



Mexico City Office Market

End of year with positive results

There was a stabilization of indicators in the Mexico City office market. As of the end of 2023, there were positive figures for all the indicators in the market. It is expected that vacancies will continue in many buildings but at a lower rate than in previous years.

The Class A office inventory reported a 1.5% increase compared to the close of the year 2022. During this year, 116,265 sqm entered the market, divided between nine buildings in the Bosques, Periférico Sur, Santa Fe, Insurgentes, and Polanco submarkets. The vacancy rate remained constant throughout the year, standing within 23.2%.

The market's gross absorption this year stood at 357,526 sqm, 35% the end of the previous year. However, the accumulated annual net absorption was positive, representing 21,125 square meters, which is 4.5% above the end of 2022. This is sign of improvement in the market, as the vacancies observed by the end of 2023 were 40.4% below what was observed in the year prior.

Current Conditions

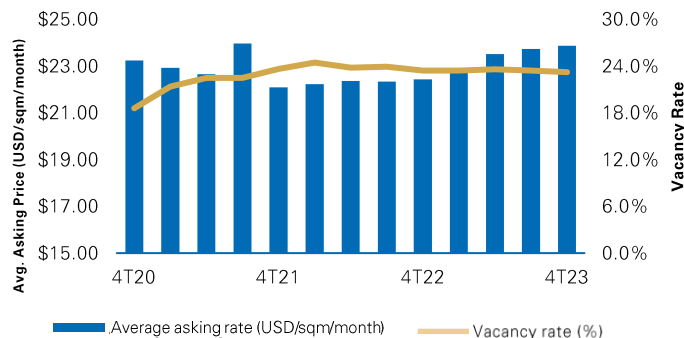
- A total of 18,668 square meters entered the inventory, closing the quarter with more than 7.9 million sqm.
- The vacancy rate remained constant, standing at 23.2% by the end of Q4 2023.
- The area under construction expanded. As of today, there are 652,082 square meters under construction.

Market Summary

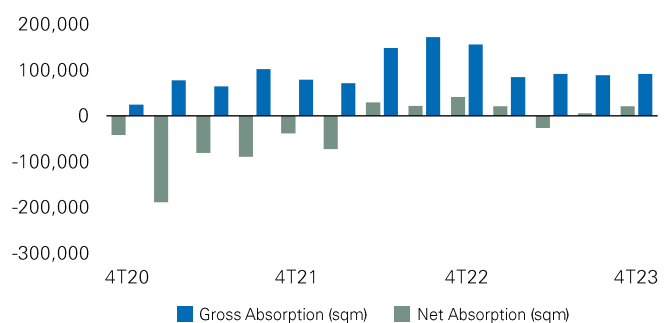
	Current Quarter	Prior Quarter	One year Ago	12-month Forecast
Inventory (sqm)	7,983,799	7,965,131	7,865,916	↑
Vacancy Rate	23.2%	23.5%	23.4%	↓
Gross Absorption (sqm)	91,985	89,091	155,746	↑
Net Absorption (sqm)	20,978	5,871	41,109	↑
Avr. Asking Price (USD/sqm/month)	\$23.87	\$23.74	\$22.44	↑
U. Construction (sqm)	652,082	559,619	930,158	↑

Market Analysis

AVERAGE LEASE RATE AND VACANCY RATE



NET AND GROSS ABSORPTION (SQM)



RESEARCH 4Q 2023

The office market gross absorption remains constant. The leases took place, mainly, in the Insurgentes, Reforma Centro, and Santa Fe submarkets. Together, these reported 58% out of the 20,978 square meters occupied during the period. Thus, the accumulated occupation by the end of the current quarter was 91,985 sqm, which represented a 9% decrease compared to the same period from last year.

Vacancies decreased as well, showing a 63% decrease compared to the same period in 2022. During the fourth quarter of 2023, there were approximately 52,339 sqm reported as vacant; that is, 12% less than the total in the previous quarter.

