrial park and on transportation routes was reported more frequently by respondents in Guanajuato, Jalisco, and Tamaulipas.

Finally, to directly identify the arrival of firms through nearshoring, in this edition of the survey, we directly asked AMPIP members how many of the new tenants installed in 2023, regardless of their origin, are moving operations from China to Mexico.<sup>4</sup> The result, perhaps surprising, was that only 16% of the new tenants met this stricter nearshoring condition. As a hypothesis, this may mean that the incoming firms, rather than moving all of their operations to Mexico, are expanding them to our country but at the same time preserving another part of its production in the Asian country.

## Diagnosis: Increasing number of arriving firms and profitability

In this second edition of our BBVA Research AMPIP survey, we highlight the higher pace of new tenant arrivals during 2023, 46% above the annual average between 2018-2022. Respondents expect the arrival pace to continue until 2025. Notably, 94% of the firms surveyed report an increase in profitability/demand, and 100% report that they will expand their industrial spaces in the next two years.

<sup>4</sup> The whole question is: Regardless of their origin, of the new tenants that arrived in 2023, how many are moving operations from China to Mexico? (That is, they are carrying out operations in your industrial spaces that they previously only carried out in China and, upon their arrival, will also carry them out in Mexico)

The balance between the growing demand and the supply of industrial spaces requires strategic planning by developers, anticipating the limitations currently identified by the parks in operation in order to take advantage of the opportunities that nearshoring offers to Mexico. In our view, this must be accompanied by an energy policy that favors the generation of clean energy at competitive prices.<sup>5</sup> To this end, we believe it is necessary to grant more generation permits to private companies so that the CFE can make more investments in transmission and distribution. Addressing the problems of insecurity outside of industrial parks and/or on the transport routes to export routes is another factor to promote the attraction of companies.

The concerns with electricity supply presented in this report are consistent with the recent Monthly Survey of Regional Economic Activity (EMAER), conducted by Mexico's Central Bank (Banxico), in which companies with more than 100 workers in the manufacturing sector were asked whether they had experienced interruptions in the regular supply of electricity in the last 12 months. At the regional level, the south was the region with the highest number of companies reporting interruptions (81.6%), followed by the central (55.0%) and northern (49.7%) regions.<sup>6</sup>

Identifying trends in the arrival of firms and current limitations in industrial parks allows developers to plan and to improve the space supply, anticipating the demand and needs of future tenants. On this basis, the survey presented in this report complements BBVA Research's analysis<sup>7</sup> of the nearshoring phenomenon at the sector, regional, and foreign trade levels. In our [Regional Sectoral Outlook \(SSR\) 22H1 report](#), we identified the Mexican manufacturing export industries that are most competitive globally and candidates to benefit first from the relocation process. In our [SSR 22H2 report](#), we identified the limitations the Mexican industry could face regarding infrastructure and productive capacity in case of the increasing arrival of Foreign Direct Investment (FDI). Later, in our [SSR 23S1 edition](#), we addressed the challenge of identifying whether the effects of nearshoring were already perceptible in macroeconomic statistics by analyzing the dynamics of Mexico's FDI and exports, contrasting the numbers with countries such as Vietnam. In our [SSR 23S2](#) report, we examined the key industries that allowed Mexico to become the leading trading partner of the United States, and more recently, in our [SSR 24S1 report](#), we studied the current concentration of Mexican exports to the United States in two dimensions: product and destination. Likewise, the relocation of firms in Mexico has been of particular interest to BBVA Mexico, launching in 2023 its [Specialized Nearshoring Unit](#) to support firms seeking to relocate (part of) their operations to Mexico with specialized financial solutions.

Finally, it is relevant to note that these results may only represent some industrial spaces nationwide. However, it is a unique survey made possible by the BBVA Research—AMPIP cooperation. Looking forward, the nearshoring race continues, and consolidating Mexico's strategic position is a priority to benefit from this process of relocalization of global value chains.

<sup>5</sup> In a study conducted by BBVA Research, we identified the [decline in FDI in energy](#) and the potential impact on nearshoring.

<sup>6</sup> Banco de México (2024). Reporte sobre las economías regionales. Available [here](#).

<sup>7</sup> [Available on our site](#)

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