

*Nearshoring*

# Outlook: Foreign investment, Mexico's Industrial Parks Association survey

Diego López / Carlos Serrano / Samuel Vázquez  
July 2023

## **BBVA Research and the Mexican Association of Private Industrial Parks (AMPIP) conducted a survey to quantify and anticipate the effects of nearshoring in Mexico**

- Results assert the interest of companies to operate in Mexico as a result of the phenomenon of relocation and anticipate the arrival of more firms within the next couple of years.
- In order to maximize this opportunity there is a need to improve the energy policy, ensure the water supply and reduce crime.

## **Key points**

- The relocation of companies to Mexico depends on several factors such as the perspectives of the domestic and foreign markets, commercial conditions and trade agreements (such as USMCA), as well as existing infrastructure for energy, logistics, water, and security.
- The firms hosted by members of the [Mexican Association of Private Industrial Parks \(AMPIP\)](#) are composed of 20% domestic firms and 80% foreign firms, of which 97% have an export specialization.
- Since the start of the China-US trade war in 2018, 830 new foreign firms have relocated, of which 20% are of Asian origin. This represents an average of 207 new companies per year from 2018 to 2022.
- During the same period, 21% of the firms reported having increased their occupied real-estate within the park, while only 1.4% reported a decrease in occupancy, thus reflecting a positive outlook on the parts of the firms.
- Looking forward to 2025, growth of industrial-real-estate demand is expected: AMPIP members estimate to receive 453 firms within the next two years, 20% of which are Chinese. An average of 227 new companies per year between 2023-2025, this would represent an annual growth of 9.1%

over the 2018-2022 period.

- Infrastructure constraints such as the supply of clean electricity at competitive prices, drainage system capacity and water supply, and public safety and efficiency in legal proceedings must be addressed to maximize the opportunity offered by nearshoring. Of the industrial parks in the survey, 91% reported drawbacks related to energy supply and 63% related to water scarcity.

## Introduction

The cost of relocating equipment and infrastructure when a company moves from one continent to another is highly expensive, not just in transportation and infrastructure costs, but also in planning and developing new supply networks as well as obtaining permissions within the new country. Therefore, Mexico does not (yet) seem to be benefiting from nearshoring in terms of exports to the US, it is possible that foreign companies are in the preliminary stages of relocating to our country. For this reason, Foreign Direct Investment (FDI) can function as a proxy indicator of the growth in exports that nearshoring can bring.

It is challenging to directly measure the effects of nearshoring in Mexico since it is not possible to discern what percentage of the increase in FDI or in exports to the United States is explained exclusively by this phenomenon and what percentage is explained by factors related to the business cycle. To address the challenge of quantifying the effects of relocation, a survey was conducted in March 2023 among members of the Mexican Association of Private Industrial Parks (AMPIP). This is a complementary effort to the one carried out by Banco de México (Banxico) within the Regional Economic Report, April-June 2022<sup>1</sup> on a survey among manufacturing companies and a follow-up report within the Regional Economic Report January-March 2023<sup>2</sup> where they interview business executives in Mexico about their perspectives on nearshoring.

Industrial real-estate firms can offer a complementary vision of nearshoring by being the ones in direct contact with firms that relocate their production to Mexico. As of 2023, AMPIP represents approximately 430 industrial parks in 21 states in Mexico, with more than 3,800 companies installed. AMPIP members have an occupancy rate of 97.9% as of the end of 2022 (an increase of 1.76% compared to 2019) with a growth in inventories of 30% in the same period. At the regional level, Northern and Central markets are the ones with the greatest dynamism, since their inventory grows at an average rate of 35% as of the end of 2022, whereas the Mexico City metropolitan area grows 17% during the same period.

---

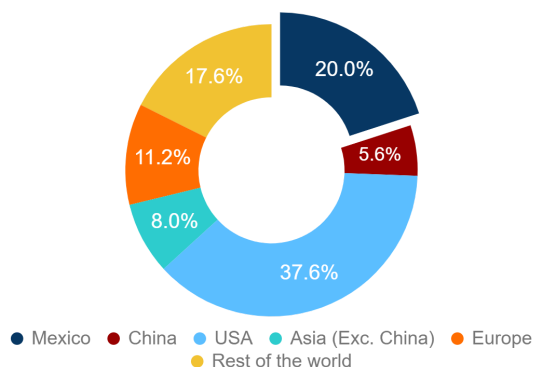
<sup>1</sup> Source: Recuadro 2 [Regional Economic Report April-June 2022](#).

<sup>2</sup> Source: Recuadro 5 [Regional Economic Report January-March 2023](#).

