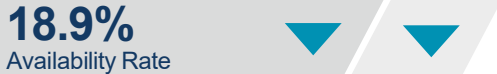


YoY Chg 12-Mo. Forecast



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast



Source: INEGI

ECONOMY

The Mexican economy in 2023 has shown constant growth despite challenging global economic conditions. According to data from the central bank Banxico, the Mexican economy grew 3.3% annually at the end of the third quarter of 2023, a growth that has exceeded market expectations; a good part of this growth has been attributed to the phenomenon of “nearshoring”, the relocation of production chains, driven in turn by the good performance of the United States economy. However, this has taken place in an environment of persistently high inflation. Despite the slowdown that has been present, the general inflation rate in Mexico stood at 4.4% at the end of the first half of December of the year. Overall, the Mexican economy has shown resilience in a complex global economic environment and is expected to continue growing in the coming years.

DEMAND

The Mexico City office market shows signs of stabilizing, after the shock of the Covid pandemic. At the end of 2023, the total volume of net demand (absorption) for class A office buildings summed 183,514 square meters, already a healthy positive growth. This is, however, barely half of the average volume of 370,000 square meters that existed in the five years prior to 2019; those years had GDP growth rates similar to this year. The general availability rate stood at 18.9% at the end of 2023, a decrease of half a percentage point compared to its level at the end of 2022.

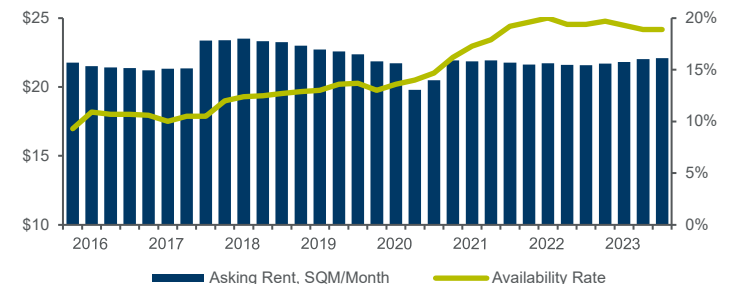
The recovery in demand has been widespread, but uneven among the city's different office submarkets. Some, such as Polanco or Insurgentes, show volumes in line with their pre-pandemic levels. Others, like Santa Fe, have experienced a significant rebound, but which is still below its historical performance. And some more have only a marginal expansion. In any case, it is clear now that the higher quality buildings in more central locations have achieved a good performance, in some cases even outstanding, since they take advantage of the desire that many tenants have to relocate to higher quality properties. In contrast, buildings with a lower profile or peripheral locations have had to make the effort to give more concessions to their tenants or lower their prices in order to be relevant.

By type of industry, demand is quite heterogeneous, but large and solid companies that have a defined strategy for the use of real estate stand out.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MEXICO CITY

Office Q4 2023

SUPPLY

The volume of projects with active construction works continues to decline. It currently stands slightly above 365,000 square meters. This is a third of the average volume that existed before 2019. If we contrast this with the average demand, which is half of what there was in that period, we can see that developers have paid close attention to the big challenge that has been offered by the economic environment of recent years. In absolute terms this is reflected as an inflection point, where demand already exceeds new supply. Both at levels lower than their recent historical volumes, but already in a balance where the market offers good opportunities for the new buildings that have just been completed.

At the same time, the conversion of some office buildings to residential, medical and educational use continues to evolve. To date, a dozen conversions are already underway, which will total just over 200,000 m²; 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. Despite the above, the complexities inherent in the reconversion of land uses are very likely to strongly limit the magnitude to which these reconversions can take place.

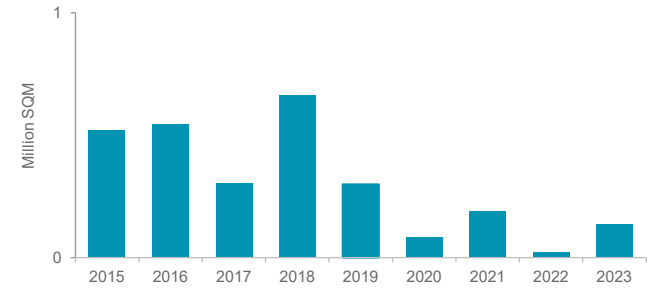
PRICES. The new balance

More stable asking price levels are already in place. The decline observed in previous years stopped in the first half of 2023 and there is already a small upward adjustment compared to the prices of the previous year. Specifically for class A buildings, the adjustment has been 2.1% compared to the prices seen at the end of 2022 and they are quoting an average of \$23.30 dollars per square meter per month. There continues to be an important contrast between the various properties; for the highest profile ones in the Lomas area, there are already cases where the asking price is above \$40 dollars per square meter per month.

