
3Q24

Mexico City Industrial Market



NEWMARK

Market observations

Economy

- The exchange rate reaches \$19.36 pesos (MXN) per US Dollar (USD).
- The National Consumer Price Index (INPC) shows a slight increase compared to the values recorded during the previous year. However, it remains below 2022 values.
- With a value close to 30%, Mexico City leads foreign direct investment nationally.

Major Transactions

- With operations in various submarkets, the absorption of Class A industrial spaces is near 1.2 million SF.
- Noteworthy is the entry of industrial buildings occupied during the construction process in Tlalnepantla and Tultitlan.

Leasing Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Inventory (SF)	128.9 M	128.0 M	125.3 M	↑
Vacancy Rate	1.5%	1.2%	0.6%	→
Gross Absorption (SF)	1.2 M	0.3 M	2.1 M	↑
Net Absorption (SF)	-0.3 M	-1.4 M	790,359	→
Asking Rent (USD/SF/Year)	\$10.95	\$10.67	\$9.32	↑
U. Construction (SF)	7.5 M	6.8 M	5.3 M	→

Outlook

- The occupation of Class A industrial spaces currently under development is expected, as well as the addition to the inventory of occupied spaces constructed during 2024.
- An increase in the occupancy of Last Mile spaces in central submarkets of Mexico City is anticipated.
- It is expected that rental prices will continue to rise, as in the main industrial markets of the country.

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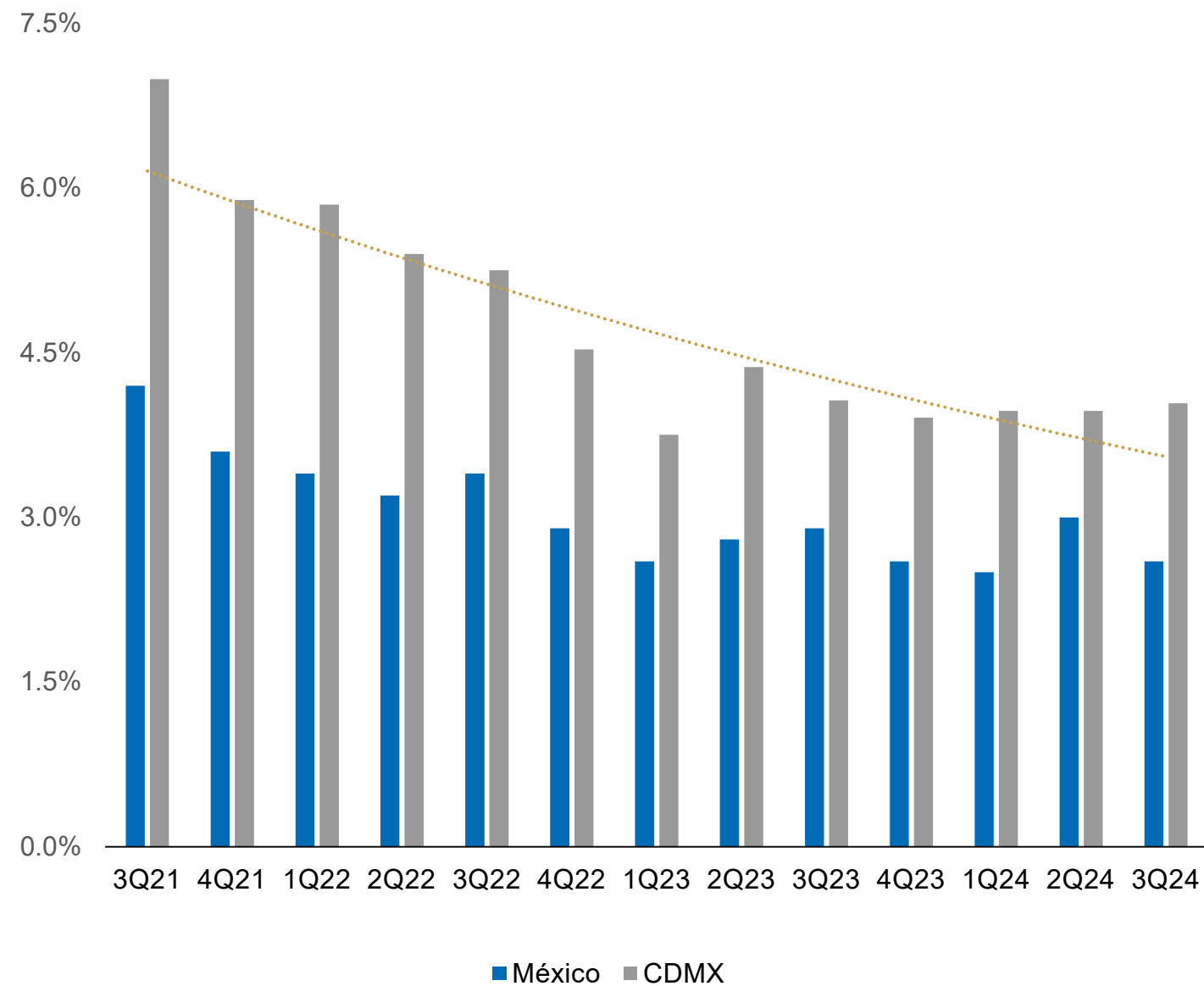
Economy