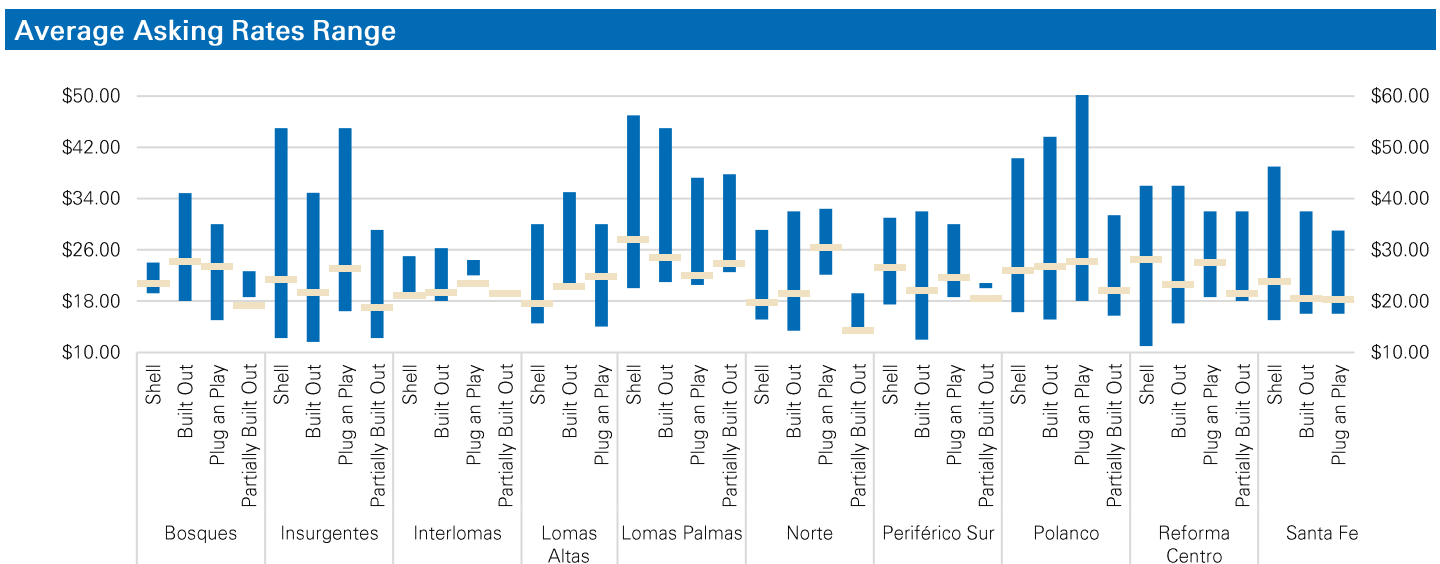
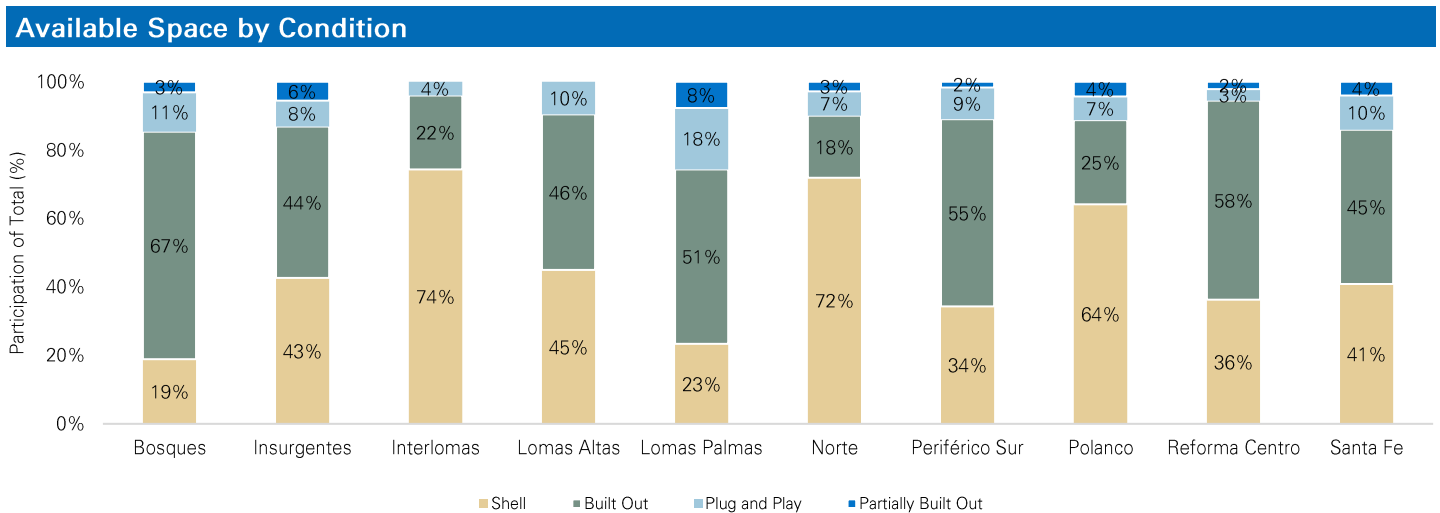
There were only minimal variations in prices between quarters, ranging between 0.5% and 3.0%. However, the current price features a 6.4% increase when compared to the same period from the year prior.

