

Mexico Manufacturing News

Labor

Real Estate

Incentives

Shelter Manufacturing

Startup

Mexico Study: Incentives, Labor Cost & Real Estate Drive Off-Border Cities Growth

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According to a report compiled by a leading Mexico economic development group, U.S. and European manufacturers are trending toward the Mexico interior cities of Monterrey, Queretaro, Chihuahua, and other Mexican off-border manufacturing locations. The reasons? Better government incentive packages, lower total labor costs, and a good supply available of international quality manufacturing buildings for lease. Three factors drive the new growth in Mexican manufacturing:

No. 1 – Mexican Manufacturing Incentives. “Mexico’s state and federal governments are supporting aerospace, automotive, and other foreign manufacturers with financial and other incentives for inbound companies,” said Mauricio Reyes, an economic development manager at www.MexicoGov.org, a private central information source for Mexico startup and incentives information. “As economies have weakened, foreign companies are investigating manufacture in Mexico options at a pace we haven’t seen in years. We have received more requests for incentive estimates and other information in the last few months than in several prior years combined.”

No. 2 – Low Labor Costs. Mexico’s off border cities are attractive for manufacturers that require skilled labor. “Queretaro, Guadalajara, San Luis Potosi, and other locations have labor turnover rates a fraction of what is found in border cities like Juarez or Nuevo Laredo,” said Monica Gonzalez, an industrial real estate broker working in Queretaro, Monterrey, and Saltillo. “The minimum wage jobs have moved to Asia but Mexico is becoming North America’s manufacturing platform for companies in the electronics, aerospace, automotive, and their supply chains because of good labor costs.”

No. 3 – Available Industrial Real Estate. Since the mid-90’s the demand for industrial buildings for sale or lease exceeded the supply but as U.S. and Mexican developers built new industrial parks in the main Mexican manufacturing cities, supply caught up and now first and second generation U.S. quality buildings are available at competitive lease rates. “The major companies have already settled in Mexico and now we find buildings for lease or sale for their first and second tier suppliers,” said Gonzalez. “An entire aerospace supply chain is moving to Mexico following Bombardier, Eurocopter, Textron, Triumph, and others in the aircraft manufacturing supply chain.”

A recent survey forecasts a \$2.5 billion 2010 investment level for U.S. companies manufacturing in Mexico according to an American Chamber of Commerce source. “Chihuahua, Queretaro, Mexicali, Monterrey, and Saltillo are seeing the biggest growth,” added Mexicogov.org’s Reyes.

About MexicoGov.org – MexicoGov.org is a private economic development service covering all Mexico industrial cities from Tijuana & Mexicali to Mexico City & Queretaro to Monterrey & Saltillo offering free reports on Mexico manufacturing, government incentives, real estate and labor costs for site selection decisions

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