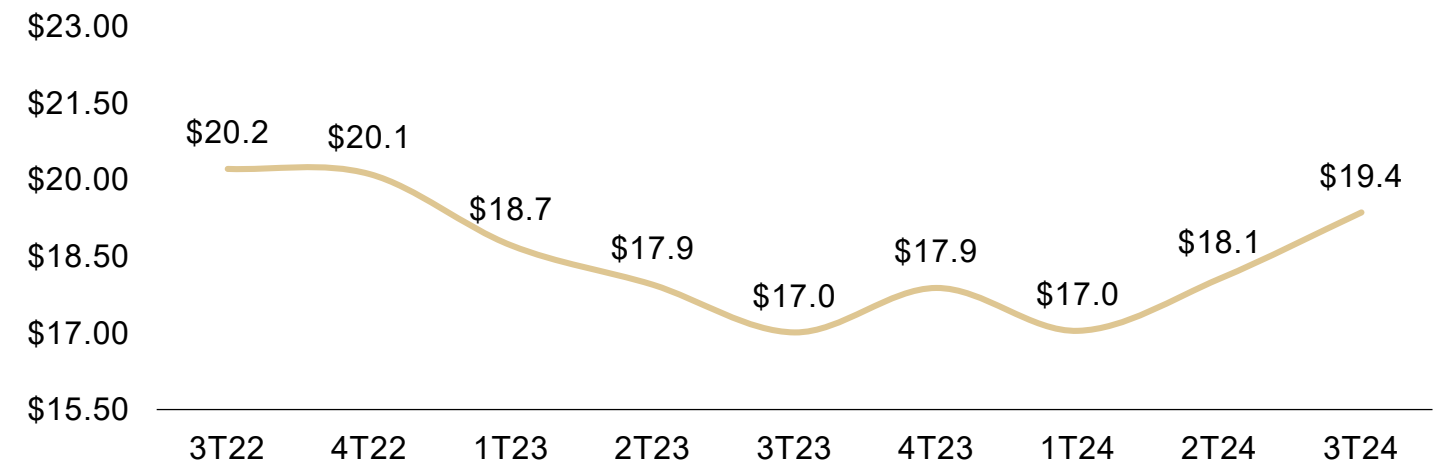
Economic outlook

The six-year federal administration concludes with a clear advance of the US Dollar (USD) against the Mexican Peso (MXN), further consolidating uncertainty regarding economic policies and their implementation during the incoming administration.

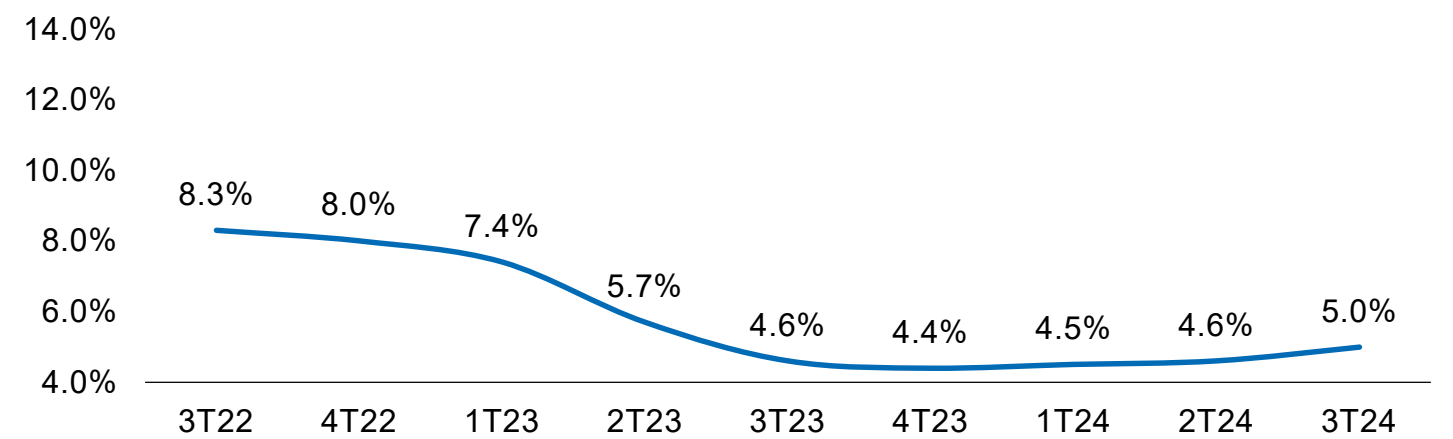
Unemployment Rate



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



Consumer Price Index (CPI)

