

Manufacturing in Mexico: Industrial Real Estate

Solana Beach, CA, March 8, 2013 - Mexico's industrial real estate market experienced a period of revitalization from 2011 to 2012 and is set to reach a new peak in 2013. There is a markedly growing demand for industrial space as more foreign companies are setting up operations for manufacturing in Mexico. The wide production of everything from smartphones to kitchen appliances and the rise of automotive and aerospace manufacturing, all reflect this trend.

The current resurgence in demand is due to such factors as wage and transportation inflation throughout Asia, Mexico's economic stability, its free trade zone status and competitive manufacturing and distribution costs. A combination of low debt and inflation, high reserves and foreign direct investment, [shelter services](#) and the feasibility of just-in-time manufacturing, contributes to the growth of the market.

The [maquiladora industry](#) presents an increasing contrast with other emerging economies. Brazil is projecting slower growth. China's rising wages and freight costs are stifling. The Organization for Economic Cooperation and Development states that Mexicans are "...spending the most total time working (paid plus unpaid work) in the OECD, on average nearly 10 hours per day, compared to an OECD average of just over 8 hours."

[Manufacturing in Mexico](#) is even poised to compete with manufacturing in the Eurozone due to its growing financial crisis.

A highly educated workforce coincides with a demand for high-end manufacturing space. According to Rafael McCadden, Director of Industrial and Logistic Real Estate, Colliers International: "There has been a lot of interest in setting up aerospace manufacturing parks in Mexico, training centers and even universities that offer aerospace engineering programs."

Attesting to the demand for automotive industrial space, McCadden states, "Ford, GM, Honda, Toyota, Nissan and Mazda are either expanding their facilities or setting up new assembly shops in Mexico. The auto industry in Guanajuato, Mexico has been growing tremendously..."

Mexico's shelter services provide easy market entry and on-going administration and compliance management for foreign operators. Shelter companies understand local, state and federal regulations and allow firms to control their production and quality assurance, while freeing them from the need to worry about import/export compliance in Mexico, accounting in Mexico, HR services in Mexico, payroll in Mexico, environmental services in Mexico and virtually all other administrative details. Scott Stanley, Sr. Vice President at North American Production Sharing, Inc. ([NAPS](#)), Mexico's leading outsourced administration and compliance management firms, said "our full-service administrative and compliance management package enables companies to expand into Mexico without many of the risks associated with operating in a new country. We make manufacturing in Mexico much easier to plan and execute."

Concerns about company security and safety do not seem to pose any impediment to firms seeking industrial space. Patent and intellectual property laws are strictly enforced in Mexico. Safety does not seem to be much of an issue either. As McCadden explains, "We don't see any companies leaving Mexico because of the security issues. We are experiencing expansions, which means they are here to stay."

McCadden also underscores the familiar industrial environment that firms will experience when they locate their operations in Mexico. "I would say that is very similar, if you walk into an industrial park in Mexico, you would feel as though you are in the United States, because of the similarity in the infrastructure." Not surprisingly, many of the large, public institutional developers have many industrial parks throughout Mexico, which explains this familiarity.

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About NAPS

With over 20 years of experience doing business in Mexico, NAPS can provide expert commentary on trends and changes in the industry. NAPS offers administrative support services for companies manufacturing in Mexico. Administrative services include: Site Selection, HR, Recruitment, Accounting, Payroll, Customs, Environmental and Corporate Compliance. For more information contact NAPS at 858.794-7947 or visit our [website](#).