
2Q24

Mexico City Industrial Market



NEWMARK

Market observations

Economy

- The exchange rate reached \$18.06 pesos at the end of the quarter, mainly related to the uncertainty following the electoral process.
- Unemployment continues its downward trend; in contrast with the national outlook where the trend is less noticeable.
- Together, manufacturing and logistics represent one of the sectors with the highest foreign direct investment.

Transactions

- With operations in various submarkets, the absorption of class A industrial spaces had a discreet period, contrasting with the vacancies and incorporations of new developments.
- With over 260 thousand SF of activity, the CTT submarkets stand out in the landscape of Mexico City.

Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Inventory (SF)	128.0 M	127.6 M	125.3 M	↑
Vacancy Rate	1.2%	0.2%	0.6%	→
Gross Absorption (SF)	0.3 M	1.8 M	2.1 M	↑
Net Absorption (SF)	-1.4 M	376,513	790,359	→
Asking Rent (USD/SF/Year)	\$10.67	\$10.35	\$9.32	↑
U. Construction (SF)	6.8 M	4.5 M	5.3 M	→

Outlook

- A gradual occupation of the new developments is expected over the course of 2024, significantly reducing the vacancy rate.
- The incorporation of Last Mile developments in the inner city's submarkets, such as Vallejo, Iztapalapa, and Naucalpan, are reshaping the market.
- Considering the prices in spaces under construction, we expect an upward trend in asking prices for the industrial market of Mexico City to continue.

