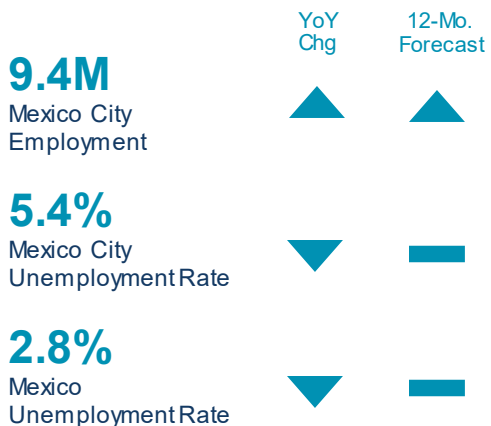


(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022



Source: INEGI

ECONOMY

In 2022 the recovery of the economy slowed down, after the original rebound that followed the reopening of business activity, following the end of the critical phase of the Covid-19 pandemic. An environment of high inflation caused goods and services to rise rapidly in price, negatively affecting the evolution of interest rates; in Mexico, the central bank's target rate rose to 10.50%. However, the good volume of exports that the country has sustained has been a positive factor in this context, since foreign trade continues to provide a stable source of income for the country. However, the measures that the government has taken to address the economic slowdown and its policies in other fields, such as energy, have not had a positive impact on the general mood of investors, which is also reflected in the real estate environment.

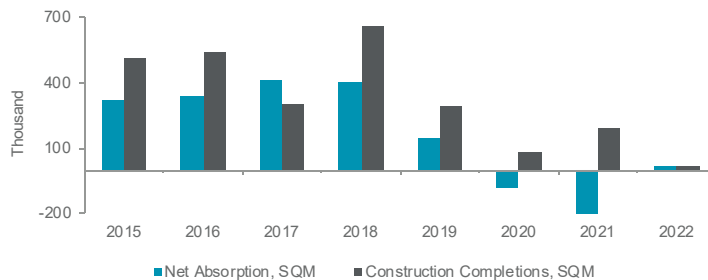
DEMAND

The space free for occupation had a reduction in Mexico City. The general availability rate for class A buildings stood at 22.4% at the end of the year. This reflects the drop of vacancy rates at most submarkets. Finally, after more than two years with an imbalance favorable to tenants, the demand for office space exceeded the growth in supply and the available space experienced a reduction.

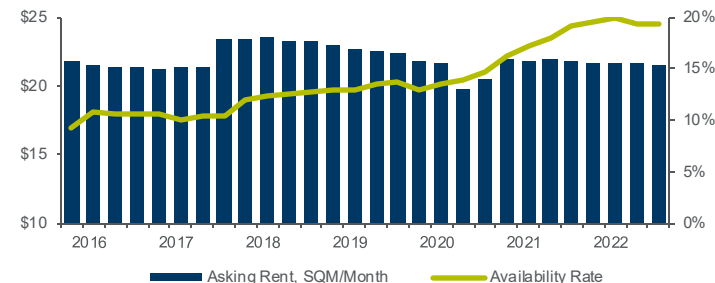
This moment of stabilization shows that given the great variety and quantity of spaces available at high-quality buildings, a considerable number of tenants have continued to renew their leases on favorable terms or have migrated to more central areas or higher-profile buildings. Related to this, the net demand in the Polanco and Insurgentes submarkets maintains its positive numbers at the end of the year; in the first case the absorption was 48,722 sqm in class A buildings, and in the second it was 24,788 sqm. The Interlomas and Lomas Altas submarkets joined these positive levels of net demand. In the latter case, thanks to a transaction that fully absorbed the office complex at Constituyentes 1100, with 29,000 sqm, albeit to convert it to educational use.

It is encouraging to see that the city's office market once again has positive net demand, after two consecutive years of contraction. However, it is still a long way from the levels it was before 2019 and there are still numerous opportunities for companies seeking to realign their real estate strategy.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MEXICO CITY



Office Q4 2022

SUPPLY: A redimensioned construction pipeline

Since the start of the Covid-19 pandemic, a slowdown in construction activity has been present. Owners and developers have promptly monitored changes in the behavior of demand and have taken measures to adjust the supply of corporate spaces. In this way, the construction pipeline has experienced a significant decrease in its volume. At the end of 2022, active construction works totaled 499,206 sqm. At the same time, the conversion of some office buildings to residential, medical and educational use is beginning to gain visibility. To date, a dozen reconversions have already been announced, which will add just under 150,000 sqm; this is still a small amount, as a proportion of the total built inventory, but it is already beginning to have relevance as an absolute volume of space. Despite this, the complexities inherent in the reconversion of building uses are likely to severely limit the extent to which these reconversions can take place.

