

- Labor availability - skilled workers
- Real estate costs - Lease vs. buy
- Land & buildings availability
- Proximity to major markets, costumers, and suppliers
- Utilities costs and availability
- Taxes - Corporate tax and exemptions
- Investment incentives
- Accessibility to major airports
- Regulatory environment
- Financing programs availability
- Transportation and distribution costs
- Education - colleges, technical schools, and training programs
- Cost of living and quality of life

Depending on the sector, corporation, and the specific processes and requirements of each project, the aforementioned localization factors have a specific value and importance in the site selection process, however, all factors must be taken into consideration for the implementation of a successful Industrial localization (site selection) process.

SITE SELECTION DO'S & DON'TS IN MEXICO

Based on our experience supporting companies through their site selection process in Mexico for more than 20 years, the main aspects that executives should make sure to consider when involved in a Mexico site selection project are:

Project Specs and Scope of Work – A better strategy than firing before aiming is to do the homework necessary to be in a position to be able to aim first, then fire. Have a previous plan, taking into consideration the main drivers for a Mexico site selection process, as well as define the project spec, scope, and schedule of activities.

Put Together a Multi-Disciplinary Team – In order to situate a production facility or distribution center in the right location, a multi-disciplinary team conformed by a group of company employees that includes finance, logistics and supply chain, customs, manufacturing operations, and strategic planning, should be assembled for the purpose of looking at the initiative from all relevant angles.

Site Location Alternatives – A preliminary list of candidate cities for a Mexico site selection project should consist of no more than 12 cities. Variables and other drivers of the project should then be viewed comparatively in order to turn the “long list” into a short list of no more than three candidates.

Incentives Negotiation – Corporations should be prepared for the process of incentive negotiation to take up to 18 months.

DO'S	DON'TS
Put together a multidisciplinary team	Put one single person in charge of the project
Define priorities, specifications, and scope of work at the beginning of the project	Make multiple changes to scope of work and specifications throughout the project
Have a short list with no more than 10 to 12 options.	Have a long list with more than 20 alternatives.
Have three options on your short list for a best options selection	Have a short list with only one option.
Allow 18 months incentives negotiation	Expect incentives package in 3-6 months

MEXICO - A SUCCESS STORY

The conditions of the industrial Real Estate markets located in the central region of Mexico have been very favorable and, therefore, the behavior of the indicators (availability, demand, absorption rates, prices, and development of new constructions) have had a positive trend for the past five years. A clear example of the success is the Bajío region that includes the states of Querétaro, Guanajuato, Aguascalientes, and San Luis Potosí, which has become, in recent years, the largest industrial development region in Mexico for the following reasons:

- Proximity to Mexico City’s metro area.
- Located within the triangle of the three major cities of the country; Mexico City, Guadalajara, and Monterrey.
- Proximity to seaports on the East and West coasts.
- Sourcing for the automotive and aerospace sector, Tier I, II and III.
- Availability of young skilled labor force.
- Technical, undergraduate and graduate studies’ centers.
- Higher security levels than in the border areas.
- Highway and railway infrastructure.

It’s clear that the Bajío region largely fulfills the criteria that is analyzed by corporations during their site selection process to initiate and/or expand their manufacturing facilities and distribution centers in Mexico.

PARTNER WITH AN SIOR MEXICO CHAPTER MEMBER

The opportunities are there for the taking, although Mexico has its own “rules of the game.” Landing manufacturing or logistics projects or any other Commercial Real Estate transaction in Mexico has its own country specific challenges, that’s why we suggest that you partner with an SIOR Mexico Chapter member. ■