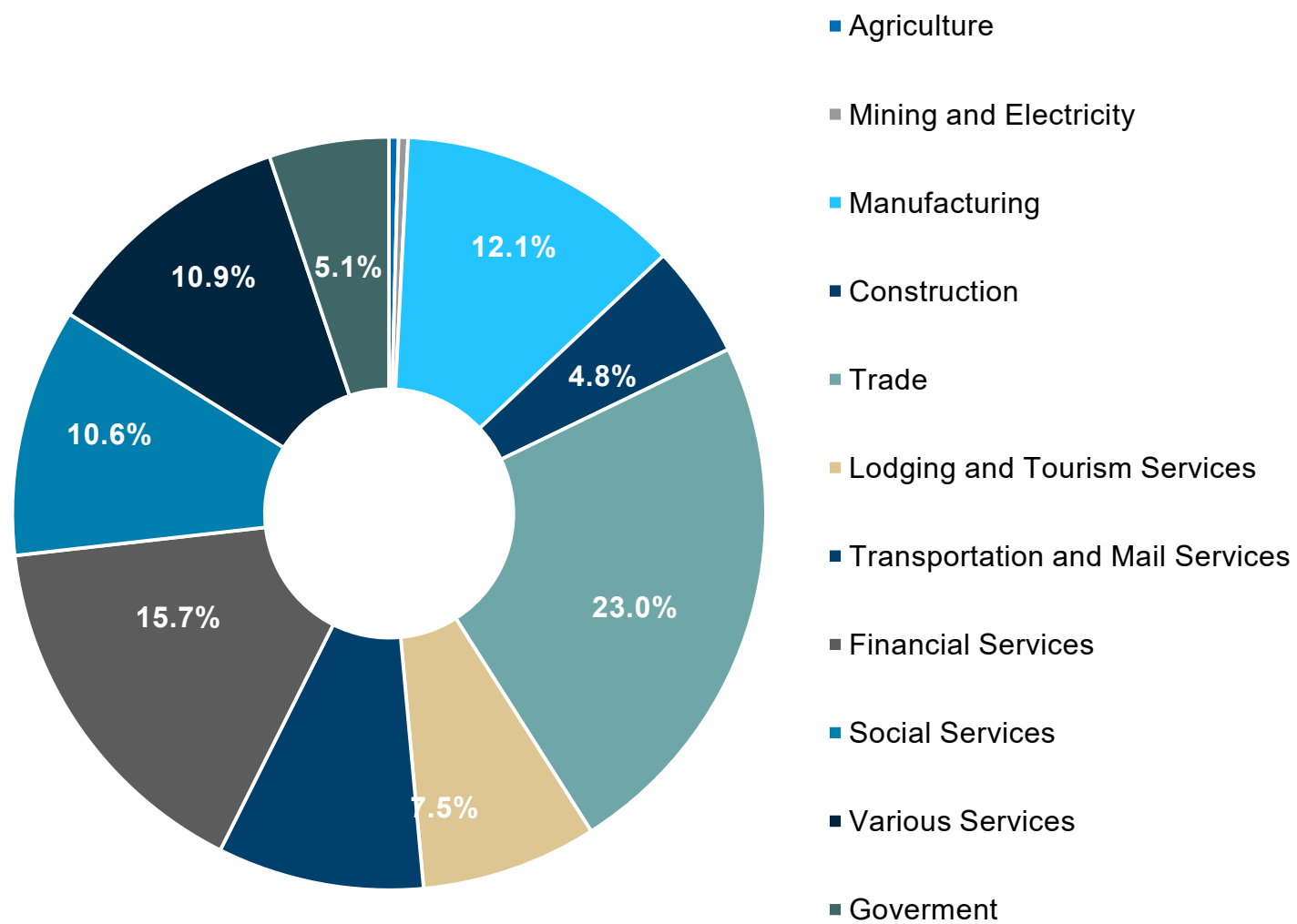


Source: Inegi, Banxico

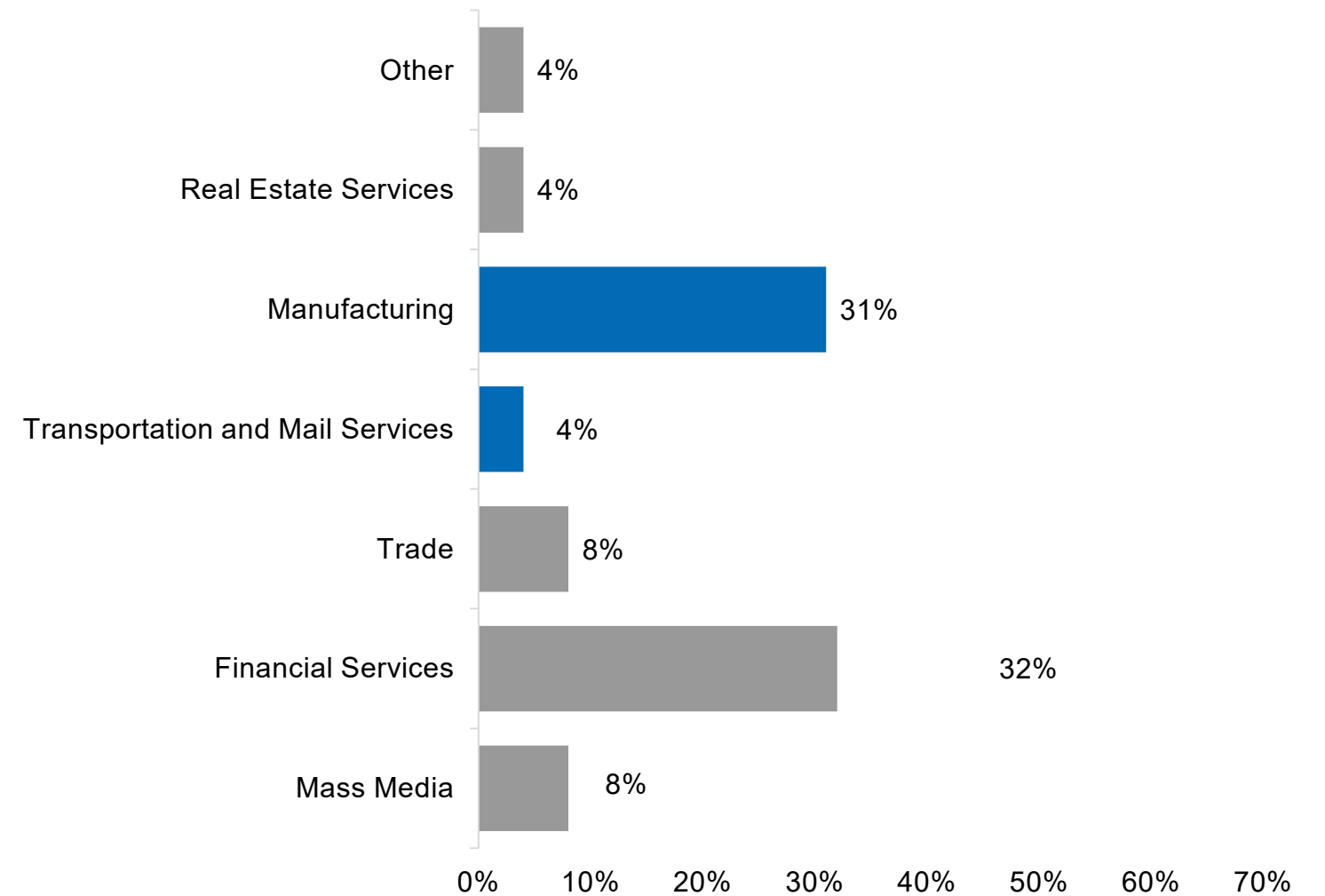
Economic sectors

According to figures from the Secretariat of Economic Development (SEDECO), Mexico City receives 29.7% of the national foreign direct investment. Manufacturing and financial services are the sectors with the highest representation of this indicator.

Employment by Sector of Economic Activity