I. Economy	4
II. Leasing Market Fundamentals	7

2Q24

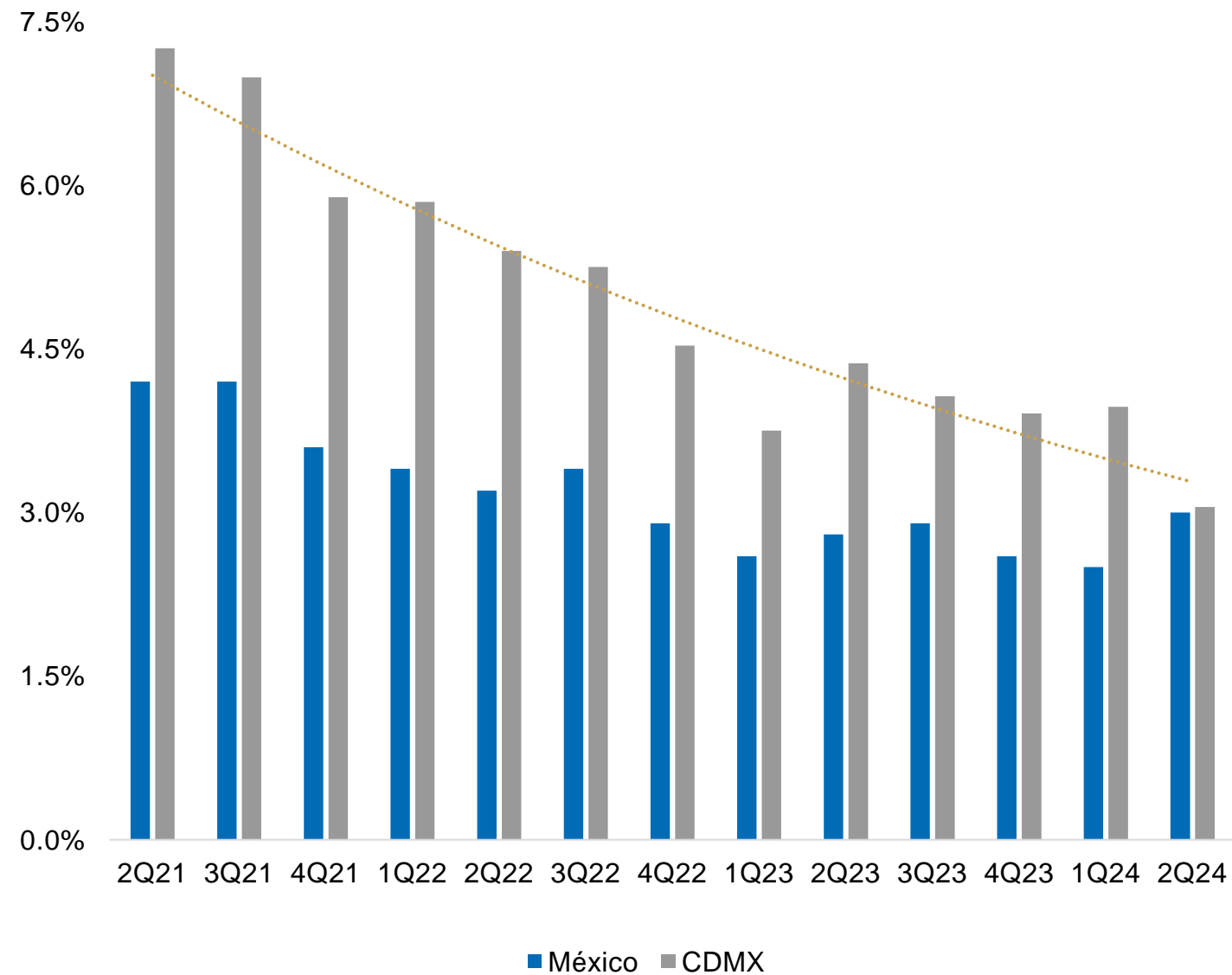
Economy



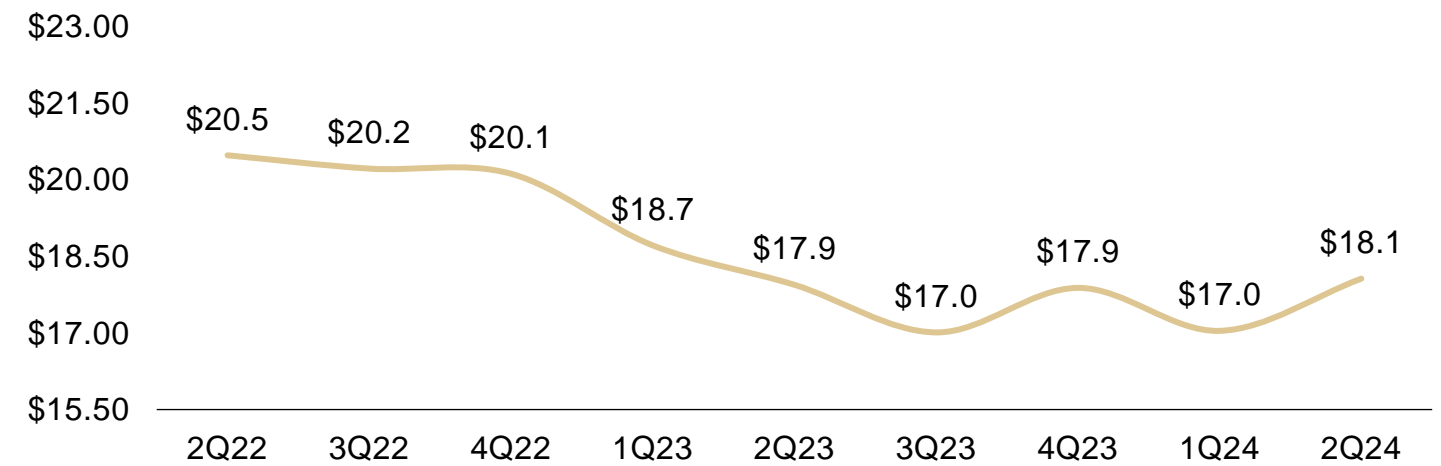
Economic outlook

The exchange rate reaches \$18.06 MXN for every US Dollar (USD) at the end of the quarter, even presenting values close to \$19 MXN in the weeks following the electoral process.

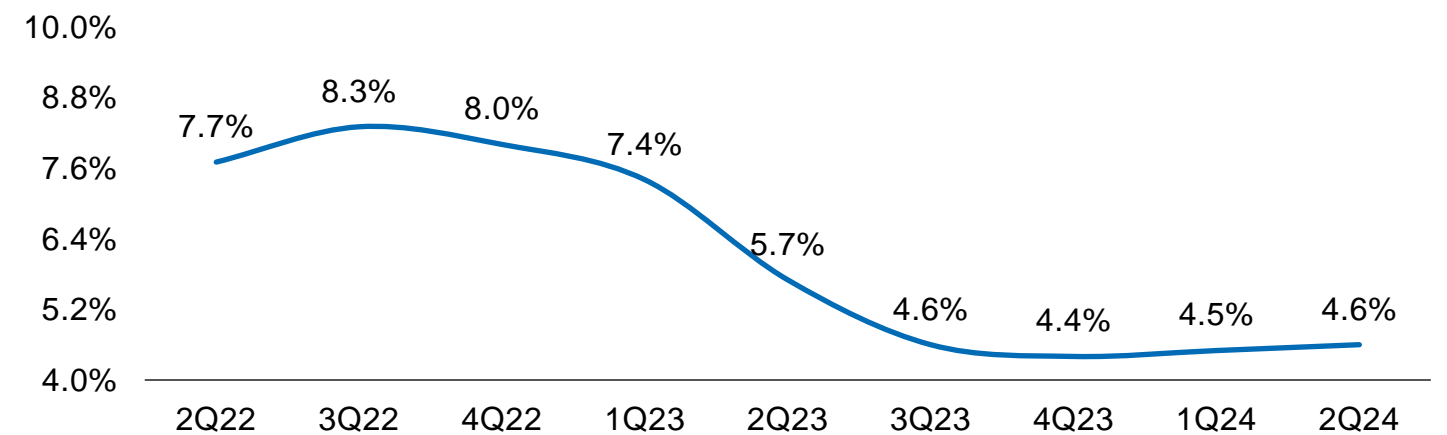
Unemployment Rate



Exchange Rate: Mexican Peso (MXN) to US Dollar (USD)



Consumer Price Index (CPI)