During this quarter, we observed the reactivation of some

corporate offices that were halted. Additionally, it is expected that other projects will enter the inventory by early next year, including Miyana 2, Estudio Hamburgo, and others.

The construction of office buildings has slowed down. This situation is the direct result of demand conditions and the conversion of office spaces for residences, consulting offices, and various other applications.

Due to the changes in the conditions and forms of work, new standards are set to become effective. This includes NOM-037, which establishes conditions for workers' safety and health. This standard became effective this December, which entails a major challenge to employers. Now, companies must put greater emphasis on workers' health, understand better their workplace, establish guidelines to meet work schedules, and verify there is an ideal space for employees to perform their work duties.



RESEARCH 4Q 2023

Submarket Stats								
	Inventory (sqm)	Deliveries (sqm)	Vacancy (sqm)	Vacancy Rate (%)	Gross Absorption (sqm)	Net Absorption (sqm)	YTD Net Absorption (sqm)	Average Asking Price (USD/sqm/month)
Bosques	319,133	0	80,777	25.3%	5,608	1,014	-13,733	\$27.27
Insurgentes	1,213,203	16,135	250,456	20.6%	24,584	4,291	34,333	\$24.79
Avenida Insurgentes Principal	631,977	0	130,265	20.6%	18,557	17,860	37,673	\$25.94
Insurgentes Oriente	154,194	13,355	47,724	31.0%	4,759	-8,596	-6,458	\$22.53
Insurgentes Revolución	182,772	0	13,511	7.4%	0	-1,106	1,975	\$23.28
Insurgentes Roma-Condesa	93,632	2,780	26,777	28.6%	1,268	-1,512	1,411	\$24.58
Insurgentes San Ángel	150,628	0	32,179	21.4%	0	-2,355	-267	\$24.23
Interlomas	194,965	0	52,488	26.9%	3,648	3,648	7,395	\$22.13
Lomas Altas	120,586	0	28,507	23.6%	925	883	-341	\$26.05
Lomas Palmas	748,279	0	125,069	16.7%	6,400	776	12,521	\$28.84
Norte	801,937	0	363,329	45.3%	854	-11,447	8,638	\$20.44
Norte Atizapán	37,529	0	17,205	45.8%	0	0	0	\$17.58
Norte Azcapotzalco	233,666	0	87,266	37.3%	0	-3,336	3,137	\$20.35
Norte Naucalpan	332,807	0	158,479	47.6%	854	-6,307	6,906	\$22.34
Norte Tlalnepantla	197,935	0	100,379	50.7%	0	-1,804	-1,405	\$18.00
Periférico Sur	731,419	0	135,865	18.6%	8,921	-981	-1,693	\$22.62
Polanco	1,424,132	2,533	269,671	18.9%	11,936	-742	-4,835	\$26.28
Polanco Anzures	85,680	2,533	26,483	30.9%	1,062	-1,471	5,697	\$26.79
Polanco Granadas	726,878	0	153,813	21.2%	8,219	1,868	-16,666	\$27.60
Polanco Lagos	205,505	0	39,793	19.4%	558	-892	-7,789	\$18.99
Polanco Tradicional	406,069	0	49,582	12.2%	2,097	-247	13,923	\$27.59
Reforma Centro	973,442	0	132,259	13.6%	14,112	11,274	17,037	\$27.58
Santa Fe	1,456,703	0	415,124	28.5%	14,997	12,262	-40,815	\$21.96
Totals	7,983,799	18,668	1,853,545	23.2%	91,985	20,978	18,506	\$23.87

A city in constant progress

It is expected that Mexico City's corporate market will continue with a solid growth in 2024, concentrating 32% of the FDI and showing positive indicators in most aspects.