Foreign Direct Investment



Source: Inegi, Banxico

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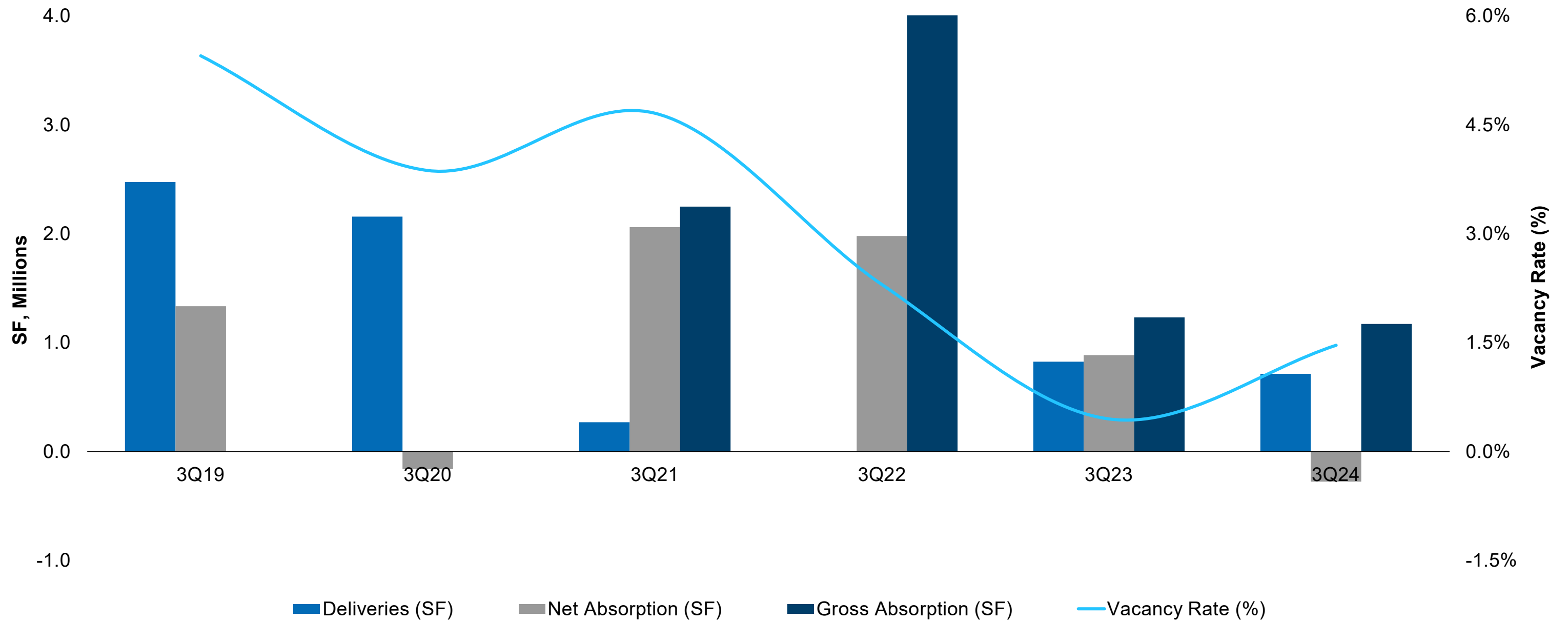
Leasing Market Fundamentals



Greater vacancy of Class A industrial spaces

With 1.46%, the rate increases due to the vacancy of industrial spaces. Noteworthy is the addition of occupied spaces to the industrial inventory of Mexico City.