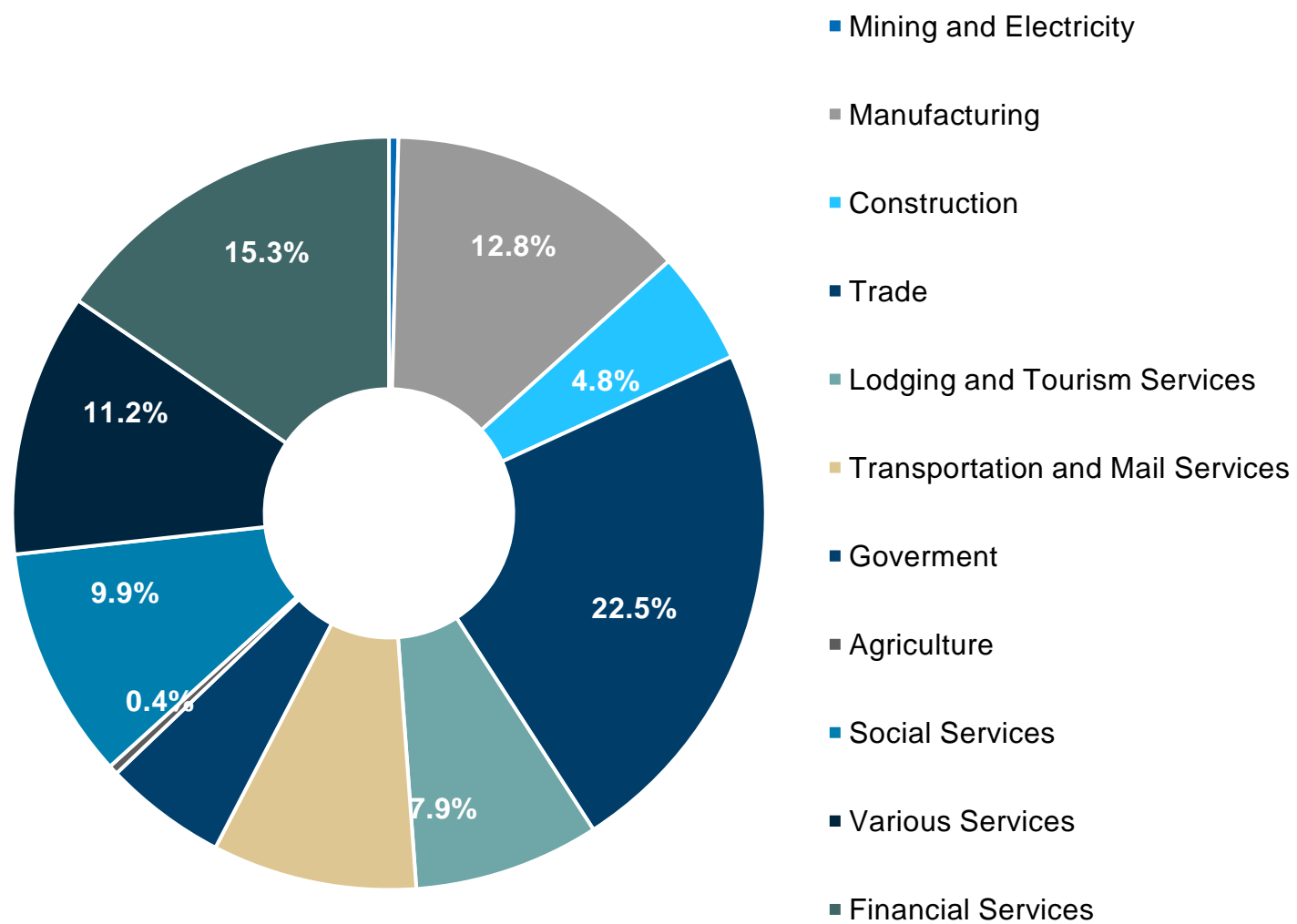


Source: Inegi, Banxico

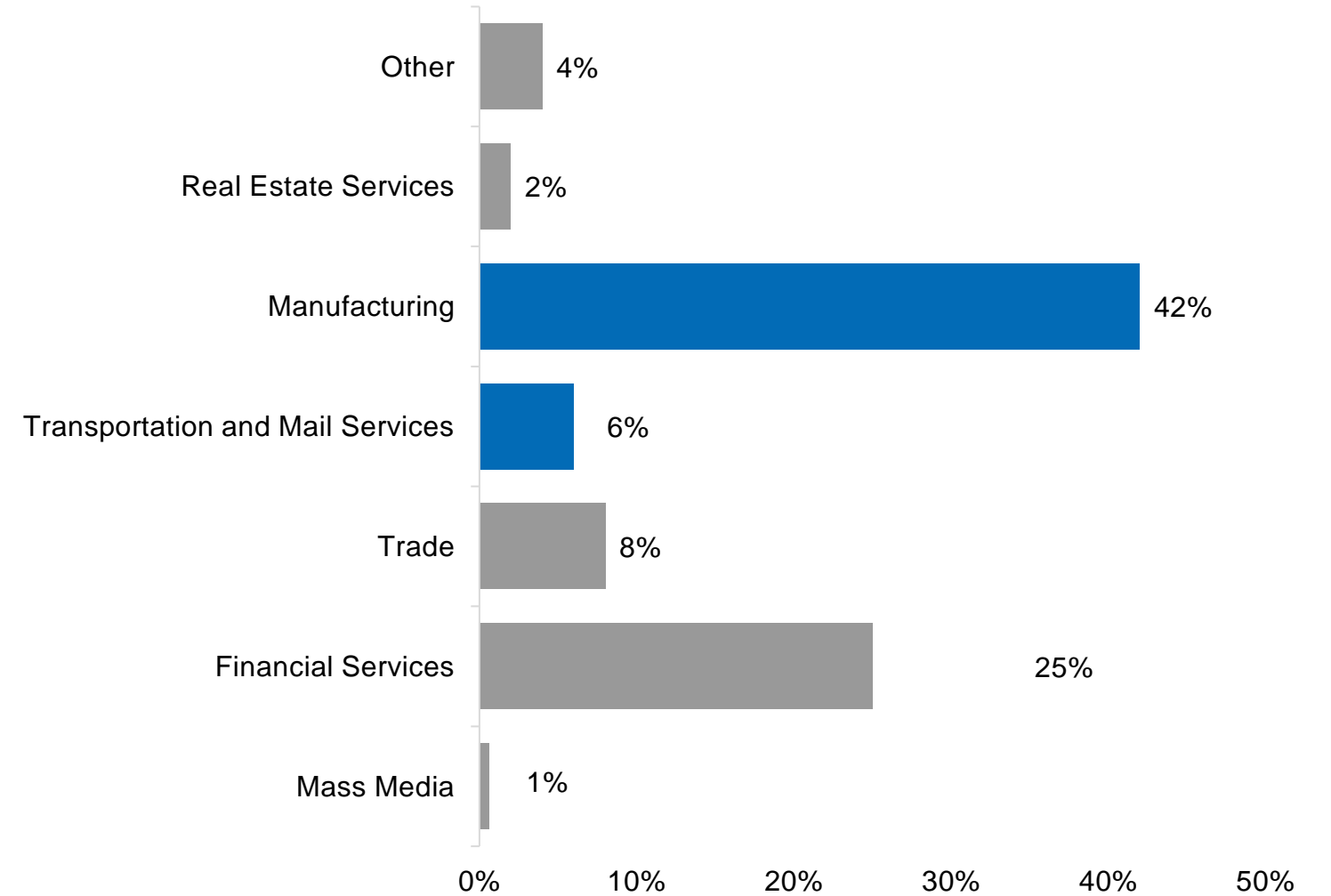
Economic sectors

The manufacturing industry remains one of the most representative sectors in formal employment in Mexico City (CDMX), only behind commerce and services, tied to a strong tertiary sector in a complex economy.

