

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
3.4% Vacancy Rate	▼	▬
1.51M Lease Activity, SQM	▬	▲
\$5.38 Class A Asking Rent, PSQM	▬	▬
<i>Net Asking Rent</i>		

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
4.0M Mexico City Employment	▼	▲
6.9% Mexico City Unemployment Rate	▲	▬
5.6% Mexico Unemployment Rate	▲	▲

Source: INEGI

ECONOMY

Mexican economy faced unprecedented challenges in 2020. Deceleration in investment, private consumption and government spending, accelerated by the COVID crisis, contributed to a 9% contraction in GDP - its deepest annual contraction since the Great Depression. With an increase in International trade, by the end of the year, Mexican exports attained the activity levels of previous years. The financial system showed strength to the combined shocks of supply and demand, while the new free-trade agreement USMCA, which brings certainty to the trade relation between Mexico, the United States and Canada, finally came into force.

DEMAND

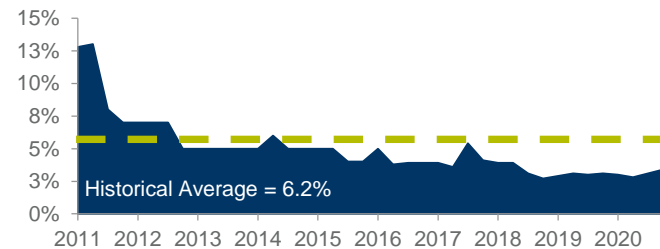
Despite the recovery of international trade, many chains of value only had a moderate real estate activity. Also, as a consequence of the stagnation of investment, new demand for industrial buildings had little change. Within Mexico City's industrial real estate submarkets there was a moderately expanding amount of activity, driven mainly by logistics demand, supported by large retailers and the continued ascent of e-commerce. This resulted in a 3.4% vacancy rate, still one of the lowest levels ever recorded. Tepotzotlán submarket sustained its role as the most dynamic area today for industrial real estate in Mexico City; this region has caught up with Cuautitlán, the submarket with the largest inventory, in terms of lease activity.

The overall construction pipeline had a 30% year-over-year contraction, pointing to a growing awareness among developers about the challenges that the local economy keeps facing.

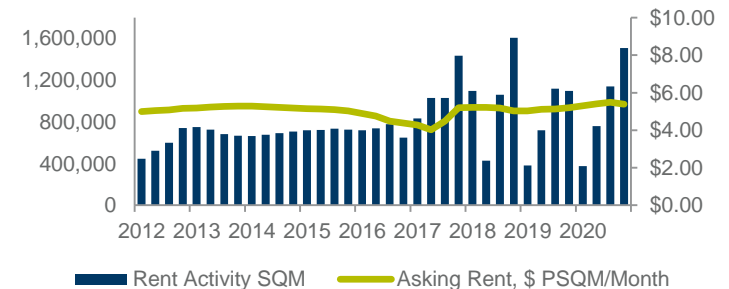
PRICES

Class A building standard asking rates averaged \$5.38 dollars per square meter per month, a 4% annual contraction. Class B asking rates also showed a minor adjustment, going down to \$4.20 dollars per square meter per month.

OVERALL VACANCY



LEASE ACTIVITY/ASKING RENT



SUBMARKET	INVENTORY (SQM)	OVERALL VACANT (SQM)	OVERALL VACANCY RATE	2020 LEASING ACTIVITY (SQM)	2020 SALES ACTIVITY (SQM)	UNDER CONSTRUCTION (SQM)	DIRECT WEIGHTED AVG NET RENT CLASS A	DIRECT WEIGHTED AVG NET RENT CLASS B
Cuautitlán	3,963,784	124,859	3.15%	410,520	38,300	29,450	\$5.23	\$4.73
Tultitlán	1,405,621	40,622	2.89%	225,250	19,170	59,700	\$4.52	\$3.98
Vallejo-Azcapotzalco	1,347,811	20,217	1.50%	125,436	15,830	0	\$6.50	\$5.50
Naucalpan	907,516	28,133	3.10%	62,875	21,577	0	\$6.90	\$5.67
Tepotzotlán	1,949,608	111,518	5.72%	332,877	41,614	5,200	\$4.81	\$3.72
Tlalnepantla	1,869,518	79,455	4.25%	75,668	29,010	9,400	\$5.90	\$4.92
Toluca-Lerma	3,634,872	87,237	2.40%	240,325	33,436	110,025	\$4.45	\$3.81
Iztapalapa	940,300	35,731	3.80%	21,166	12,751	0	\$5.35	\$4.50
Huehuetoca-Teoloyucan	635,467	35,078	5.52%	22,743	7,050	0	4.10	\$3.28
MEXICO CITY TOTALS	16,654,497	567,918	3.41%	1,516,860	218,738	213,775	\$5.38	\$4.20

*Rental rates reflect weighted net asking US\$ per square meter/month

KEY LEASE TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Parque Industrial Santin	Toluca-Lerma	Chemicals firm	76,640	A
Prologis Park Izcalli	Cuautitlán	Logistics firm	25,857	A
Parque Industrial Tepotzotlán	Tepotzotlán	Logistics firm	50,499	B
Prologis Cedros	Cuautitlán	Logistics firm	41,807	A
Parque Industrial Tepotzotlán	Tepotzotlán	Personal care firm	38,260	A

*Renewals not included in leasing statistics

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