Construction Deliveries, Net Absorption, Gross Absorption, and Vacancy

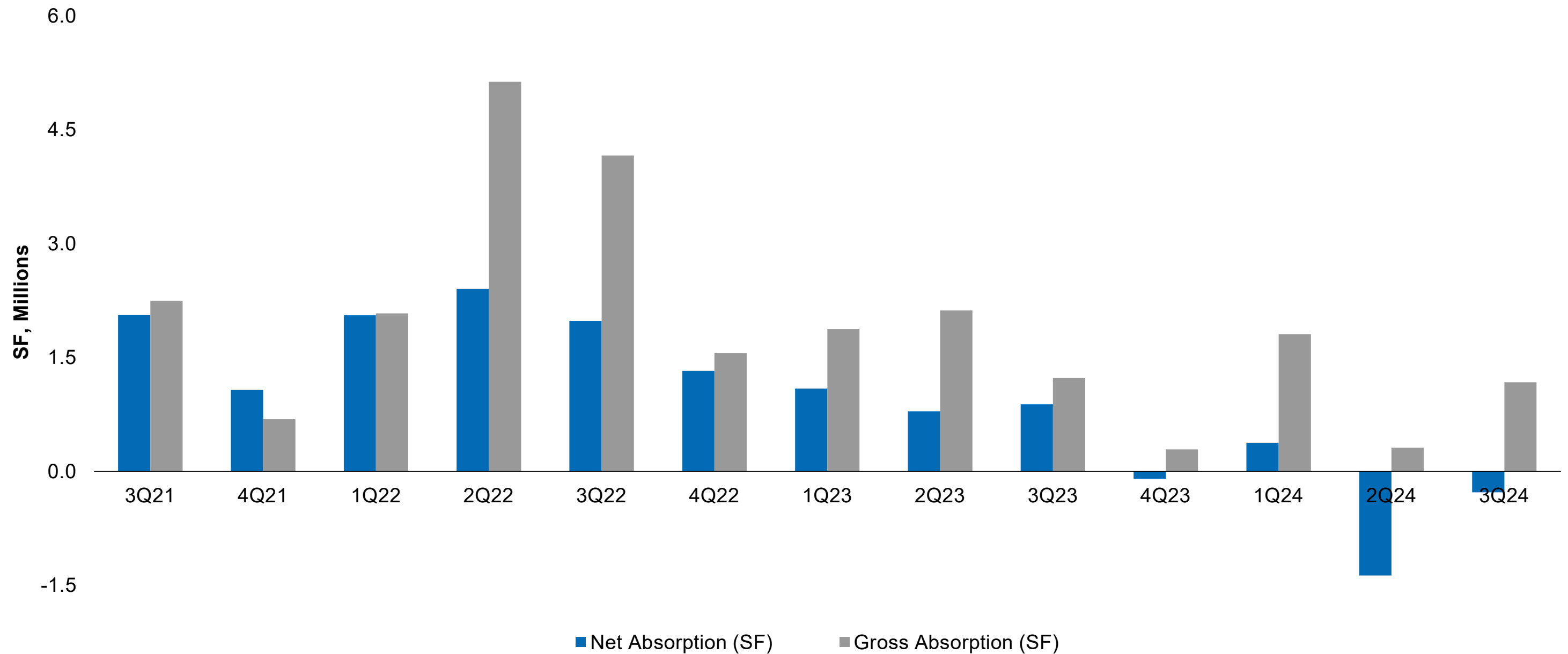


Source: Newmark Research

Absorptions before the end of 2024

Gross absorption grew compared to the previous quarter, reaching near 1.2 million SF, focusing on submarkets such as Tlalnepantla and Tultitlan. This indicator is expected to increase by the end of 2024, considering the addition of previously occupied spaces to the industrial inventory.