Employment by Sector of Economic Activity



Foreign Direct Investment



Source: Inegi, Banxico

2Q24

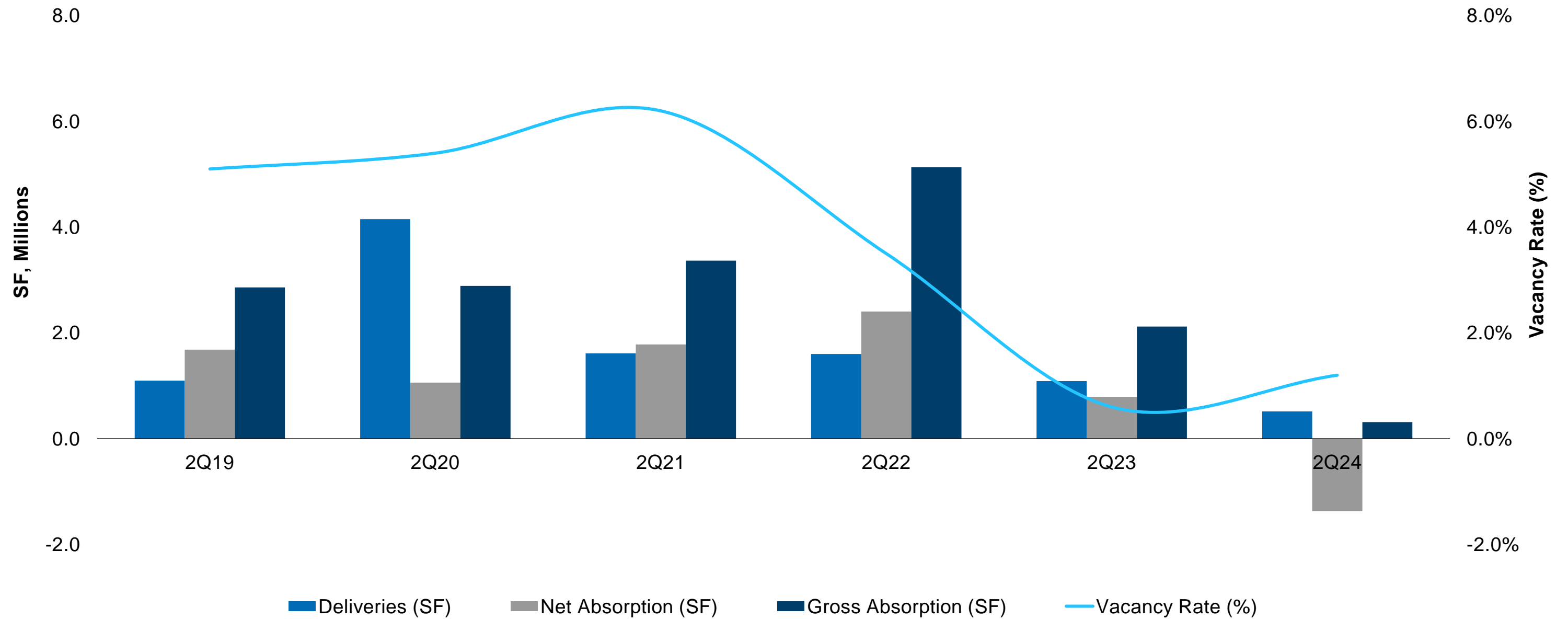
Leasing Market Fundamentals



Increase in the vacancy rate

The vacancy rate reaches 1.20% as new spaces become available in different submarkets. This is coupled with a quite discreet gross absorption compared to previous years.

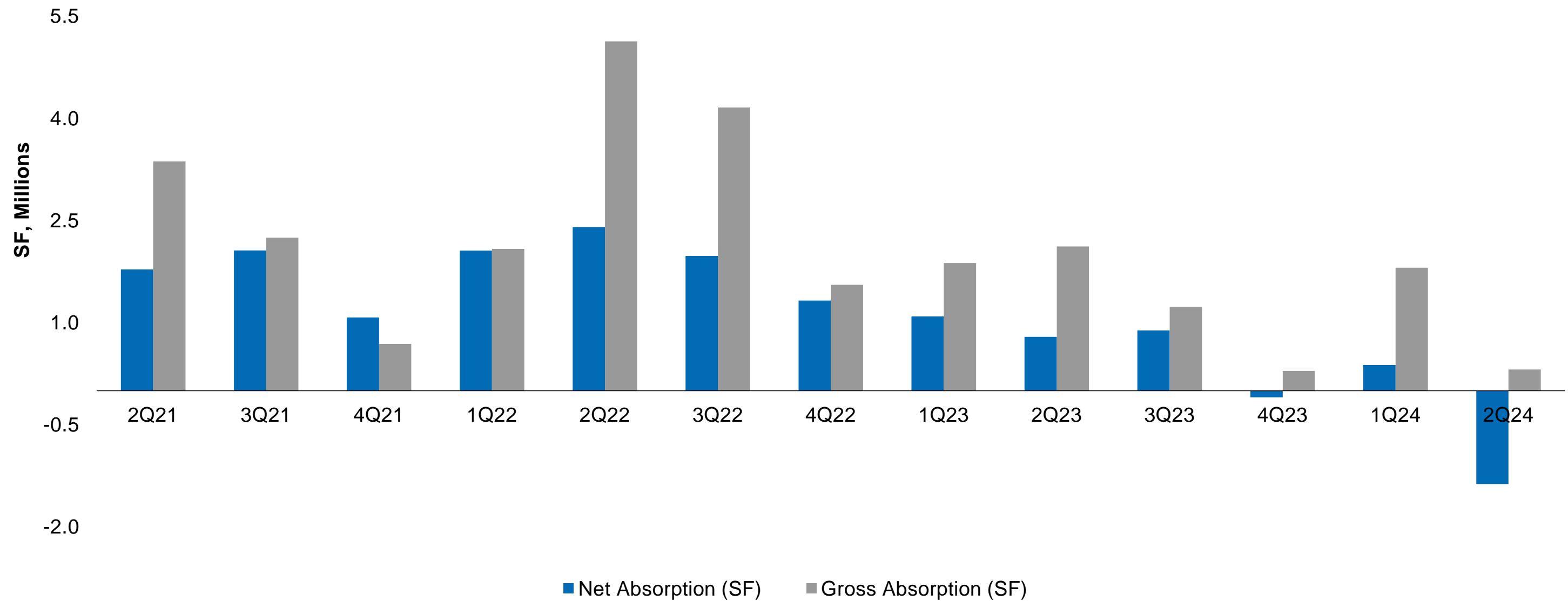
Construction Deliveries, Net Absorption, Gross Absorption, and Vacancy



Incorporation of spaces in various submarkets

With a negative 1.4 million SF, the net absorption represents the entry of warehouses developed during 2023, along with significant vacancies, as in the case of the Huehuetoca-Zumpango submarket.

