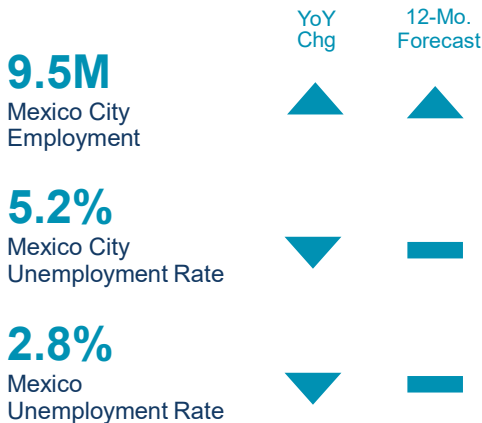


(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023



Source: INEGI

ECONOMY

At the beginning of 2023, an environment of high inflation has persisted, which has continued to negatively affect the evolution of interest rates; in Mexico, the central bank's target rate climbed to 11.25% at the end of the first quarter. 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 22.2% at the end of the quarter, a 10 basis points reduction when compared to the previous quarter. 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.

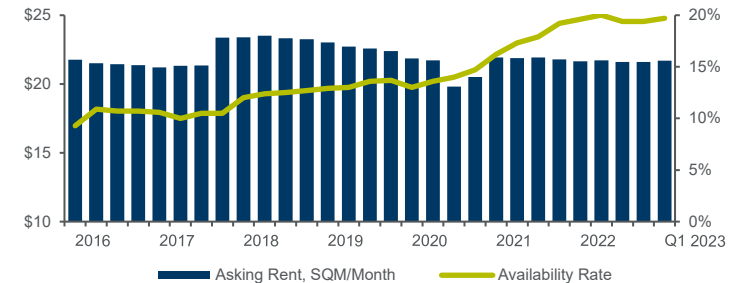
This moment of stabilization shows that given the great variety and quantity of spaces available at high-quality buildings, a considerable number of tenants have continued to renew their leases on favorable terms or have migrated to more central areas or higher-profile buildings. Related to this, net demand in most of the city's submarkets sustained positive numbers in the first quarter of the year; The case of the Santa Fe submarket stands out, where after almost three years of decline, a significant absorption of office space finally took place, a total of 17,300 square meters in the first quarter. For the entire city, the absorption was 43,876 square meters in class A buildings.

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 Q1 2023

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 the first quarter of 2023, active construction works totaled 434,381 sqm. At the same time, the conversion of some office buildings to residential, medical and educational use continues gaining visibility. To date, a dozen reconversions have already been announced, which will sum 200,000 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.

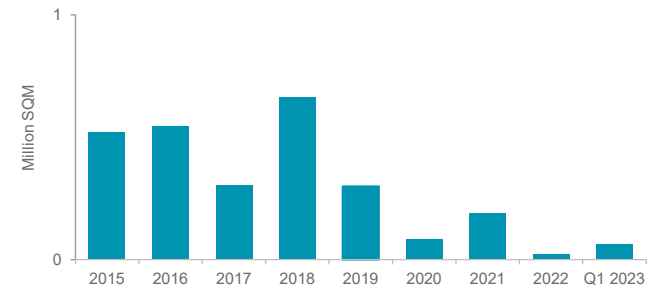
PRICES

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 stopped and there is now a small year-over-year upward adjustment present. Specifically for class A buildings, the adjustment has been 1.0% with respect to the prices quoted at the end of 2022 and they are quoting on average \$23.07 dollars per square meter per month. By submarkets, those located in the central area of the city have shown moderate increases, compared to the level they had in Q4 2022. In contrast, the submarkets further away from the central area had a stronger asking-price increase.