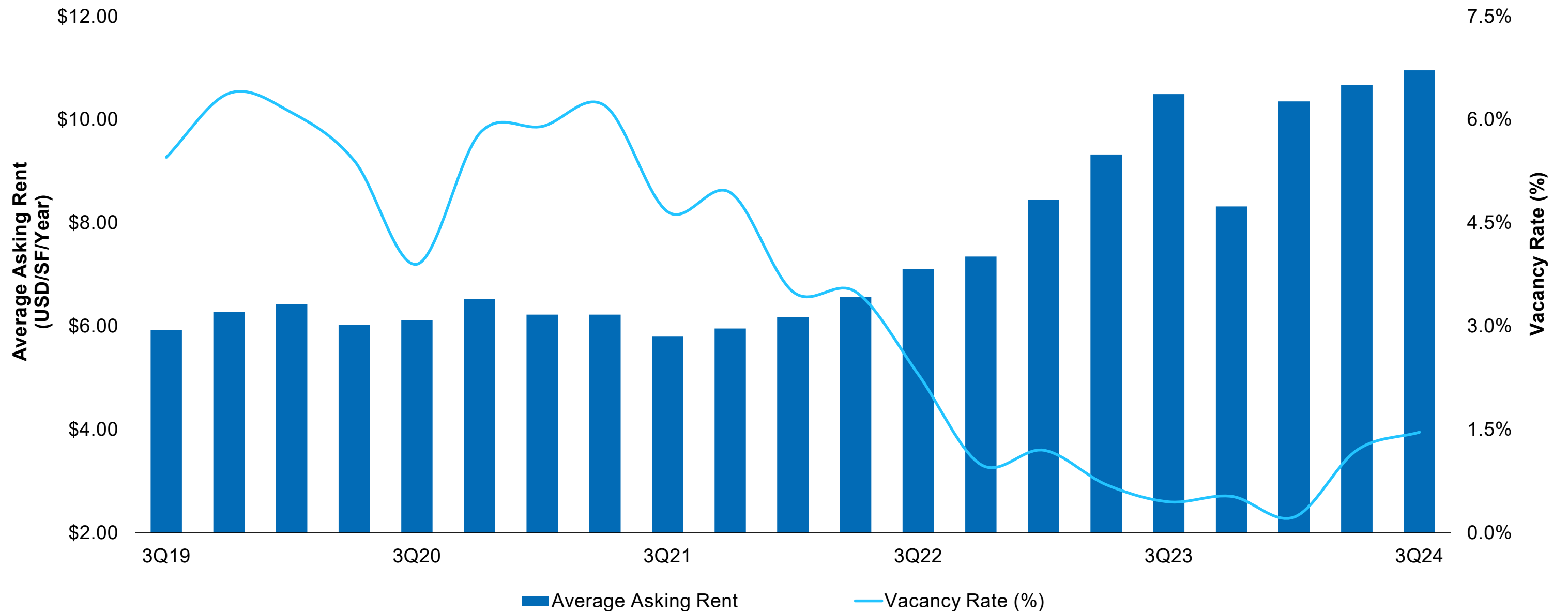
Gross Absorption and Net Absorption



Increase in the availability rate

Continuing the trend from the last quarter, industrial availability is increasing. However, this can be directly related to the vacancy of industrial spaces in previously consolidated parks. Rental prices remain on an upward trend.