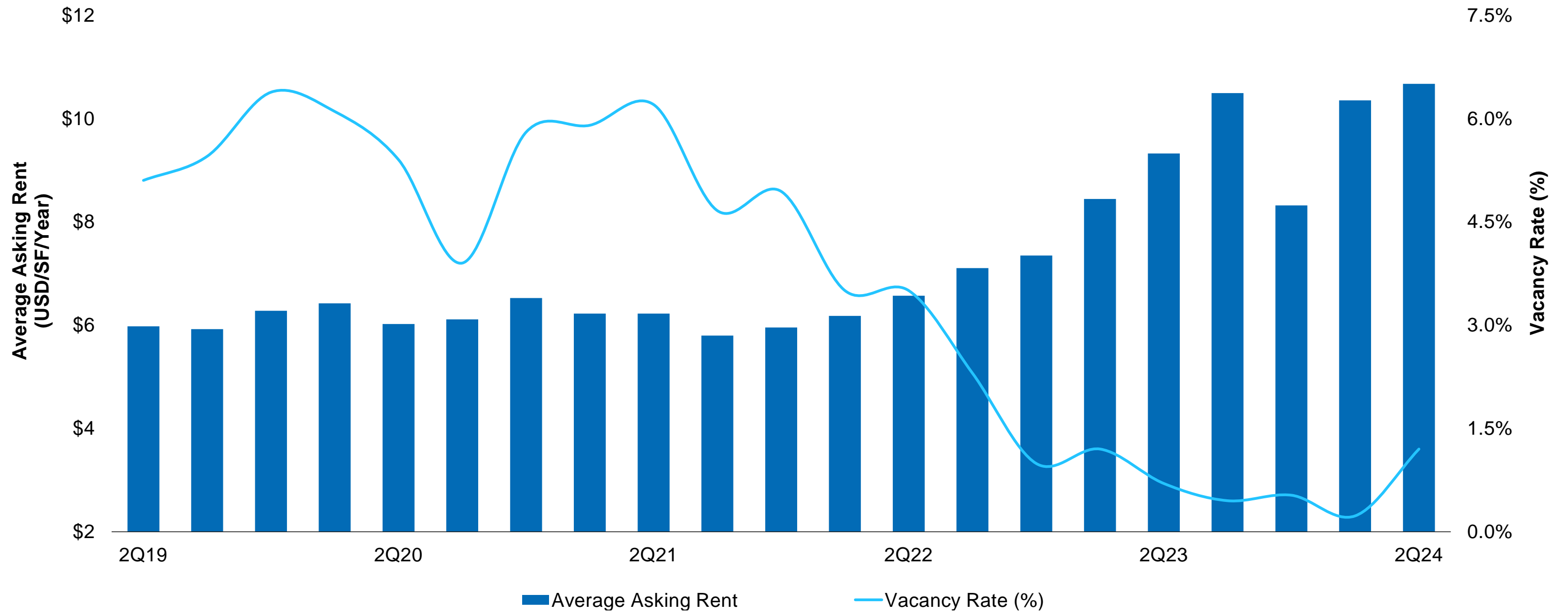
Gross Absorption and Net Absorption



Increase in asking prices

Recovering a general increase in the prices of its submarkets, the industrial market of Mexico City reaches an average of \$10.67 USD/SF/Year, with cases where the asking price exceeds \$12.6 USD/SF/Year.