## Industrial parks outlook

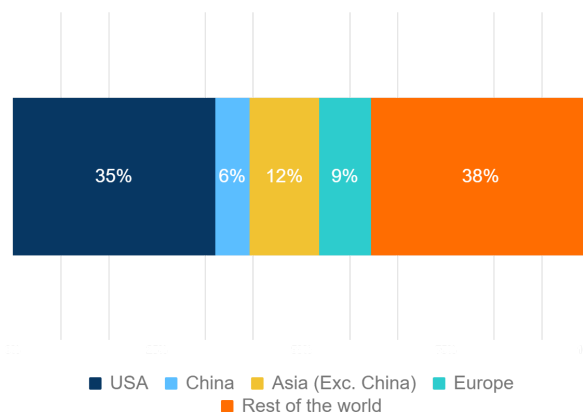
The survey asked for the characteristics and origin of companies within AMPIP industrial parks, their entry and exit patterns during the trade war period (2018-2022), the prospects of attracting new firms over the coming years and the main drawbacks faced by the firms in terms of infrastructure and regulation by region.

Figure 1. **FIRMS IN AMPIP INDUSTRIAL PARKS\***  
(% OF FIRMS)



Source: BBVA Research. \*Total surveyed firms as of March 2023

Figure 2. **ORIGIN OF ENTRANT FIRMS FROM 2018 TO 2022**  
(% OF FIRMS)

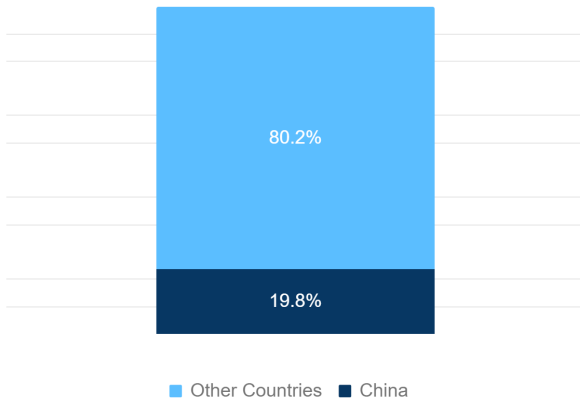


Source: BBVA Research. Entry of 830 new firms during 2018-2020.

Domestic companies represented 20% of firms in surveyed industrial parks as of March 2023, while American firms represented 38%. To better identify the impact of the US-China trade war, industrial parks were asked about the origins of new firms between 2018-2022. Of the 830 new firms, 35% were American, 12% of Asian origin excluding China and 9% European. This shows a positive dynamic of attracting companies from various regions amounting to an average of 207 new companies per year between 2018-2022.

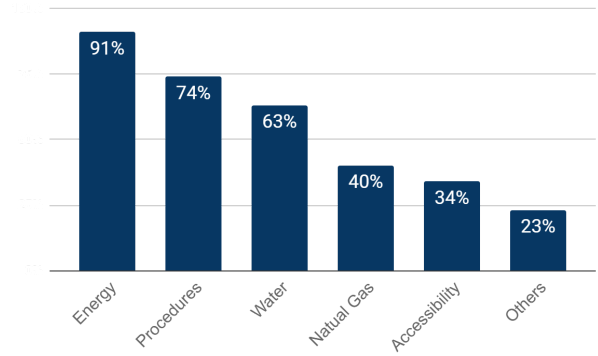
On the other hand, the industrial parks were asked about the perspective of attracting new companies between 2024 and 2025. They expect to receive 453 new companies, of which 19.8% (approximately 77 companies) would be Chinese. In total, this amounts to an average of 227 new companies per year between 2023-2025, a 9.1% increase over the figure during the 2018-2022 period.

Figure 3. **ORIGINS OF PROJECTED NEW FIRMS BY 2025\*** (% OF FIRMS)



Source: BBVA Research \*Expected new arriving firms to AMPIP Parks.

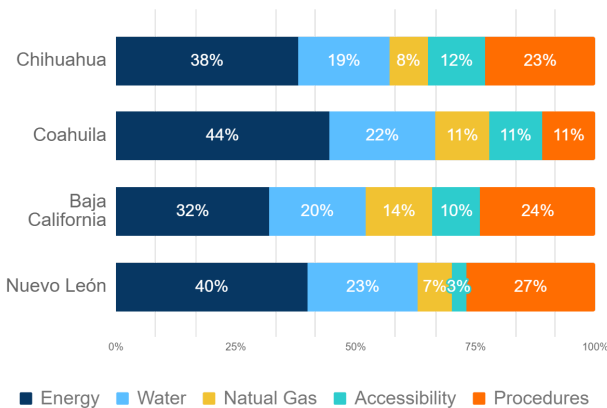
Figure 4. **PROBLEMS REPORTED BY PARKS** (% OF SURVEYED PARKS)



