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Prepared By: Xochitl Gomez

Approved By: Daniel Archibald

Report Highlights:

The following is part of a series of reports prepared by the Agricultural Trade Offices (ATOs) in Monterrey and Mexico City, to provide background on local and regional markets of interest for current and prospective exporters of U.S. agriculture, food and beverage products. This report highlights Hermosillo and the state of Sonora, which possess major horticultural and livestock export industries and close economic and cultural ties to the United States. The information contained in this report summarizes opportunities in what is not traditionally considered one of Mexico's key markets for U.S. products but is a region growing at rates above the national average and with above average GDP per capita. Sonora's production agriculture is already a major customer for U.S. inputs, and Hermosillo as a consumer market shows growing potential for U.S. exports.

INTRODUCTION

The state of Sonora is located in northwest Mexico, bounded by the United States to the north, Chihuahua to the east, Sinaloa to the south, and by the Gulf of California and Baja California to the west. Hermosillo is about 250 miles south of Tucson, Arizona, connected by U.S. Interstate 19 and Mexico Federal Highway 15 which meet at the border towns of Heroica Nogales, Sonora and Nogales, Arizona. What is now the modern city of Hermosillo was founded over 300 years ago, and originally called Pitic. In 1828, it was named after General Jose Maria Gonzalez de Hermosillo, who had served during the 1810 war for independence. It was named the state capital of Sonora in 1879. In Mexico's 2020 census, the municipality of Hermosillo had a total population of 936,263 inhabitants.¹ Located in the middle of the Sonoran Desert, Hermosillo is often referred to as "The City of the Sun."

In 1881, Hermosillo was connected by rail to the port of Guaymas on the Gulf of California and the border city of Nogales. This opened both Mexican and U.S. markets to Sonora's mineral and agricultural products. With an estimated 3.2 million residents in 2023, Sonora's population ranks 18th among Mexico's 31 states and federal district, and ranks 28th in terms of population density. Hermosillo accounts for over a quarter of the state's population. While significantly smaller than urban areas such as Mexico City, Monterrey, and Guadalajara, with a growth rate of 1.67 percent Hermosillo is one of the faster growing metro areas in Mexico. Hermosillo is a hub for many of the state's key industries such as agriculture and livestock, manufacturing and automotive sectors, mining, and other primary industries.

Hermosillo, Sonora Geography



Source: Encyclopedia Britannica / National Park Service

In horticulture, Sonora is a major production area for many fruits and vegetables including ninety percent of national table grape production, over half of national asparagus production, a third of national zucchini and watermelon production, and a quarter of national potato production. Much of this is exported to the U.S. market. Sonora also produces over half of Mexico's wheat crop. In the livestock sector, Sonora exported over 300,000 head of live cattle to the United States in 2023 through the Nogales crossing, making it the second-largest cattle crossing after El Paso-Ciudad Juarez. Hog production is also a major industry in Sonora, with the state accounting for 11 percent of Mexico's swine herd and producing 16 percent of Mexico's pork. Sonoran pork is an important part of Mexico's exports, particularly to several Asian markets.

¹ National Institute of Statistics and Geography (INEGI)

Given Sonora's key role in Mexico's production agriculture, it is a close and established market for U.S. agricultural exports including feed inputs and genetics for the livestock industry, and planting seeds and materials for the horticultural industry. As the consumer market grows in Hermosillo, and those consumers maintain a high familiarity with the U.S. market, so too does the demand for U.S. consumer-oriented products at retail. Additionally, while the craft beer sector operates at a low volume relative to other regions of Mexico and its U.S. neighbors, Hermosillo and Sonora have a small but growing industry that often looks to its northern neighbor in terms of styles but also for high-quality brewing ingredients.

The state's coastline along the Gulf of California contains resort areas such as Puerto Peñasco and San Carlos Nuevo Guaymas, not to mention interior areas that have wild game hunting and unique desert environments. In addition to Hermosillo, other notable population centers in Sonora include border towns such as Nogales, San Luis Rio Colorado and Agua Prieta on the U.S.-Mexico border, as well as Guaymas, Ciudad Obregon and Navojoa in the southern region approaching Sinaloa. In all these urban centers, population growth is strong. From 2010-2020, the populations of Hermosillo and Nogales grew around 20 percent, and Nogales has continued to grow close to or exceeding two percent per year.

Growth in manufacturing is robust in and around Hermosillo, including automotive assembly plants and the range of component producers supporting those industries. Given its border and transportation linkages with the United States, the region also has a large presence of *maquiladoras*. The city boasts an educated workforce, and attracting foreign investments is a common theme at various levels of government, private sector, and academic organizations. In addition to the available workforce, investors cite relatively low costs, high quality infrastructure, and proximity to the U.S. market as key features of Sonora's competitiveness.