Average Asking Rent and Vacancy Rate

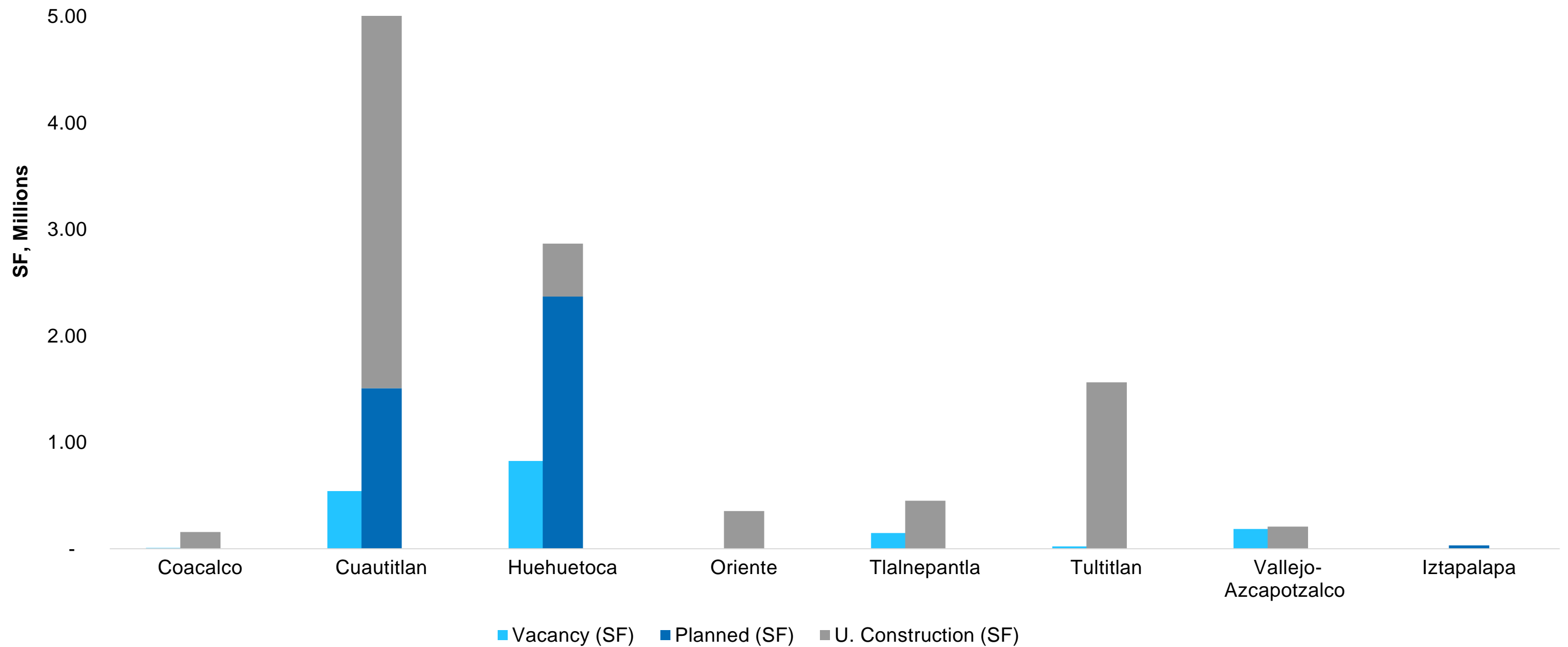


Source: Newmark Research

The development of industrial projects does not decrease

With major developments planned in CTT and Huehuetoca, the inventory is expected to continue growing in the near future, maintaining availability in several of the industrial submarkets of Mexico City.

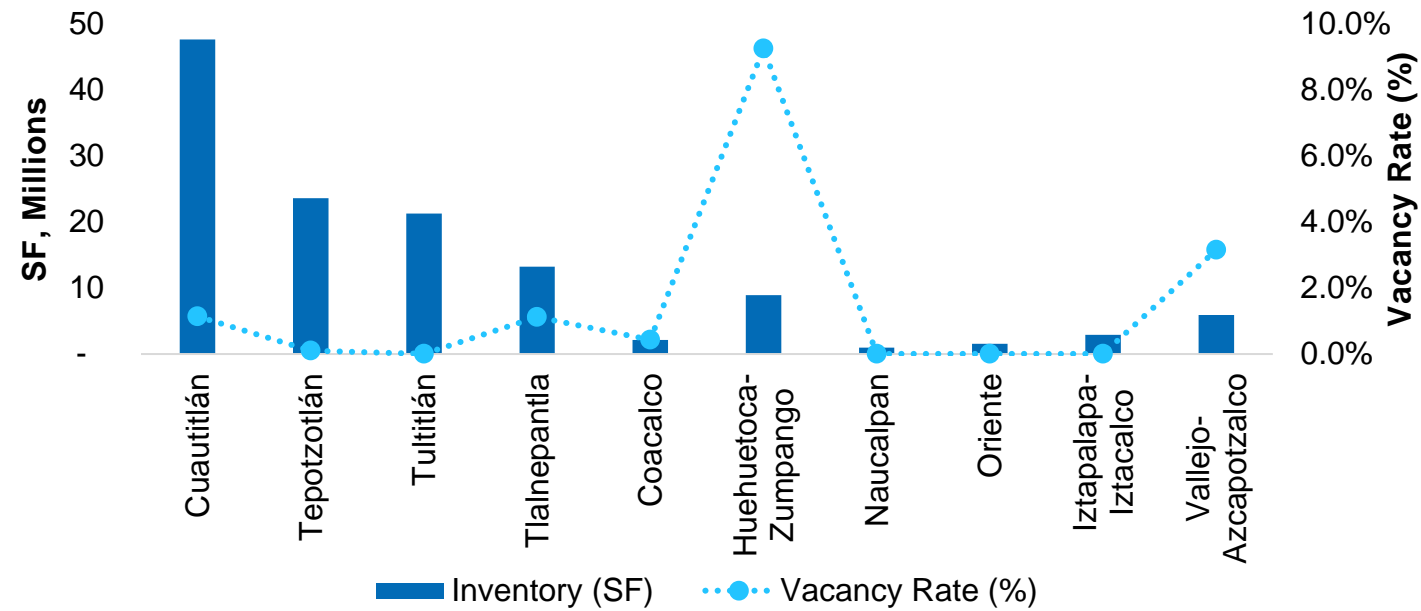
Planeado vs En Construcción Por Submercado



