

## Industrial Q3 2021

YoY Chg 12-Mo. Forecast



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast



Source: INEGI

### ECONOMY: Stagnant Investment Amid Financial Stability

In 2021, we have seen a gradual reopening of diverse economic sectors due to the deployment of anti-Covid vaccination campaigns. The reopening has not been uniform, and the reactivation of the Mexican economy has been uneven. The sectors are linked to the exports going into the United States and Mexico has benefited from the robust reactivation of that country, which is by far its largest trading partner. Some Mexican export sectors have reached record levels. Also, the flow of remittances has continued growing, while inflationary pressures build. Most analysts forecast a 6% growth for Mexico's GDP in 2021; although, this is still not enough to compensate for the 8.5% contraction it had during the previous year.

### DEMAND: Stable Performance

The stable performance of international trade and the recovery of some local business fundamentals helped the industrial real estate market to stay in good shape. Within Mexico City's industrial real estate submarkets there was a healthy amount of activity, driven mainly by logistics demand, supported by large retailers and the continued ascent of e-commerce. This resulted in a 4.1% vacancy rate, still a surprisingly healthy rate.

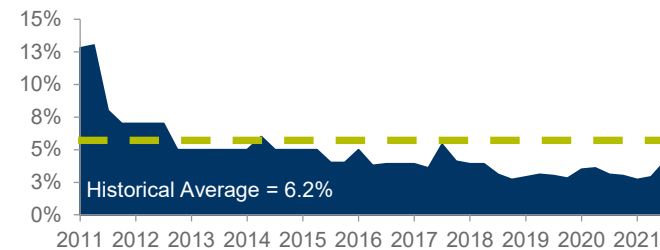
Tepotztlán submarket sustained its role as the most dynamic area today for industrial real estate in Mexico City; this region has caught up with Cuautitlán, the submarket with the largest inventory, in terms of lease activity.

Despite the healthy performance of demand, the overall construction pipeline was practically unchanged, showing a moderate 5% year-over-year contraction, pointing to a growing awareness among developers about the challenges that the local economy could find in the middle run.

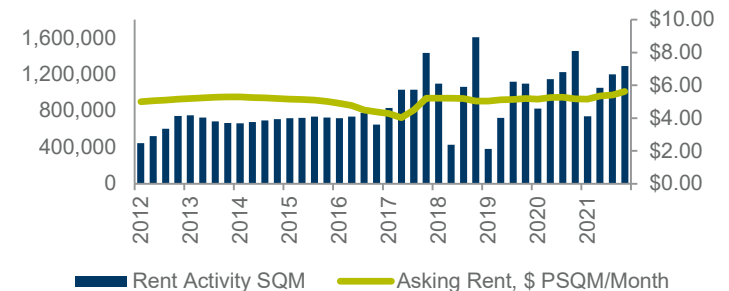
### PRICING: Asking Rents Remain Stagnant

Class A asking rent, at US\$5.62 per square meter per month, experienced a small 2.3% year-over-year upward adjustment. This price adjustment was also present in Class B buildings.

### OVERALL VACANCY



### LEASE ACTIVITY/ASKING RENT



SUBMARKET	INVENTORY (SQM)	OVERALL VACANT (SQM)	OVERALL VACANCY RATE	2021 LEASING ACTIVITY (SQM)	2021 SALES ACTIVITY (SQM)	UNDER CONSTRUCTION (SQM)	DIRECT WEIGHTED AVG NET RENT CLASS A	DIRECT WEIGHTED AVG NET RENT CLASS B
Cuautitlán	3,963,784	162,515	4.1%	315,593	38,215	84,200	\$5.39	\$4.85
Tultitlán	1,405,621	53,413	3.8%	49,928	5,480	72,500	\$5.05	\$4.52
Vallejo-Azcapotzalco	1,347,811	20,217	1.5%	71,465	42,850	12,000	\$6.63	\$5.53
Naucalpan	907,516	24,502	2.7%	19,375	12,200	5,000	\$7.20	\$5.75
Tepotztlán	1,949,608	115,027	5.9%	383,097	9,400	45,550	\$5.07	\$4.01
Tlalnepantla	1,869,518	76,650	4.1%	93,252	38,026	13,400	\$6.85	\$4.82
Toluca-Lerma	3,654,872	163,569	4.5%	284,124	15,450	125,500	\$4.54	\$3.95
Iztapalapa	940,300	26,328	2.8%	62,387	19,840	0	\$6.90	\$4.90
Huehuetoca-Teoloyucan	635,467	31,137	4.9%	14,990	0	22,000	\$4.42	\$3.36
<b>MEXICO CITY TOTALS</b>	<b>16,674,497</b>	<b>673,360</b>	<b>4.1%</b>	<b>1,294,211</b>	<b>181,461</b>	<b>380,150</b>	<b>\$5.62</b>	<b>\$4.68</b>

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

### KEY LEASE TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
San Cayetano	Toluca	Manufacturing	51,000	A
Prologis Tres Ríos	Cuautitlán	Logistics	35,000	A
Toluca Park II	Toluca	Logistics	11,800	A
Logicenter Cuautitlán	Cuautitlán	Logistics	10,450	A
El Convento	Tepotztlán	Manufacturing	8,880	A
Miguel Hidalgo 4	Iztapalapa	Manufacturing	8,000	B

\*Renewals not included in leasing statistics

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