Source: BBVA Research. 100% = Total of surveyed parks

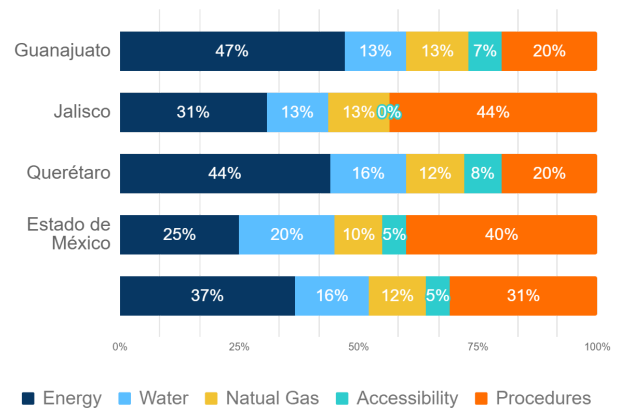
Finally, AMPIP members were asked about foreign investment projects that have faced drawbacks. Of the total of surveyed parks, 91% reported experiencing drawbacks related to energy supply and 63% related to water scarcity. Although these obstacles may be related to capacity constraints, 74% of the parks reported drawbacks in terms of ease and speed of procedures, an aspect that could be addressed through regulatory and normative improvement.

Figure 5. **REPORTED DRAWBACKS BY REGION** (% OF SURVEYED PARKS)



Source: BBVA Research. 100% = Total of surveyed park

Figure 6. **REPORTED DRAWBACKS BY REGION** (% OF SURVEYED PARKS)



Source: BBVA Research. 100% = Total of surveyed park

Looking at the limitations faced by firms in states with an export specialization, the Northwest and Northeast of the country (Chihuahua, Coahuila, BC, and NL) reported that of the total problems faced by firms, 39% were related to energy issues and 21% to water scarcity. In states located in the central region (Guanajuato, Jalisco, Querétaro, and Estado de México), energy drawbacks lead the limitations, but drawbacks in terms of ease and speed of procedures took second place with an average of 31% for these entities.

## Conclusion

In our report [Regional Sectoral Outlook. First half 2023](#), we analyzed the recent dynamics of Foreign Direct Investment (FDI) to identify if Mexico is currently benefiting from the nearshoring process. Between 2018 - 2022, Mexico attracted 19% less FDI compared to what was accumulated during the 2013-2017 period. In Manufacturing, this fall was even more pronounced, reaching 41% less FDI. In terms of regional dynamics, all regions showed a fall in Manufacturing investment, with the Metropolitan and South regions standing out with losses of approximately 15 billion and 11 billion dollars, respectively. Despite this, there is progress in sectors such as Computers and Electronics within the Northwest region, and Transportation Equipment and Primary Metal in the Northeast.

The aforementioned survey carried out by Banxico<sup>3</sup> shows that, of the companies interviewed, around 25% of those benefiting from relocation are integrated into global value chains with an export specialization. Additionally, from a regional perspective, they identify that the regions that benefit the most both from an expectation of greater demand from the US and FDI are the Northeast and Northwest of Mexico. These findings concur with the growth observed by AMPIP members.

The drawbacks reported by companies in the industrial parks must be addressed, mainly the ones related to energy supply (from clean sources and at competitive prices). Mexico must prepare its energy infrastructure for an expansion by focusing on renewable energies that, in addition to being more efficient in terms of costs, represent an improvement in terms of emissions that in the medium term could be an increasingly relevant requirement for the companies. Foreseeing this trend would favor Mexico both in terms of competitiveness and compliance with international agreements related to climate change. In addition, regulatory improvement in terms of procedures and permits could be an initial step to reduce the number of drawbacks.

In the meantime, the nearshoring race continues and Mexico must leverage its competitive and geographical advantages to seize the opportunity.

---

<sup>3</sup> Banco de México acknowledges that surveys are the best way to measure the effects of nearshoring as shown in Recuadro 2 [Regional Economic Report April-June 2022](#). Likewise, the institution remarks that it is not a statistically representative survey.

## **DISCLAIMER**

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA on its website [www.bbvaresearch.com](http://www.bbvaresearch.com).

### **ENQUIRIES TO:**

BBVA Research: Paseo de la Reforma 510, Colonia Juárez, C.P. 06600 Mexico City, Mexico.  
Tel.: +52 55 5621 3434  
[www.bbvaresearch.com](http://www.bbvaresearch.com)