Average Asking Rent and Vacancy Rate

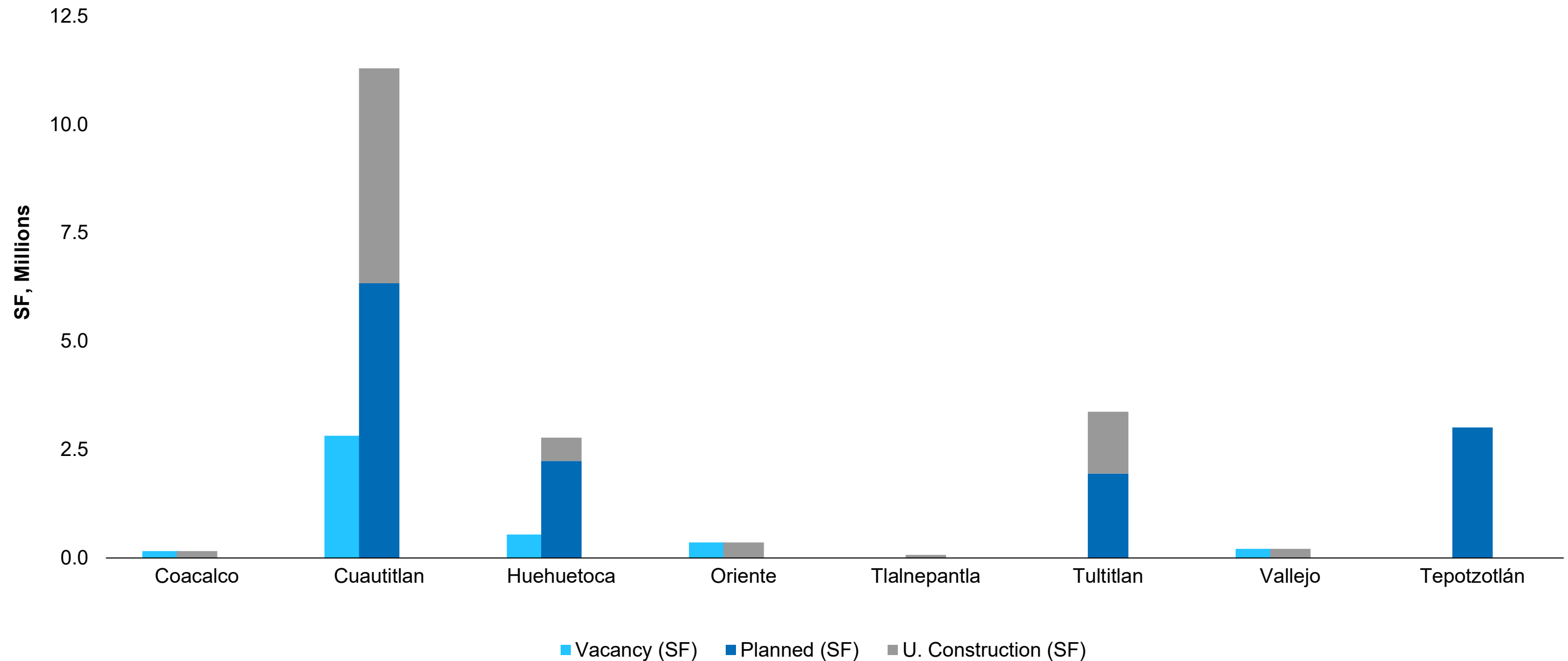


Source: Newmark Research

Development of industrial projects in Mexico City

While project development is concentrated in northern submarkets, such as Huehuetoca, Cuautitlán, and Tultitlán, it is noteworthy that there are new buildings in planning or development stages in 7 of the 10 submarkets of Mexico City.

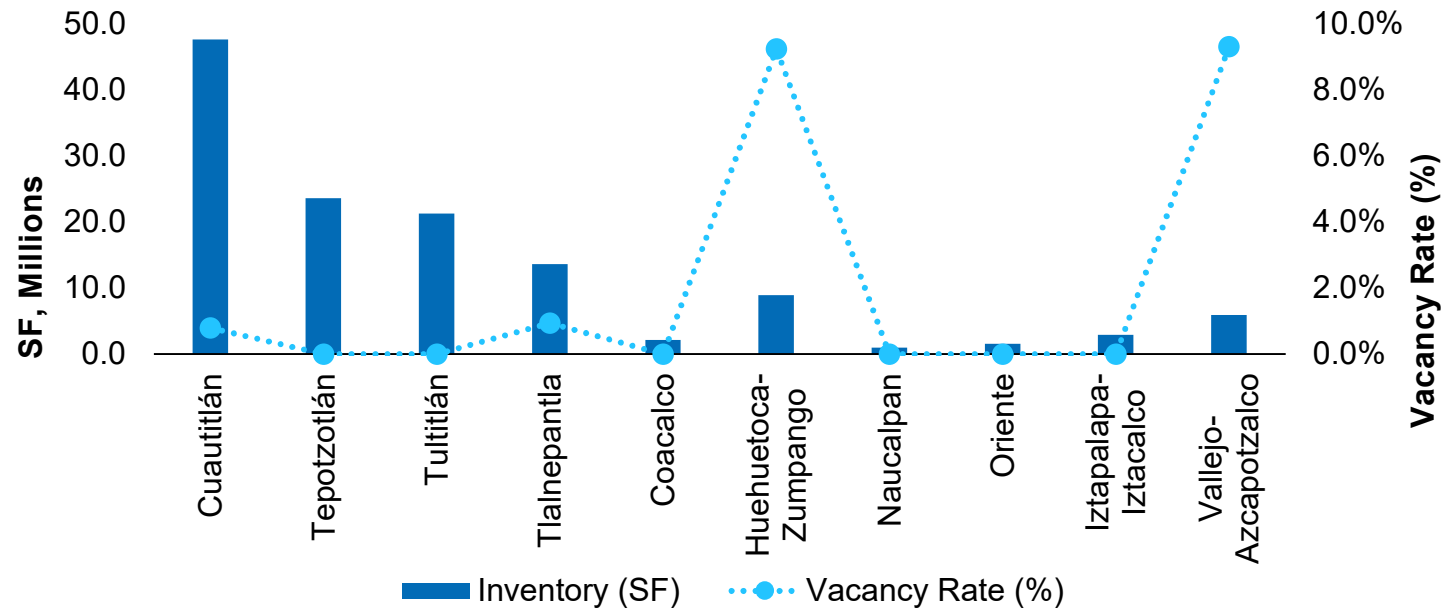
Planned vs Under Construction By Submarket