Hermosillo Skyline



RETAIL SECTOR

A number of national and multinational retail stores are present in the Hermosillo market such as large retailers Costco (1) and Sam's (2). In addition to Sam's, parent company Wal Mart has an extensive presence in the retail market with its varying format sizes: six full-size Wal Mart locations and seven Bodega Aurrera. Super del Norte, a national supermarket that started in 1996, maintains fifteen locations along with a distribution center. Super del Norte began with a single store and two workers in the 1990s, and now has more than 100 branches in Sonora with plans to expand to the neighboring state of Sinaloa. Casa Ley, a domestic grocery chain originally from Sinaloa, is also heavily represented in Hermosillo with over a dozen locations ranging from large supermarkets to smaller stores with more limited offerings. National chain Soriana has two different formats: *Hiper*, a version that has an average of 23,000 sq. ft of space, with everything from food to home appliances, and a standard format resembling

a medium-sized grocery store. In the metro area, there are seven *Hipers* and one standard Soriana. At the convenience store level, national chain OXXO dominates the market with 300 branches, and 7-11 also runs 14 locations in the city. Convenience stores and small neighborhood *tienditas* make for easy and quick purchases. The market is comparatively price sensitive, so these various store formats help to serve the range of budgets.

In addition to modern retail outlets, like other metro areas in Mexico, Hermosillo has a main terminal wholesale market, or *mercado de abastos*, catering to the foodservice sector, and supplying the formal retail sector, small distributors and other satellite markets throughout the city. With the proliferation of modern retail and the presence of the smaller *mercaditos* in neighborhoods, the wholesale markets are not frequently used by everyday shoppers/consumers, but many of the larger supermarket chains continue to source from these markets.

A hallmark in Hermosillo being a heavier preference for beef relative to other animal protein, boutique meat and grilling stores are proliferating. There are a number of these outlets such as *Taste* and *Rancho El 17* that carry fine meat cuts as the focal point, with complimentary ingredients, spices and condiments, wine and other beverages. This has traditionally been a feature of larger markets like Monterrey and Mexico City, but today urban areas like Hermosillo have a growing client base for premium products and experiences.

FOODSERVICE SECTOR

A key characteristic of Hermosillo's and Sonora's cuisine includes the presence of both high-quality beef and seafood due to the state's ranching heritage and extensive coastline. Relative to other regions of Mexico, wheat-based tortillas are also a staple in the cuisine, though not to suggest that corn or corn-based tortillas are not still an important feature of the cuisine. Some popular local dishes include *Puchero* (stew of beef with vegetables and cabbage), *Chimichangas* (fried wheat tortilla, filled with beef, beans or cheese), and *Machaca con Verdura* (dried beef macerated with green chili, onion and tomato). "Sonoran" cuisine transcends the U.S.-Mexico border and draws ingredients and influences from both Sonora and Arizona. Perhaps the most well-known example of this fusion is the Sonoran hot dog (or *dogo*).

According to the restaurant chamber of Hermosillo (CANIRAC), there are an estimated 12,000 distinct foodservice establishments in the city, from street vendors to full-service restaurants. They generate an estimated 40,000 jobs, with 60 percent of the workforce made up of women. These establishments can range from roadside stands selling all manner of tortilla-based dishes, tacos, *dogos*, and other standard fares to more upscale options like the city's noted collection of mid- to high-end steakhouses. While traditional local cuisine centers around grilled beef and the wheat tortilla, the seafood from Sonora's nearby coastline is not to be ignored. One of the faster growing segments of the Hermosillo restaurant scene in recent years is that of sushi and other seafood-centric restaurants. With ceviche a staple in many local seafood restaurants, the adoption of sushi as a popular cuisine in Hermosillo is perhaps not surprising, but rather a logical step for a city and region that boasts a proud, local culinary heritage that continually interacts with other influences.