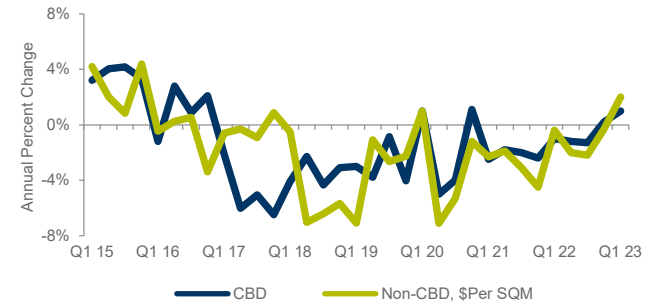
Perspective

- 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.

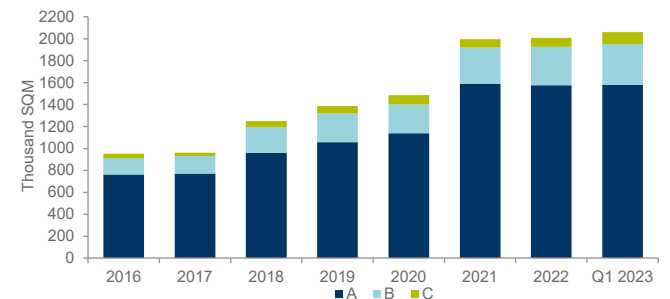
NEW SUPPLY



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 AVG ASKING RENT (ALL CLASSES)**	OVERALL AVG ASKING RENT (CLASS A)**
Polanco	2,012,152	1,420,180	298,662	18.9%	21.0%	20,927	8,000	18,795	\$24.40	\$25.75
Lomas	786,983	631,087	126,444	17.4%	20.0%	3,341	2,763	16,204	\$27.37	\$27.95
Reforma	1,321,855	875,607	148,255	15.2%	16.9%	-3,920	3,323	157,057	\$24.59	\$26.91
CBD TOTALS	4,120,990	2,926,874	573,361	17.4%	19.6%	20,348	14,086	192,056	\$25.02	\$26.54
Insurgentes	2,272,437	1,110,707	170,831	13.6%	15.4%	8,234	7,665	118,584	\$21.59	\$24.63
Santa Fe	1,404,753	1,356,636	400,872	28.9%	29.5%	17,436	20,101	39,303	\$21.72	\$21.73
Bosques	506,167	326,699	60,627	17.1%	18.6%	-3,129	-3,402	57,835	\$23.97	\$26.42
Periférico Sur	689,758	478,493	53,091	11.2%	11.1%	685	1,977	0	\$20.23	\$20.65
Norte	815,009	577,642	243,792	34.3%	42.2%	12,929	10,386	10,141	\$16.09	\$16.90
Lomas Altas	131,206	112,162	25,973	19.8%	23.2%	-2,152	98	0	\$20.55	\$20.55
Interlomas	169,154	152,445	28,568	17.3%	18.7%	-7,035	-7,035	16,462	\$19.08	\$19.16
Fuera de corredor	341,958	72,291	21,470	38.1%	29.7%	-15,949	0	0	\$15.91	\$18.00
NON-CBD TOTALS	6,330,442	4,187,075	1,005,224	21.3%	24.0%	11,019	29,790	242,325	\$19.93	\$21.09
MEXICO CITY TOTALS	10,451,432	7,113,949	1,578,585	19.7%	22.2%	31,367	43,876	434,381	\$21.70	\$23.07

