An aerial photograph of an industrial yard. In the center is a large, dark grey building with two long, light blue skylights. Surrounding the building is a paved area filled with numerous semi-trucks of various colors (white, yellow, blue, red). Some trucks are parked in neat rows, while others are in motion. The background shows more trucks and some greenery. The overall scene depicts a busy industrial or logistics hub.

# MONTERREY LEADS **INDUSTRIAL** **BOOM**

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Executives highlight the city's attractions  
but warn of energy challenges

**JULY** | 2024

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**INDUSTRIAL 'BOOM' IN MONTERREY**



**ENERGY CHALLENGES**

# INTRODUCTION

Monterrey has emerged as an industrial and logistical hub not only in Mexico but across the Americas. The city boasts a robust transportation infrastructure and is strategically located near the US border, facilitating trade and exports to the world's largest consumer market.

A key driver of growth in the industrial and logistics sectors is the nearshoring phenomenon, where foreign companies, particularly from Asia, relocate their operations to Monterrey due to favorable tariff conditions, commercial advantages, and a skilled workforce. Companies are also drawn to Monterrey's advanced logistical infrastructure, which includes extensive rail networks.



With substantial investments pouring into the industrial sector, it is crucial to discuss the next steps in its development and address the challenges posed by high demand. In this context, GRI Club Latam hosted an online meeting for its members, moderated by Sofia Flores, Director of the Industrial Division at Terra Regia, featuring contributions from Claudio Chamorro Carrizo, CEO of Red Megacentro, and Salomón Noble, CEO of Intermex.

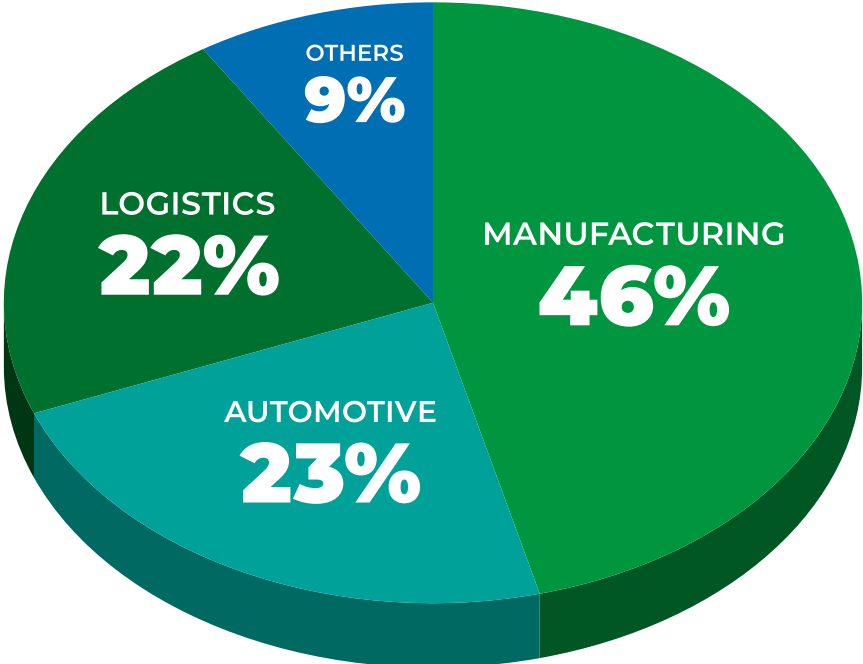




Tesla, for instance, has already begun to make an impact even before starting its operations, attracting suppliers like the Chinese company Jin Lun, which manufactures high-efficiency radiators for electric vehicles: “This trend of attracting suppliers from China is quite intriguing,” observes an executive.

In 2023, the automotive sector was the second-largest consumer of industrial properties in Monterrey, accounting for 23% of demand, second only to manufacturing, which represented 46%.

### INDUSTRIAL COMPOSITION OF MONTERREY



Source: CBRE Research

Participants highlight Monterrey’s ability to attract companies from around the globe, extending beyond traditional trade partners. In 2023, Argentina emerged as the leading foreign partner in Nuevo León, notably through Ternium, which manufactures advanced steel products for various industries, including automotive and appliances.

In terms of foreign investment, industry players have heavily invested in the construction of Class A warehouses and storage facilities. One of the key factors attracting international capital is the availability of highly skilled labor. The Monterrey Institute of Technology is frequently mentioned for producing well-trained professionals in engineering, technology, and management.









To meet the high projected demand from data centers and other electrical capacity challenges, major companies are investing in building substations and recalibrating high-voltage lines. Another solution highlighted is the interconnection of small generators, rather than relying on large centralized ones.

For large self-generation projects, executives emphasize the need for collaboration with the government, a challenge that remains. Sofia Flores explains that Terra Regia's contribution covers the technical aspects of projects, as well as obtaining permits and efficiently interacting with entities like the National Center for Energy Control (CENACE) and the Federal Electricity Commission (CFE) for the implementation of large-scale electrical infrastructure.

Water supply is another obstacle in Monterrey. According to one participant, this issue won't be resolved in one or two years, as it requires long-term efforts. He suggests that developers be transparent and inform clients that industrial operations requiring large amounts of potable water are not viable: "We need to be honest with our clients." He then suggests working with companies that use closed-loop water recycling systems, promoting a more sustainable and responsible vision.

In light of these challenges, the outlook for Monterrey is that public-private collaboration will be necessary in all aspects to sustain its growth as a leading logistics and industrial hub in Latin America. This includes robust initiatives in sustainability and corporate governance, recognizing that the adoption of tools — such as the use of solar panels — is still low.



# MEXICO

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**MORE INFORMATION ABOUT GRI CLUB**



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