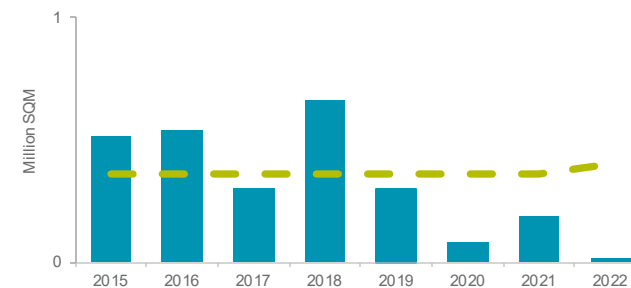
PRICES

The new balance that is forming in the market is already defining a more stable asking price level. The fall observed in the previous quarters has practically stopped and only a small year-over-year downward adjustment is present. Specifically for class A buildings, the adjustment has been 0.8% with respect to the prices quoted at the end of 2021 and they are quoting on average \$22.82 dollars per square meter per month. By submarkets, those located in the central area of the city have shown moderate reductions, compared to the level they had before the pandemic. In contrast, the submarkets further away from the central area had a larger contraction.

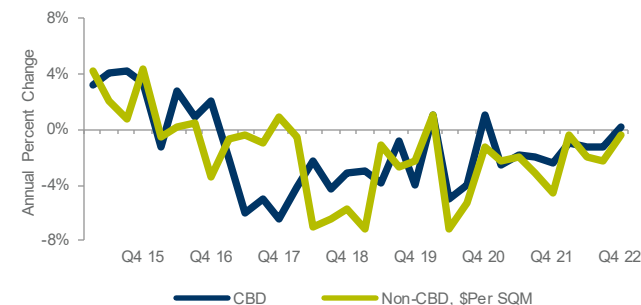
Perspective

- Office users, large and small, have already begun to define what their new strategy will be for the use and occupation of spaces. Clearly, greater flexibility is present in the use of space and "mobile" jobs - those that combine different locations: offices, home and coworking spaces - are increasing their share. However, it is also clear that office spaces continue to play an important role in the organization of work.
- There is a growing number of studies that confirm the need for corporate workspaces, albeit of a more flexible nature. As organizations land their decisions to structure their work teams under a new environment, it will become clear what the new equilibrium is for the office market. The need for places where collaboration and corporate identity are encouraged will continue to play a significant role in cities. The evolution of the market continues.

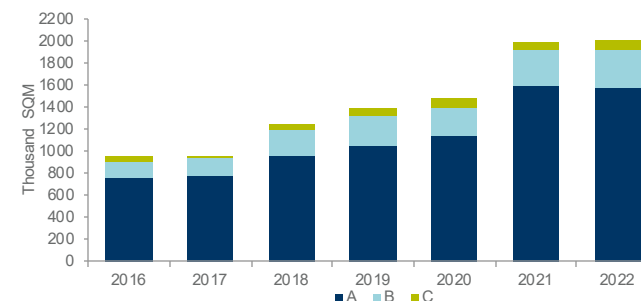
NEW SUPPLY



CLASS A ASKING RATE VARIATION



AVAILABLE SPACE BY CLASS



MARKET STATISTICS

SUBMARKET	OVERALL* (SQM)	INVENTORY CLASS A (SQM)	CLASS A VACANT (SQM)	OVERALL* VACANCY RATE	CLASS A VACANCY RATE	YTD OVERALL* NET ABSORPT. (SQM)	YTD CLASS A NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL A/G ASKING RENT (ALL CLASSES)**	OVERALL A/G ASKING RENT (CLASS A)**
Polanco	1,948,773	1,356,801	243,283	17.3%	17.9%	28,614	48,722	83,620	\$24.02	\$25.92
Lomas	786,858	630,962	129,082	17.8%	20.5%	-5,199	-4,834	16,204	\$27.38	\$27.98
Reforma	1,320,127	873,879	149,850	14.8%	17.1%	14,988	-11,246	157,057	\$24.59	\$26.61
CBD TOTALS	4,055,758	2,861,642	522,215	16.6%	18.2%	38,403	32,642	256,881	\$24.88	\$26.63
Insurgentes	2,272,438	1,110,707	178,496	13.5%	16.1%	9,837	24,788	118,584	\$21.54	\$24.12
Santa Fe	1,404,753	1,356,636	440,573	31.5%	32.5%	-2,627	-2,627	39,303	\$21.64	\$21.64
Bosques	506,167	326,699	57,225	16.5%	17.5%	-19,365	-9,995	57,835	\$23.01	\$26.55
Periférico Sur	688,906	478,493	55,068	11.2%	11.5%	-17,439	-27,310	0	\$20.16	\$20.60
Norte	815,009	577,642	254,178	35.9%	44.0%	-24,207	-20,047	10,141	\$15.88	\$16.67
Lomas Altas	133,456	112,162	26,071	19.5%	23.2%	26,452	26,452	0	\$21.23	\$21.23
Interlomas	169,154	152,445	21,533	13.2%	14.1%	6,671	6,671	16,462	\$19.06	\$19.16
Fuera de corredor	312,086	72,291	21,470	27.1%	29.7%	-2,482	0	0	\$16.15	\$18.10
NON-CBD TOTALS	6,301,968	4,187,075	1,054,614	21.2%	25.2%	-23,160	-2,068	242,325	\$19.93	\$20.94
MEXICO CITY TOTALS	10,357,726	7,048,717	1,576,829	19.4%	22.4%	15,243	30,574	499,206	\$21.59	\$22.82

