

	YoY Chg	12-Mo. Forecast
<b>16.2%</b> Vacancy Rate	▲	▲
<b>-126.9K</b> Net Absorption, SQM	▼	▼
<b>\$21.93</b> Asking Rent, PSQM	▼	▼

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
<b>4.0M</b> Mexico City Employment	▼	▼
<b>6.9%</b> Mexico City Unemployment Rate	▲	▲
<b>5.5%</b> Mexico Unemployment Rate	▲	▲

Source: INEGI

### ECONOMY: Stabilization Underway

The Mexican economy continues to face unprecedented challenges related to the COVID-19 shock. Deceleration in investment, private consumption and government spending remain great concerns. That said, the outlook has two trends that provide stability. First, is a more resilient financial system standing up to the combined supply and demand shocks. And second, is the new free-trade agreement, USMCA, bringing certainty to trade relations between Mexico, the United States and Canada, which is resulting in a positive performance in international trade.

### DEMAND: In Contraction Mode

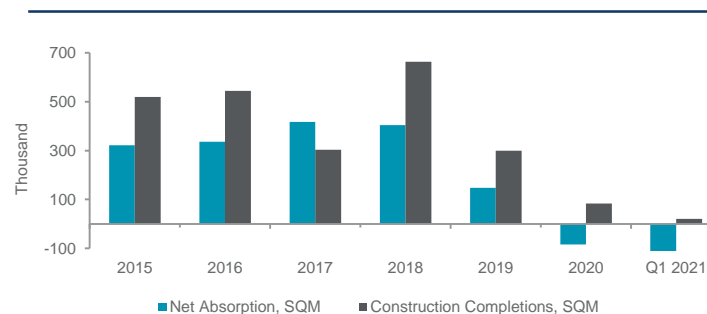
Leasing activity eased considerably over recent quarters due to the pandemic and work-from-home orders. As the economy begins to reopen, it will take time for companies to decide exactly how much office space will be needed in a post-pandemic world. For the first time on record, net demand contracted significantly evidenced by the 126,957 square meters of negative absorption in the first quarter of 2021. Corporate building vacancy continued to rise due to both the increase in direct and sublease space. This is reflected by an average availability rate that currently stands at 16.2% for all building standards, and 18.7% for class A buildings. Under the current challenging market conditions, it is also no surprise that the construction pipeline has slowed sharply.

All the submarkets in Mexico City's metro area are experiencing this unprecedented bearish performance. However, some submarkets are performing better than others, as is the case of Polanco and Periférico Sur, where many properties are offering increased concessions to the few companies that are currently in the market for office space.

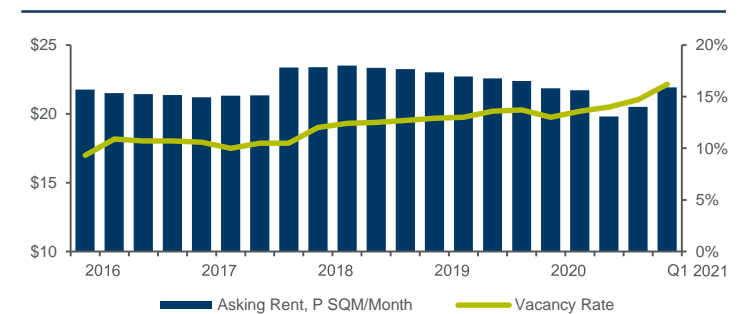
### PRICING: Asking Rates Slightly Elevated

It would stand to reason that rents would be falling at this time but there has actually been a moderate increase due to the higher standards of space being vacated. The overall average asking rate closed up 0.3% year-over-year (YOY) to US\$21.93 per square meter per month (psm) while the asking rate for Class A buildings was up 0.6% YOY to US\$23.19 psm.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	OVERALL* VACANT (SQM)	CLASS A VACANT (SQM)	OVERALL* VACANCY RATE	CLASS A VACANCY RATE	2020 OVERALL* NET ABSORPTION (SQM)	2020 CLASS A NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Polanco	1,769,014	246,031	176,269	13.9%	15.0%	-610	4,217	32,801	\$25.39	\$27.26
Lomas	789,793	96,058	88,578	12.2%	14.1%	-8,248	-7,673	4,716	\$29.14	\$29.36
Reforma	1,354,119	187,236	126,860	13.8%	14.5%	-20,439	-4,406	34,357	\$24.25	\$27.38
<b>CBD TOTALS</b>	<b>3,912,926</b>	<b>529,325</b>	<b>391,707</b>	<b>13.5%</b>	<b>14.6%</b>	<b>-29,297</b>	<b>-7,862</b>	<b>91,974</b>	<b>\$25.67</b>	<b>\$27.77</b>
Insurgentes	2,291,556	261,631	158,238	11.4%	14.4%	-29,891	-19,035	206,014	\$21.75	\$24.68
Santa Fe	1,347,843	338,293	337,603	25.1%	26.0%	-45,918	-45,668	86,076	\$21.51	\$21.52
Bosques	506,039	59,061	45,055	11.7%	13.6%	-3,053	-1,102	15,600	\$25.37	\$27.03
Norte	815,634	247,260	208,007	30.3%	36.0%	-15,320	-13,570	59,249	\$16.48	\$17.44
Periférico Sur	698,210	52,869	29,333	7.6%	6.1%	-2,231	329	40,634	\$21.29	\$22.30
Interlomas	169,154	31,955	31,082	18.9%	20.4%	-6,504	-6,504	9,380	\$18.02	\$18.08
Lomas Altas	133,456	49,625	49,625	37.2%	44.2%	-1,436	-1,436	0	\$20.42	\$20.42
Other	312,086	84,482	21,470	27.1%	29.7%	6,693	-92	0	\$11.13	\$15.61
<b>NON-CBD TOTALS</b>	<b>6,273,978</b>	<b>1,125,176</b>	<b>880,413</b>	<b>17.9%</b>	<b>21.3%</b>	<b>-97,660</b>	<b>-87,078</b>	<b>416,953</b>	<b>\$20.16</b>	<b>\$21.16</b>
<b>MEXICO CITY TOTALS</b>	<b>10,186,904</b>	<b>1,654,501</b>	<b>1,272,120</b>	<b>16.2%</b>	<b>18.7%</b>	<b>-126,957</b>	<b>-94,940</b>	<b>488,827</b>	<b>\$21.93</b>	<b>\$23.19</b>