In the beverage space, Sonora is the home of a traditional alcoholic beverage known as *Bacanora*. It is a regional spirit produced in the municipality of the same name with distinct tasting attributes and a unique history among Mexico's agave-based spirits. Craft beer is a more recent transplant, and the

industry is smaller than in other regions of Mexico with fewer than 20 distinct craft breweries operating around the state, primarily in Hermosillo, Nogales, Guaymas, and some touristic areas. It is a segment experiencing growth, and some of the larger craft breweries have multiple locations throughout the state and country. Overall, Sonora is one of the top 5 beer producing states in the country due to large commercial breweries. For craft brewing it is a smaller player, accounting for less than one percent of Mexico’s craft beer production. With beer a popular pairing with regional cuisine, and the state’s proximity to major craft beer hubs in the United States and Baja California, craft beer interest and festivals have emerged in recent years. Since 2008, Hermosillo has held a craft beer festival (Festival de la Cerveza Sonora) that grew steadily along with the craft beer industry in Sonora and Mexico overall. The Desierto de Sonora Beer Fest is another similarly sized event taking place in Hermosillo each year, which includes a competition element. While smaller than other craft beer shows around Mexico, these events are beginning to draw brewers from beyond Sonora, from states such as Baja California, Nuevo Leon and Sinaloa, and also serving as a linkage with U.S. craft brewers primarily from the American Southwest.

VISITOR PROFILE

Sonora is a state with extensive cross-border ties and movement of people for both business and tourism. While data for passenger traffic entering Mexico from the United States is not readily available, being only a few hours from Nogales, AZ there is a continual flow of people coming to and transiting through the Hermosillo area from the United States. Major touristic draws include the coastline, where towns such as Puerto Peñasco and San Carlos have developed significantly to accommodate both domestic and U.S. vacationers and part-time residents. Given the importance of Hermosillo in Sonora’s economy and surrounding industry, there is also a steady stream of business travel.

The international airport in Hermosillo is more lightly utilized than Sonora’s land border with the United States, but international arrivals surpassed 100,000 in 2021. Those figures have since leveled off in 2022-23 but remain above pre-Covid figures. In total, arrivals nearly reached 2.2 million in 2023.

Sonora is a popular domestic tourist destination, but this also includes the return to business travel and is indicative of the city’s growing economy.

International Arrivals to Hermosillo Airport (HMO), Thousands of Persons

	2018	2019	2020	2021	2022	2023	2023 <i>Jan-Jul</i>	2024 <i>Jan-Jul</i>
International	68.8	70.2	44.8	102.1	78.1	75.5	43.3	50.6
Domestic	1,674.9	1,803.8	939.4	1,457.9	1,867.2	2,114.3	1,185.9	1,172.2
Total	1,743.7	1,874.0	984.2	1,560.0	1,945.3	2,189.8	1,229.2	1,222.8

Source: Grupo Aeroportuario del Pacifico

Straddling the visitor and local resident distinctions is the large and growing number of U.S. expatriates that either live permanently or spend significant parts of the year in Sonora. In the last 20 years, the number of foreign residents in Sonora has tripled. In the last five years, Mexico documented over 12,000 U.S. citizens migrating to the state of Sonora, by far the largest nationality. This also does not capture those entering the country as tourists and some that reside for only part of the year, which is a significant community, particularly at the many coastal destinations. The 2020 census in Mexico estimated roughly 700,000 U.S. expatriates officially living in Mexico, with about 50,000 (seven percent) residing in the state of Sonora. The trend of U.S. retirees and ‘digital nomads’ relocating to Mexico has only

accelerated since the pandemic. In Sonora, Puerto Peñasco and San Carlos are two of the largest concentrations of tourism and expatriate communities. Mexico’s low cost of living, and Sonora’s pleasant climate in the coastal areas has made the area an increasingly popular place of residence for Americans, whose tastes and habits can in turn influence the local retail and foodservice sectors.

LOCAL RESIDENT PROFILE

Just as Hermosillo and Sonora possess a geographic closeness with the United States, that proximity and interconnectedness is also apparent in the culture of its residents. English is generally more widely spoken than in central/southern parts of Mexico. Hermosillo has a long history or reputation as a ‘vaquero’ or cowboy town. In terms of its residents, to say that carne asada is a central part of Hermosillo’s identity would be an understatement. In 2005, Hermosillo set a Guinness World Record for the longest grill at 1.1 km in length. In 2023, Hermosillo briefly held the Guinness World Record for “most people grilling simultaneously” with 2,200 individuals. In the same vein, the Sonoran Ministry of Tourism achieved the “largest saddle” world record in late 2023, in Moctezuma, Sonora. In addition to its penchant for breaking unique records, today Hermosillo is a growing and modernizing city. The Mexican Institute for Competitiveness (IMCO) releases an annual Urban Competitiveness Index in which Mexico’s major urban areas are assessed on a broad range of socioeconomic indicators. Among Mexican cities between 500,000 and one million residents, Hermosillo ranked “high” at 4th out of 23 urban areas of that size in 2023.