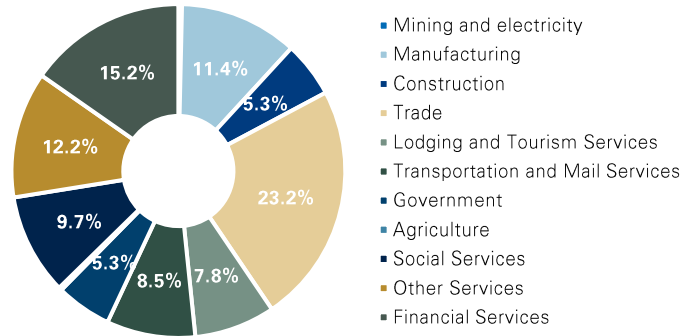
New business openings were recorded, as well as the relocation of productive processes from major companies based in the United States, Spain, Canada, Germany, and China.

SEDECO and the city government execute agreements to contribute to the productivity, competitiveness, and profitability of SMEs. The most recent instrument involved DHL, whereby they seek to expand the logistic operations of companies by improving the cost of shipments.

The dollar remained stable, gravitating near \$17.9 pesos, waiting on the expected announcements of monetary policies by the Federal Reserve and the Bank of Mexico

Employed per Economic Sector

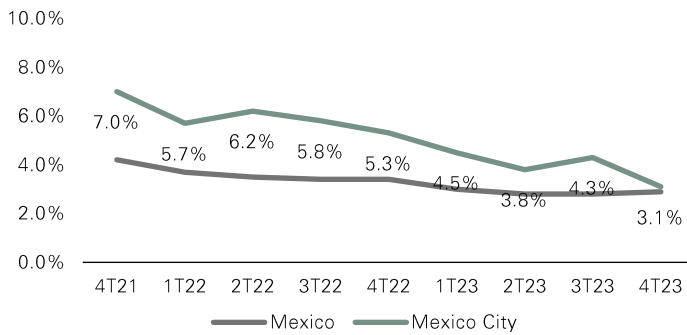
MEXICO CITY, NOVEMBER 2023



Fuente: INEGI, ENOE

Unemployment Rate

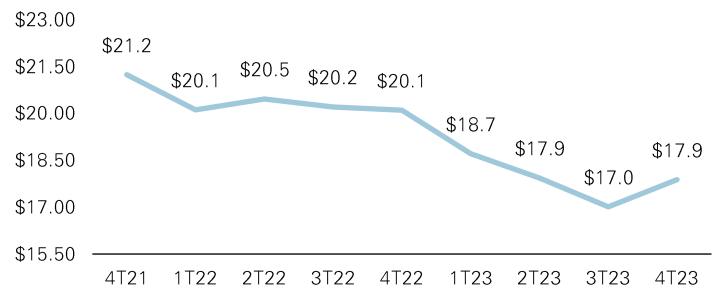
ANNUAL INDICATOR



Fuente: INEGI, ENOE

Exchange Rate

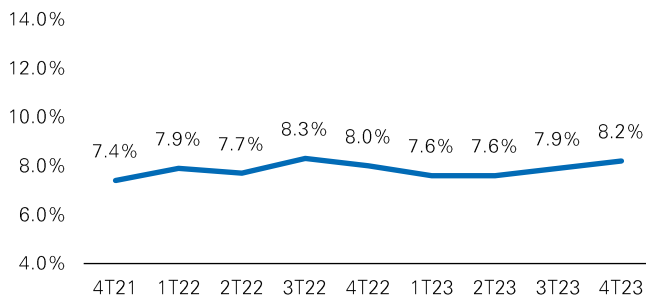
MEXICAN PESOS (MXN) PER U.S. DOLLAR (USD)