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

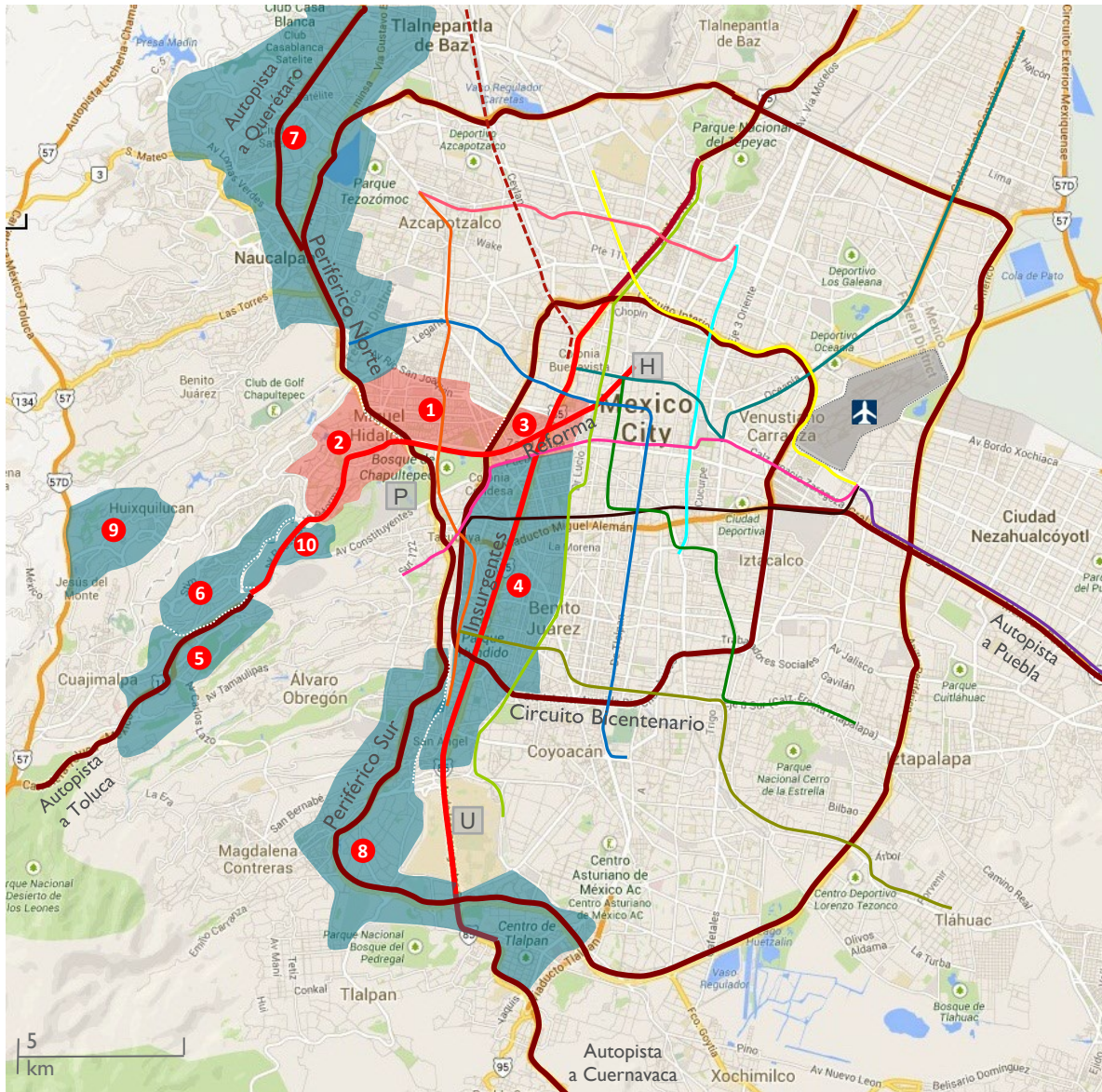
**Rental rates reflect net asking US\$ per square meter/month

SIGNIFICANT TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT/BUYER	SQM	TYPE
Torre Anseli	Insurgentes	Citibanamex	15,361	Renovation*
Reforma 122	Reforma	ISSSTE	6,000	Relocation
Corporativo IBM	Santa Fe	IBM	4,540	Renovation*
Conjunto Masaryk	Polanco	Tiendas Tres B	4,211	Relocation
Insurgentes 1431	Insurgentes	HDI Seguros	3,469	Relocation
Llevel Polanco	Polanco	Mercado Libre	3,322	Relocation
Tecnoparque F	Norte	Lionbridge Technologies	3,292	Renovation*

*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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