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

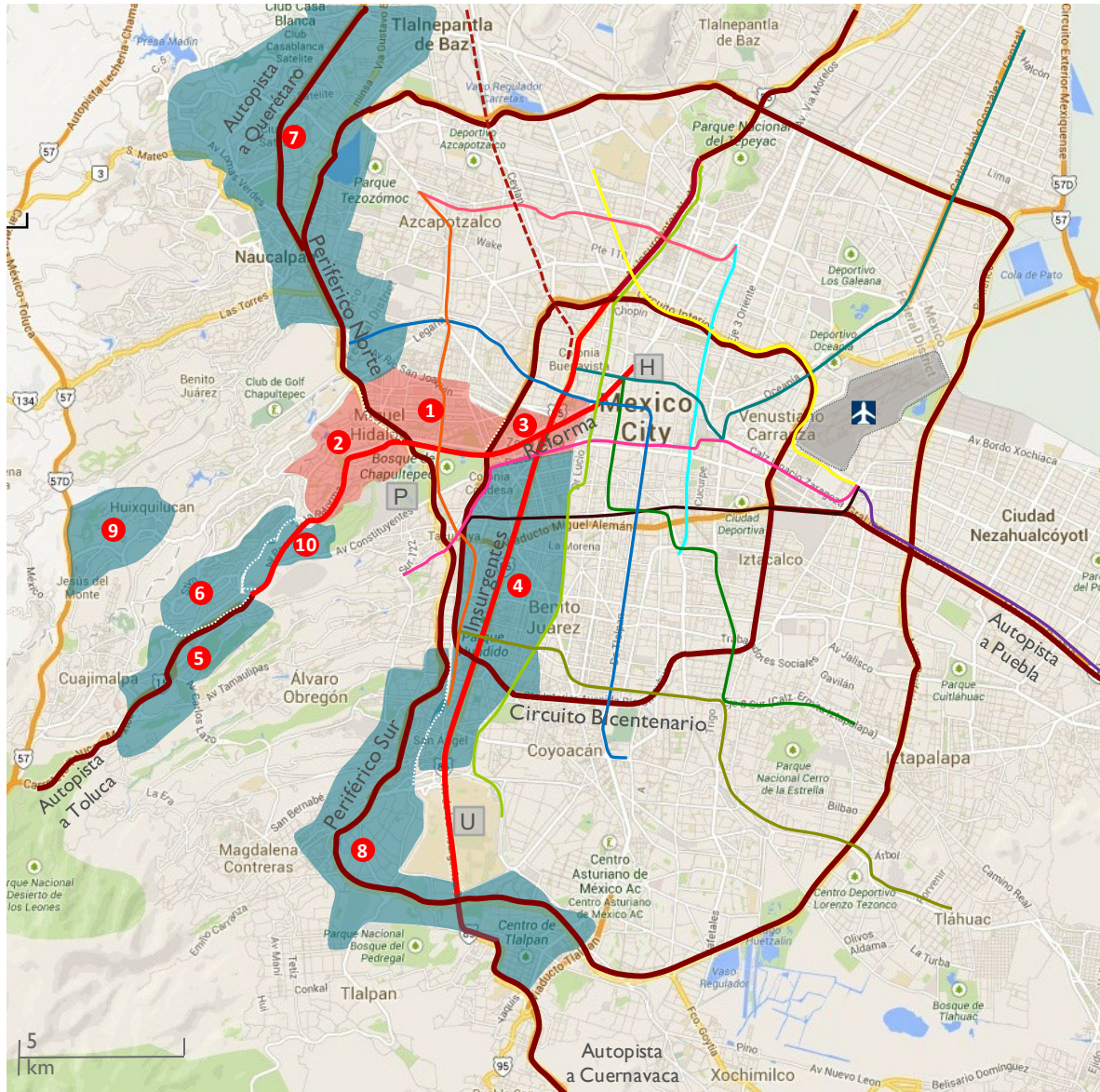
**Rental rates reflect net asking US\$ per square meter/month

SIGNIFICANT TRANSACTIONS 2022

PROPERTY	SUBMARKET	TENANT/BUYER	SQM	TYPE
Torre New York Life	Reforma	New York Life	19,549	Renewal*
One Tower Del Valle	Insurgentes	Teleperformance	13,000	Relocation
Work Polanco	Polanco	Nu Bank	8,911	Relocation
Century Plaza	Santa Fe	Huawei	7,205	Renewal*
Corporativo Insurgentes	Insurgentes	Profepa	7,133	Relocation
Vasco de Quiroga 3100	Santa Fe	Nadro	5,587	Renewal*
Tecnoparque	Norte	Honeywell	5,227	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

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