Fuente: Banxico

Consumer Price Index

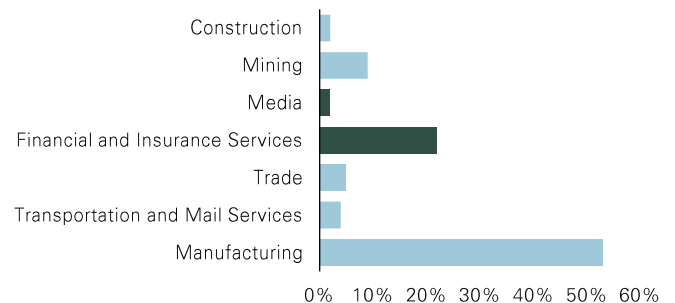
ANNUAL INDICATOR



Fuente: Banxico

Foreign Direct Investment

PERCENTAGE



Fuente: CEFPI

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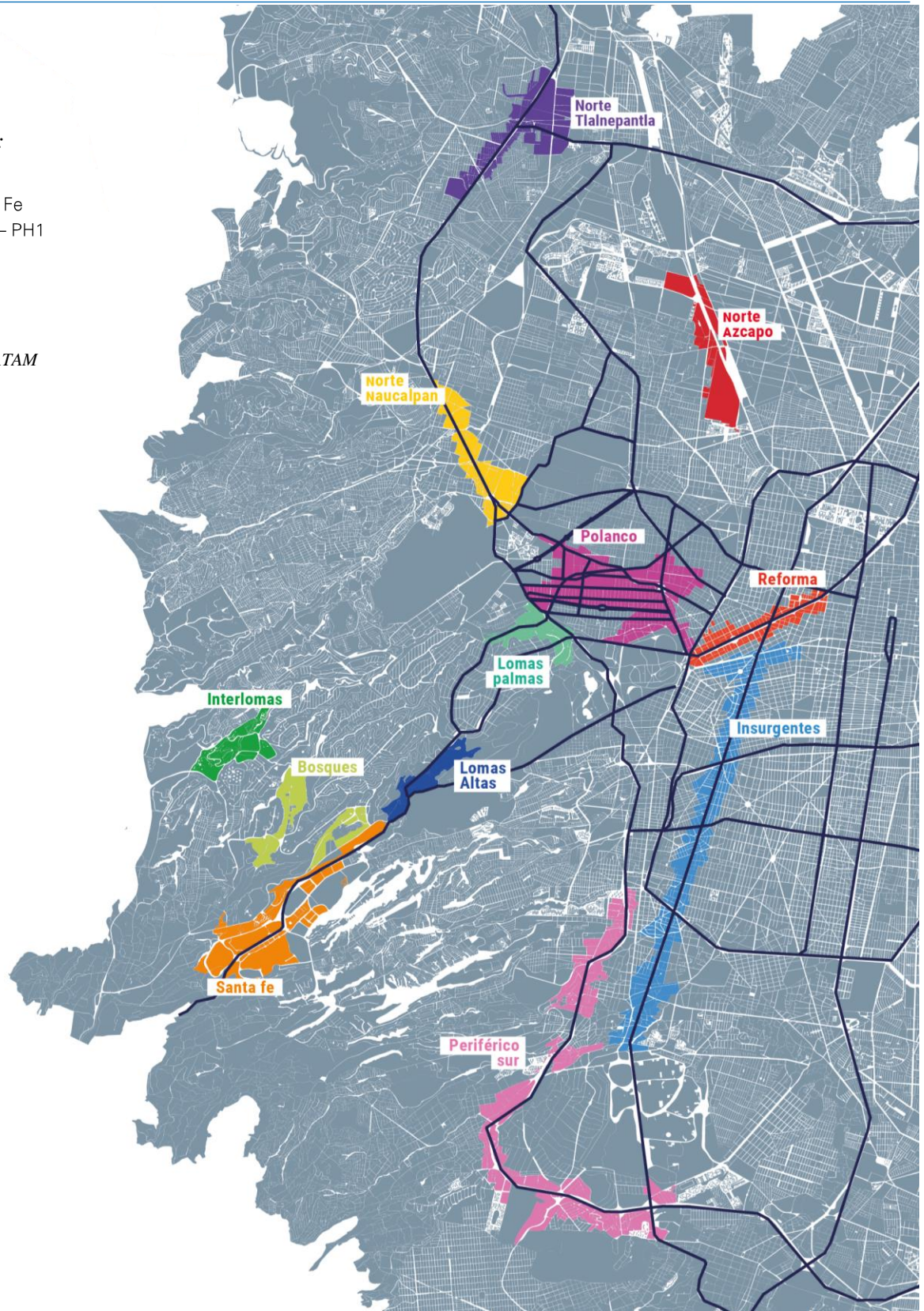
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