Urban Competitiveness Index, 2023 Rankings

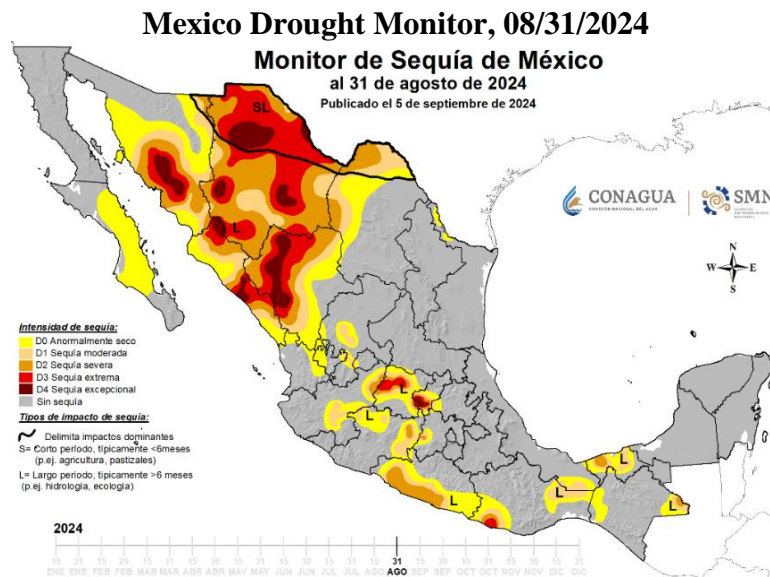


Source: Center for Public Policy Research - [IMCO](https://www.imco.mx)

According to UN data, Hermosillo’s estimated annual population growth rate of 1.67% in 2023 ranks it as the 8th fastest growing city among Mexico’s 25 largest metropolitan areas. In Mexico’s 2020 census,

an estimated 13 percent of Sonora’s population reports as indigenous; a lower proportion than in many of Mexico’s southern states, but the highest proportion of any of the country’s northern border states. Native peoples of this area, of which there are many distinct groups with Mayo and Yaqui some of the most populous, have connections to the lands of the Sonoran Desert both in the United States and Mexico, and deeply influence the culture and cuisine.

As Hermosillo’s economy continues to expand and create opportunity, there are associated challenges. At top of mind for residents and policymakers in this arid region is water availability. Although always an arid area, Hermosillo and Sonora have seen even less precipitation in recent years and the area was reportedly in its worst drought situation in over 20 years during the first half of 2024. A large portion of Sonora is experiencing extreme drought conditions, and the state’s reservoirs were below 20 percent capacity as of August 2024. Supply of water in Hermosillo is 70 percent from wells and 30 percent from these surface reservoirs. This has implications for urban centers such as Hermosillo, as well as the state’s extensive farming and ranching economy. Producers fear that plantings of numerous crops could be jeopardized over the next year if the situation does not improve.



Overall, though, the combination of the region’s extensive agricultural production, an economic and cultural closeness to the United States, and an urbanizing and upwardly mobile population presents a range of opportunity to U.S. agricultural exports in feed ingredients, planting seeds, consumer-oriented products, and brewing ingredients for both largescale breweries and an emerging artisanal brewing sector.

RECOMMENDATIONS

Some recommendations for both current and prospective exporters include:

- Hermosillo is very closely linked with the United States both geographically and culturally. For U.S.-origin products and ingredients that may not be common in the Mexican market, Hermosillo could be considered as a potential entrance point as local consumers and businesses generally have a high familiarity and openness to U.S. origin goods and styles.

- For consumer-oriented food and beverage products, Hermosillo is a small but growth market. The state's significant livestock and horticultural production also remains an intriguing prospect for primary inputs (e.g. feed grains, genetics, planting materials/seeds). Explore linkages with state-level livestock associations and horticultural producer groups.
- Both experienced and new-to-export companies should explore available export assistance through their respective regional trade group, state-level Department of Agriculture, and/or industry association. ATO Monterrey observes that local importers and distributors are widely available and accessible virtually, but U.S. exporters that come to see the market firsthand or attend trade events often develop sales leads and actual sales much more rapidly through in-person networking.
- Mexico is a diverse country with many regional and local factors to consider when seeking trade opportunities. The ATOs in Monterrey and Mexico City continue to publish Market Snapshot reports on various cities/regions within the country to provide U.S. exporters with insight into the unique opportunities that may exist at a regional and local level. Other Market Snapshots published to date include:
 - [Guadalajara](#)
 - [Los Cabos](#)
 - [Mexico City](#)
 - [Monterrey](#)
 - [Tijuana](#)

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Visit the FAS [Global Agricultural Information Network \(GAIN\)](#) for a complete selection of Mexico-specific and worldwide agricultural reporting.

Attachments:

No Attachments.