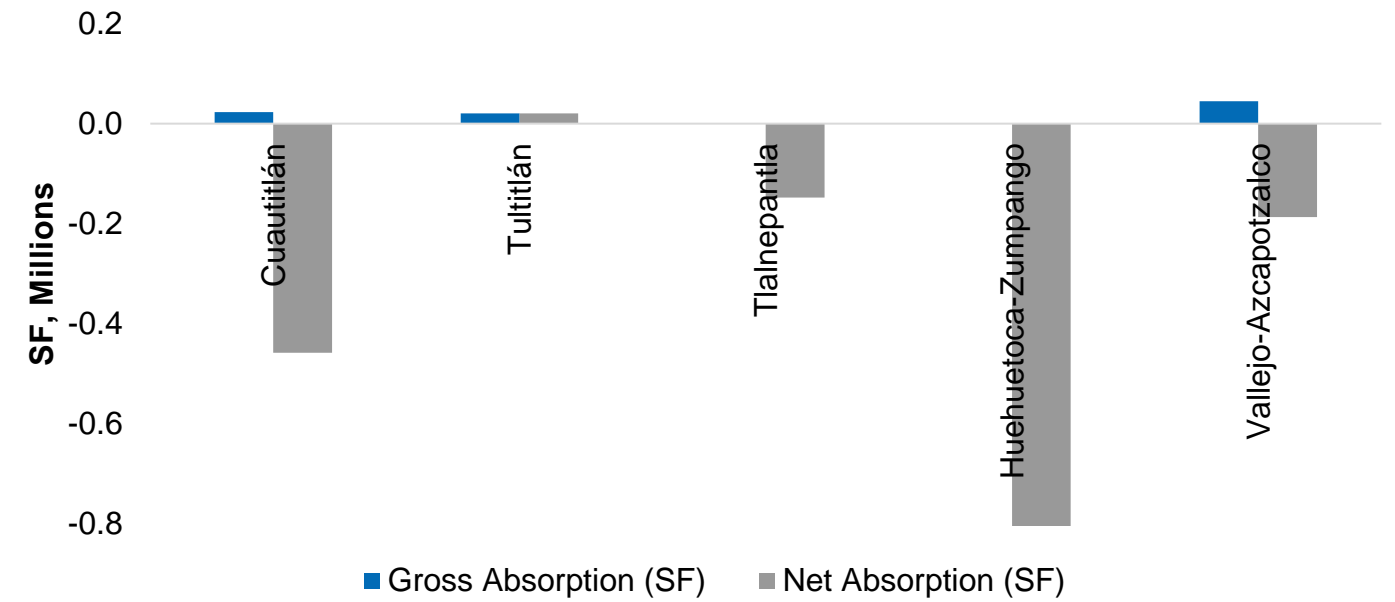
Source: Newmark Research

Activity in most of the submarkets of Mexico City.