\*Overall figures include all building classes, A, B and C

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

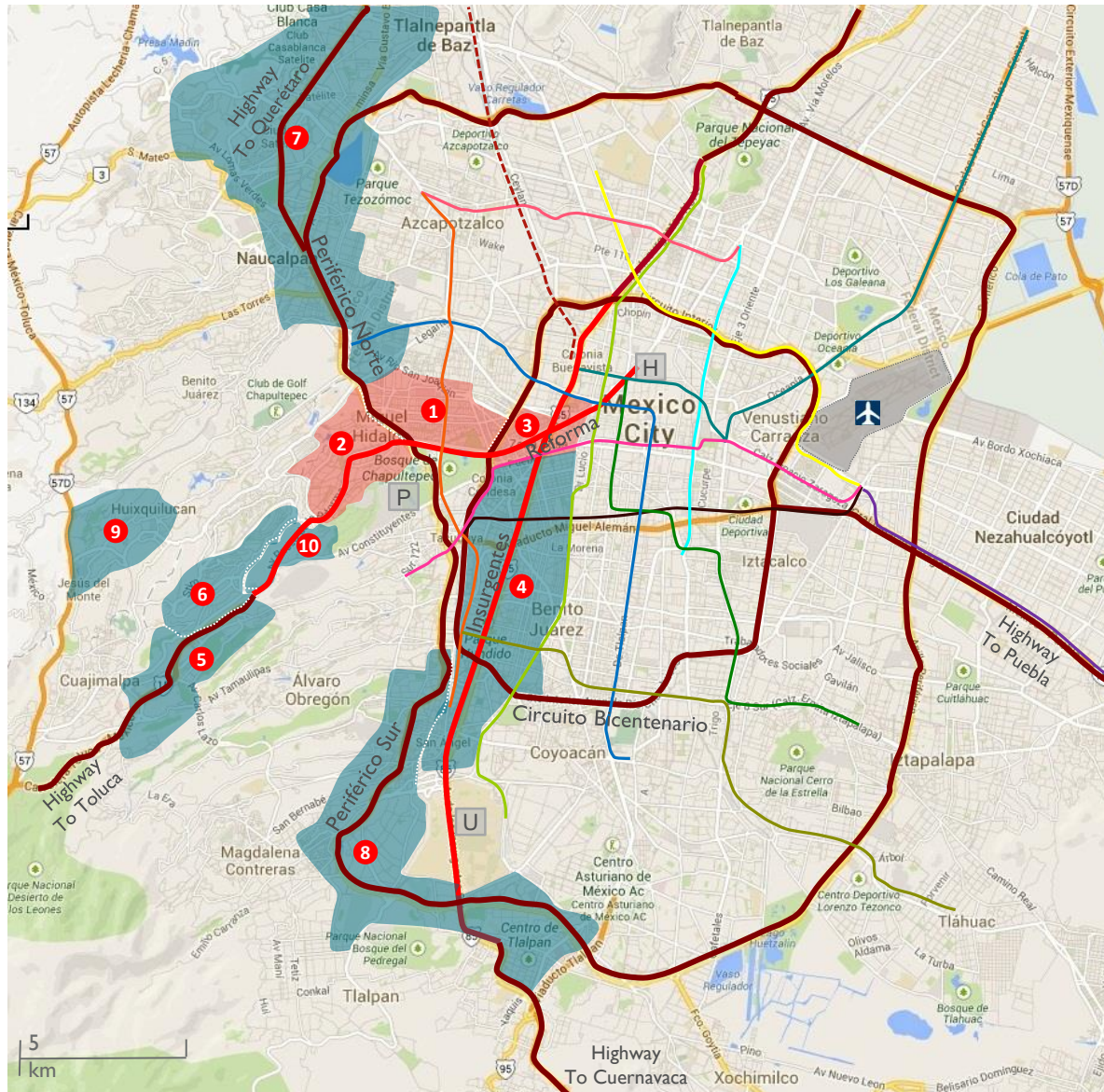
## SIGNIFICANT TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT/BUYER	SQM	TYPE
Corporativo Magnus	Santa Fe	Ford Motor	11,860	Renewal*
Dos Patios	Polanco	Siemens	9,226	Renewal*
Montes Urales I	Lomas	Oracle	4,117	Renewal*
Parque Chapultepec II	Norte	Johnson Controls	3,257	Sublease
Torre Virreyes	Lomas	Blackrock	2,180	Renewal*

\*Renewals and preleases are not included in leasing/absorption statistics



**OFFICE SUBMARKETS**



**CBD SUBMARKETS**

- 1 POLANCO
- 2 LOMAS
- 3 REFORMA

**NON-CBD SUBMARKETS**

- 4 INSURGENTES
- 5 SANTA FE
- 6 BOSQUES
- 7 NORTE
- 8 PERIFÉRICO SUR
- 9 INTERLOMAS
- 10 LOMAS ALTAS

**JOSE LUIS RUBI**

Market Research Director  
 Tel: 5255 8525 8258  
[joseluis.rubi@cushwake.com](mailto:joseluis.rubi@cushwake.com)

**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.