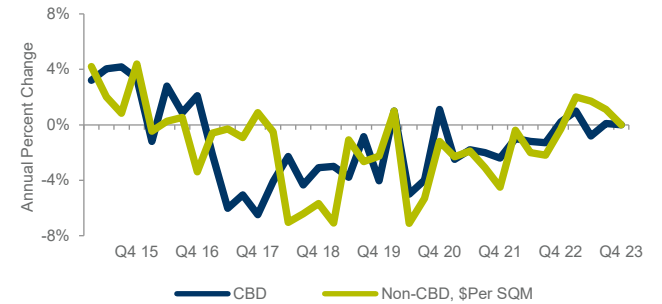
Perspective

- The behavior of the market in the time since the end of the Covid pandemic has made it clear that the use of offices is back, although under new organizational schemes and different intensity of use; this will continue to evolve. Supply today offers the best office buildings that have ever existed in the city. Technological and design advances lead one to expect the construction of even better buildings.
- Clearly there is greater flexibility in the use of spaces and “mobile” jobs – those that combine various locations: offices, home and coworking spaces – are increasing their participation. Office spaces will continue to play an important role in the organization of work.

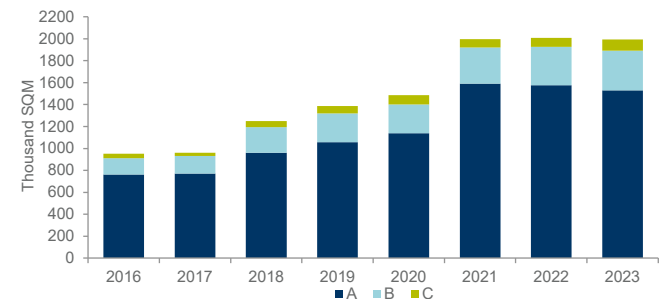
NEW SUPPLY



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 | 2023 OVERALL* NET ABSORPT. (SQM) | 2023 CLASS A NET ABSORPTION (SQM) | UNDER CNSTR (SQM) | OVERALL AVG ASKING RENT (ALL CLASSES)** | OVERALL AVG ASKING RENT (CLASS A)** |
|---------------------------|-------------------|-------------------------------|----------------------------|-----------------------------|----------------------------|--|---|-------------------------|---|---|
| Polanco | 2,017,835 | 1,425,863 | 263,981 | 16.6% | 18.5% | 65,114 | 48,364 | 18,795 | \$24.44 | \$25.61 |
| Lomas | 786,983 | 631,087 | 113,436 | 15.4% | 18.0% | 18,825 | 15,771 | 16,204 | \$28.05 | \$28.40 |
| Reforma | 1,364,173 | 917,925 | 153,108 | 14.6% | 16.7% | 29,716 | 30,788 | 114,739 | \$24.25 | \$26.14 |
| CBD TOTALS | 4,168,991 | 2,974,875 | 530,525 | 15.7% | 17.8% | 113,655 | 94,923 | 149,738 | \$25.05 | \$26.36 |
| Insurgentes | 2,311,898 | 1,150,293 | 179,731 | 13.9% | 15.6% | 33,311 | 38,351 | 108,684 | \$22.08 | \$24.91 |
| Santa Fe | 1,406,753 | 1,358,636 | 391,039 | 28.2% | 28.8% | 29,269 | 31,934 | 39,303 | \$22.09 | \$22.10 |
| Bosques | 522,792 | 343,149 | 63,968 | 18.0% | 18.6% | 5,719 | 4,707 | 41,385 | \$22.89 | \$24.61 |
| Periférico Sur | 689,758 | 478,493 | 52,232 | 10.9% | 10.9% | 2,886 | 2,836 | 0 | \$20.83 | \$21.41 |
| Norte | 815,009 | 577,642 | 238,935 | 34.2% | 41.4% | 14,200 | 15,243 | 10,141 | \$16.72 | \$17.60 |
| Lomas Altas | 131,206 | 112,162 | 22,802 | 17.4% | 20.3% | 1,019 | 3,269 | 0 | \$24.32 | \$24.32 |
| Interlomas | 169,154 | 152,445 | 26,523 | 16.1% | 17.4% | -4,990 | -4,990 | 16,462 | \$19.39 | \$19.48 |
| Fuera de corredor | 342,301 | 72,291 | 24,229 | 35.4% | 33.5% | -6,327 | -2,759 | 0 | \$16.60 | \$18.75 |
| NON-CBD TOTALS | 6,388,871 | 4,245,111 | 999,459 | 20.9% | 23.5% | 75,087 | 88,591 | 215,975 | \$20.63 | \$21.68 |
| MEXICO CITY TOTALS | 10,557,862 | 7,219,986 | 1,529,984 | 18.9% | 21.2% | 188,742 | 183,514 | 365,713 | \$22.09 | \$23.30 |