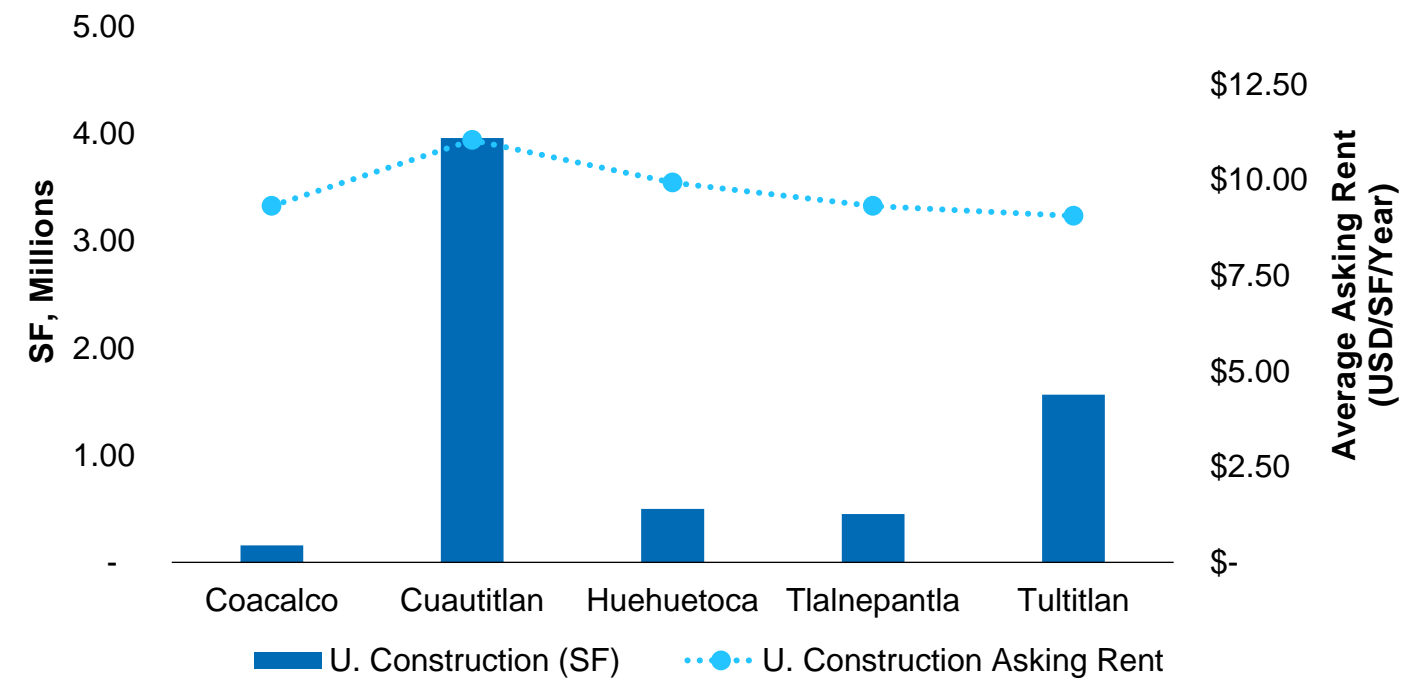
Inventory vs. Vacancy Rate



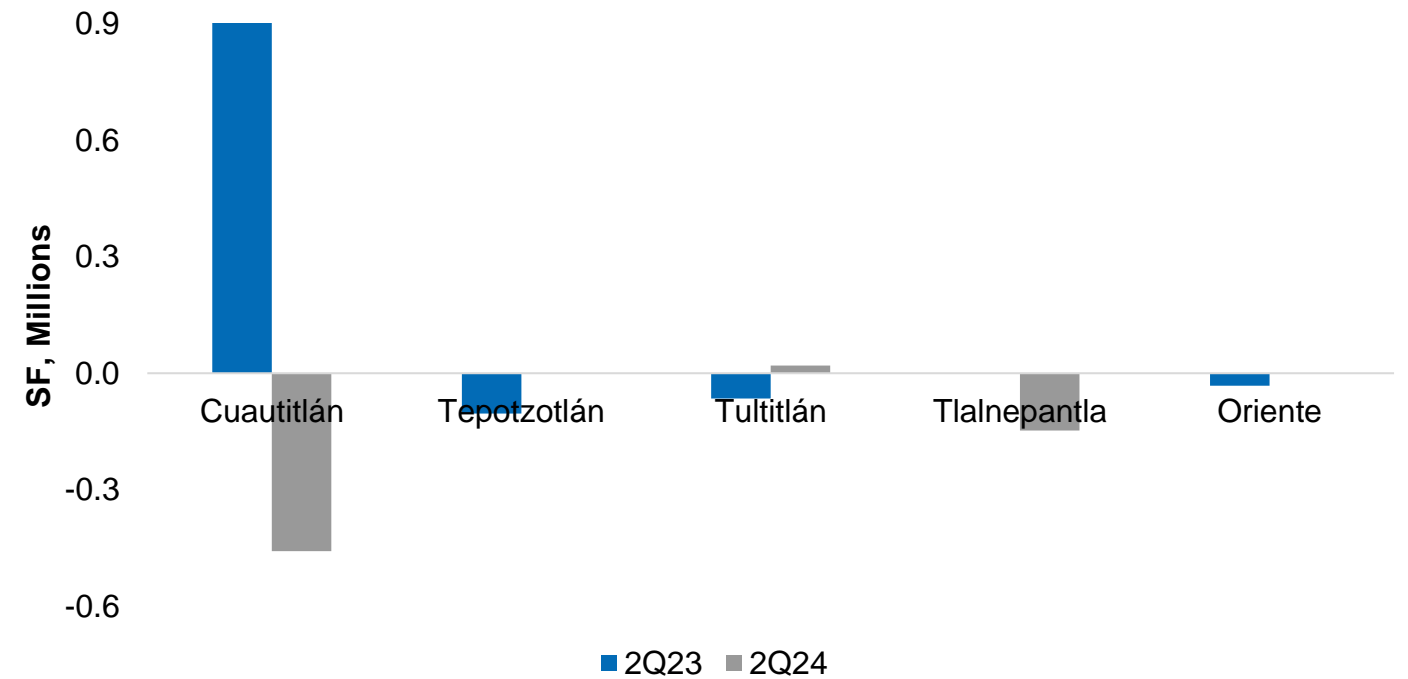
Net Absorption and Gross Absorption by Submarket



Construction vs. Asking Rent by Submarket



Net Absorption for the Second Quarter 2023 vs 2024



Source: Newmark Research

Last Mile Vacancy

Project Name	Developer	Submarket	Vacancy (SF)	Asking Lease Rate (USD/SF/Year)	Status
OD Tlalpan B1	O'Donnell	Iztapalapa-Iztacalco	114,194	\$14.49	Existing
OD Tlalpan B4	O'Donnell	Iztapalapa-Iztacalco	35,951	\$14.49	Existing
OD Tlalpan B6	O'Donnell	Iztapalapa-Iztacalco	85,681	\$14.49	Existing
OD Vallejo 1	O'Donnell	Vallejo-Azcapotzalco	260,207	\$12.82	U. Construction
OD Vallejo 2	O'Donnell	Vallejo-Azcapotzalco	252,230	\$12.82	U. Construction
OD Vallejo 3	O'Donnell	Vallejo-Azcapotzalco	101,719	\$12.82	U. Construction
OD Vallejo 4	O'Donnell	Vallejo-Azcapotzalco	76,800	\$12.82	U. Construction
OD Vallejo 5	O'Donnell	Vallejo-Azcapotzalco	270,960	\$12.82	U. Construction
Proximity Parks Lomas Verdes	Proximity Parks	Naucalpan	52,022	\$13.55	Existing
Prologis Last Touch Interlogix Postes	Prologis	-	33,293	-	U. Construction
Prologis Last Touch Interlogix Santa Fe	Prologis	-	62,979	-	U. Construction
Prologis Last Touch Interlogix Centenario	Prologis	-	52,948	-	U. Construction
Prologis Last Touch Interlogix Lomas II	Prologis	-	72,979	-	U. Construction

**Lower Asking Lease Rate
(USD/SF/Year)**

**Higher Asking Lease Rate
(USD/SF/Year)**

**Average Asking Lease Rate
(USD/SF/Year)**

\$12.82

\$14.49

\$13.21

Mexico City statistics 2Q24

Most of the movements are concentrated in the submarkets that make up the CTT corridor; both the development of new projects and the occupation of spaces delivered during the previous year.

	Inventory (million SF)	Under Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Gross Absorption YTD (SF)	Net Absorption (SF)	Net Absorption YTD (SF)	Asking Lease Rate (USD/SF/Year)	U. Construction Asking Rent (USD/SF/Year)
CTT	92.38	5,307,873	341,334	0.4%	267,567	1,378,373	- 212,998	- 45,562	\$13.26	\$10.54
Cuautitlán	47.59	3,744,416	317,653	0.7%	247,247	1,248,142	-233,318	- 162,726	\$13.52	\$11.15
Tepotzotlán	23.56	-	23,681	0.1%	-	-	-	-	\$11.15	-
Tultitlán	21.23	1,563,456	-	-	20,321	130,231	20,321	117,163	-	\$9.06
Tlalnepantla	13.22	451,361	147,611	1.1%	-	209,078	-147,611	61,467	\$11.04	\$9.31
Coacalco	2.13	157,196	9,249	0.4%	-	486,754	-	-	\$9.70	\$9.31
Huehuetoca- Zumpango	8.92	497,497	824,170	9.2%	-	-	-824,170	- 824,170	\$8.81	\$9.92
Naucalpan	0.98	-	-	-	-	-	-	-	\$ 15.38	-
Oriente	1.55	355,402	-	-	-	-	-	-	-	-
Iztapalapa-Iztacalco	2.92	33,304	-	-	-	-	-	-	-	\$14.21*
Vallejo-Azcapotzalco	5.93	-	187,001	3.2%	44,433	44,433	- 187,001	- 187,001	\$12.62	\$13.55
Total	128.03	6,769,329	1,509,366	1.2%	312,001	2,118,638	- 1,371,780	-995,267	\$10.67	\$10.20

Source: Newmark Research
*Class B

For more information:

Juan Flores

*Market Research Director
LATAM*

juan.flores@nrmk.com

Oscar Granados

*Market Research Analyst
Ciudad de México*

oscar.granados@nrmk.mx

Ciudad de México

Corporativo Espacio Santa Fe
Carr. México-Toluca 5420 – PH1
Santa Fe, CDMX. 05320
t 52 55-5980-2000

newmark.mx

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nrmk.lat/reportes-de-mercado/.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.

NEWMARK