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

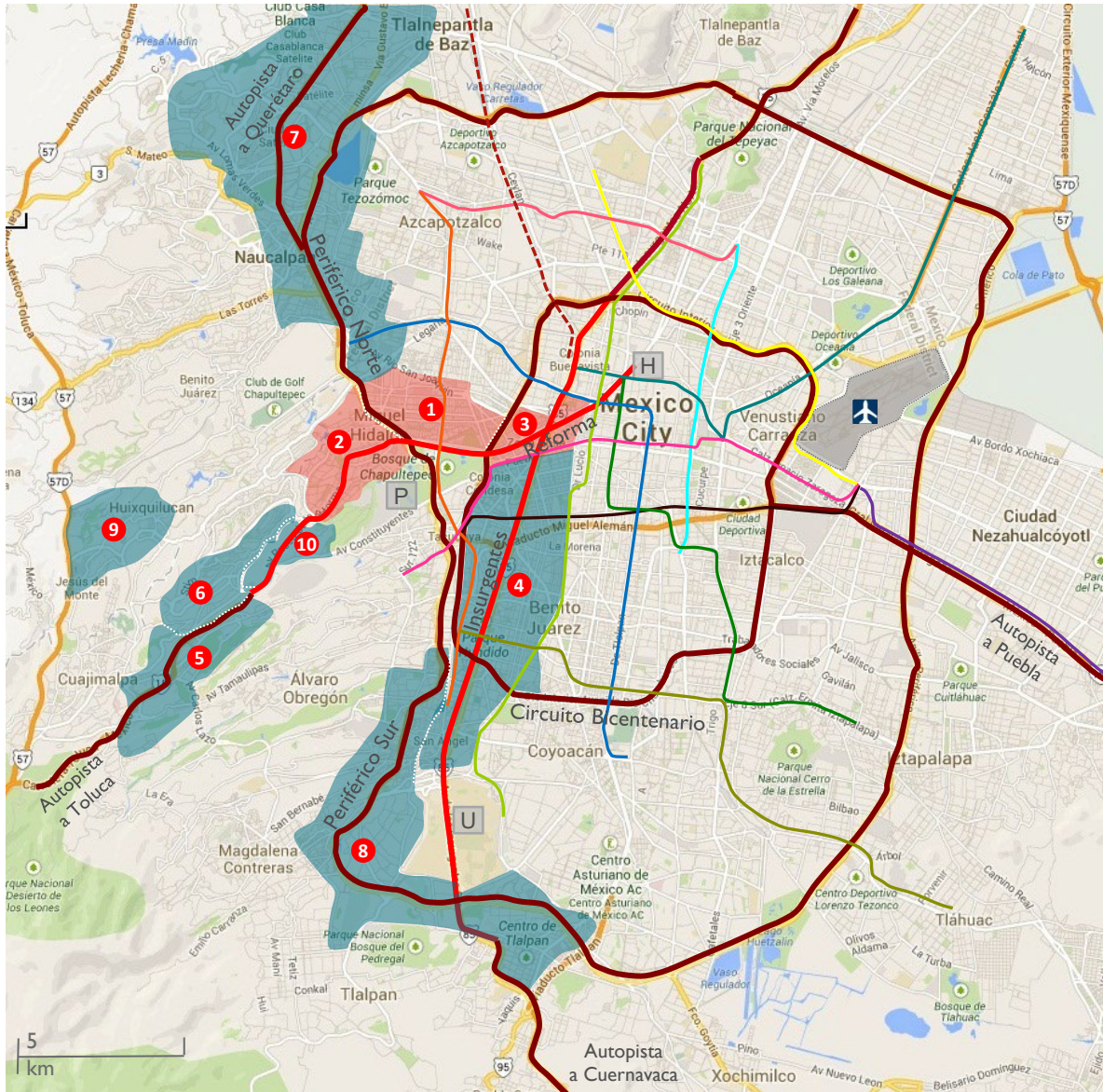
**Rental rates reflect net asking US\$ per square meter/month

SIGNIFICANT TRANSACTIONS 2023

| BUILDING | SUBMARKET | TENANT | SQM | TYPE |
|-------------------|-------------|---|--------|-------------|
| Torre Anseli | Insurgentes | Citibanamex | 15,361 | Renovación* |
| HPE Business Park | Santa Fe | Six Sigma Networks | 9,448 | Relocation |
| Reforma 122 | Reforma | ISSSTE | 6,000 | Relocation |
| Park Insurgentes | Insurgentes | ICMC | 4,868 | Relocation |
| Corporativo IBM | Santa Fe | IBM | 4,540 | Renovación* |
| Insurgentes 552 | Insurgentes | Instituto Nacional de los Pueblos Indígenas | 4,298 | Relocation |
| Torre Carracci | Insurgentes | Icon Clinical Research | 4,155 | Relocation |
| Quad Torre II | Santa Fe | Takeda | 4,150 | Renovación* |
| Vyuu Corporativo | Insurgentes | Jaffra Cosmetics | 4,117 | Relocation |

*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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