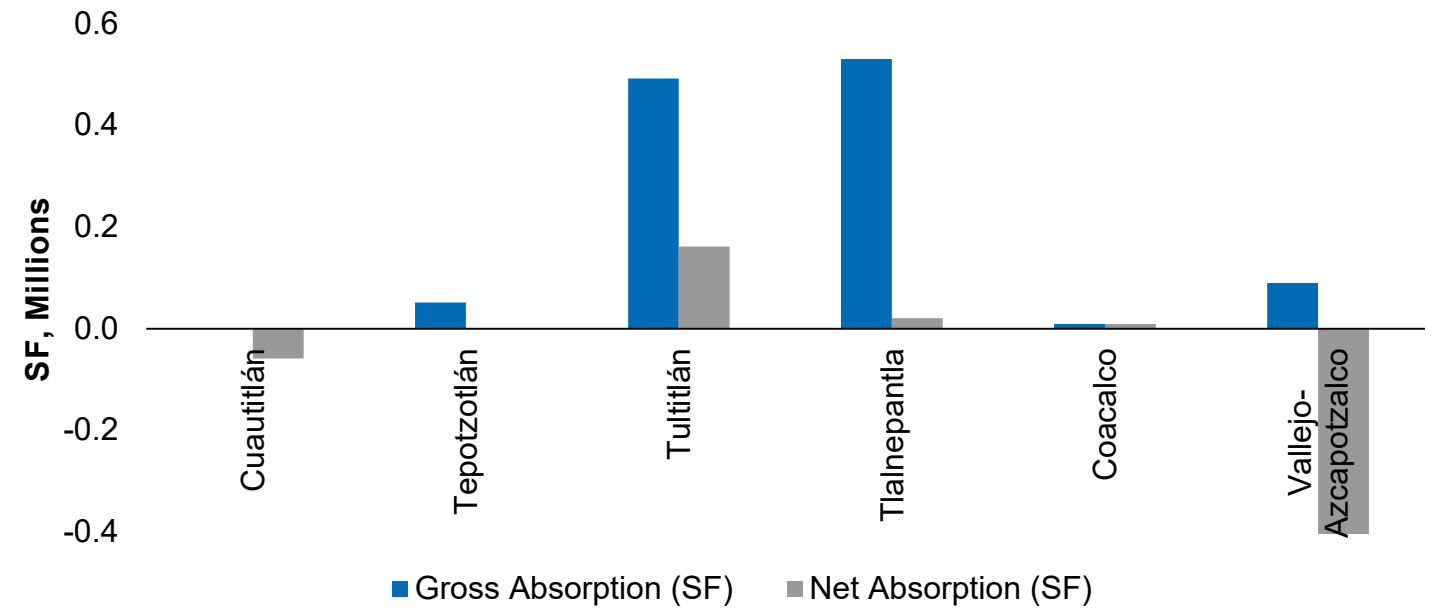
Source: Newmark Research

Activity in the submarkets of Mexico City

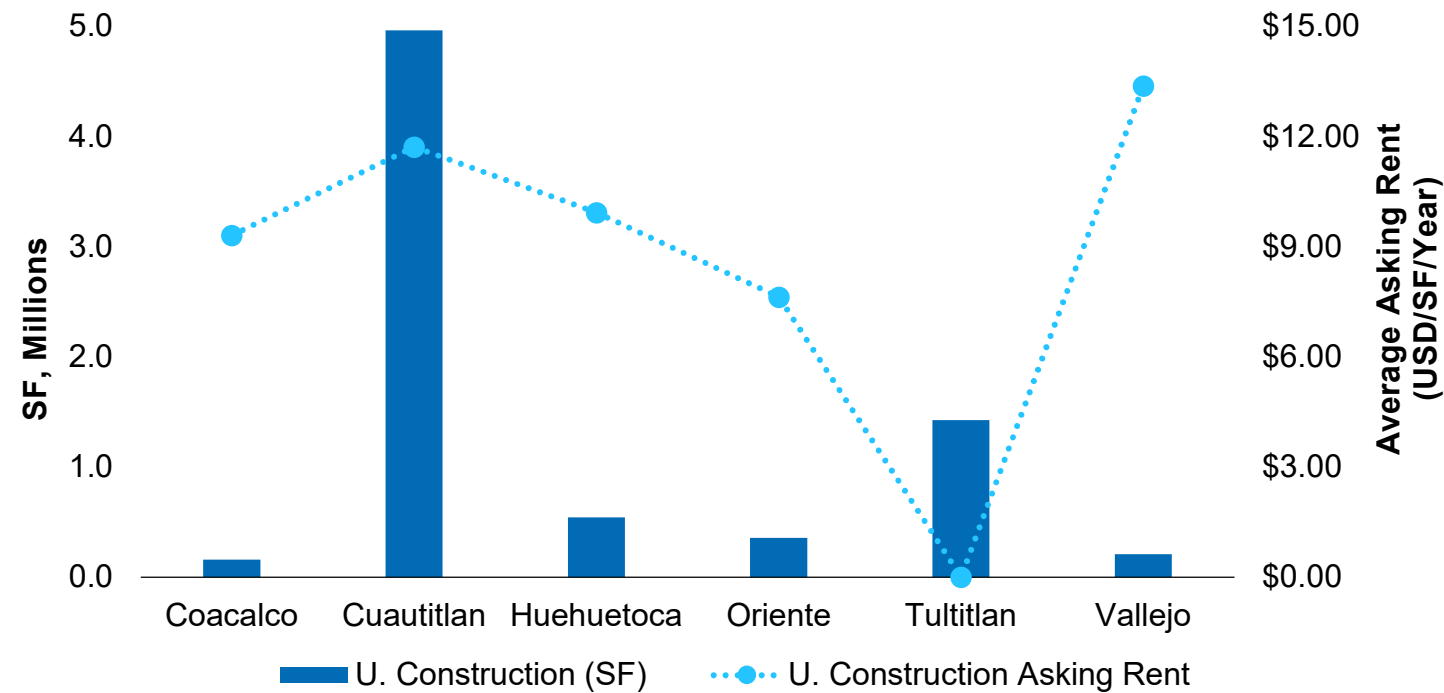
Inventory vs. Vacancy Rate



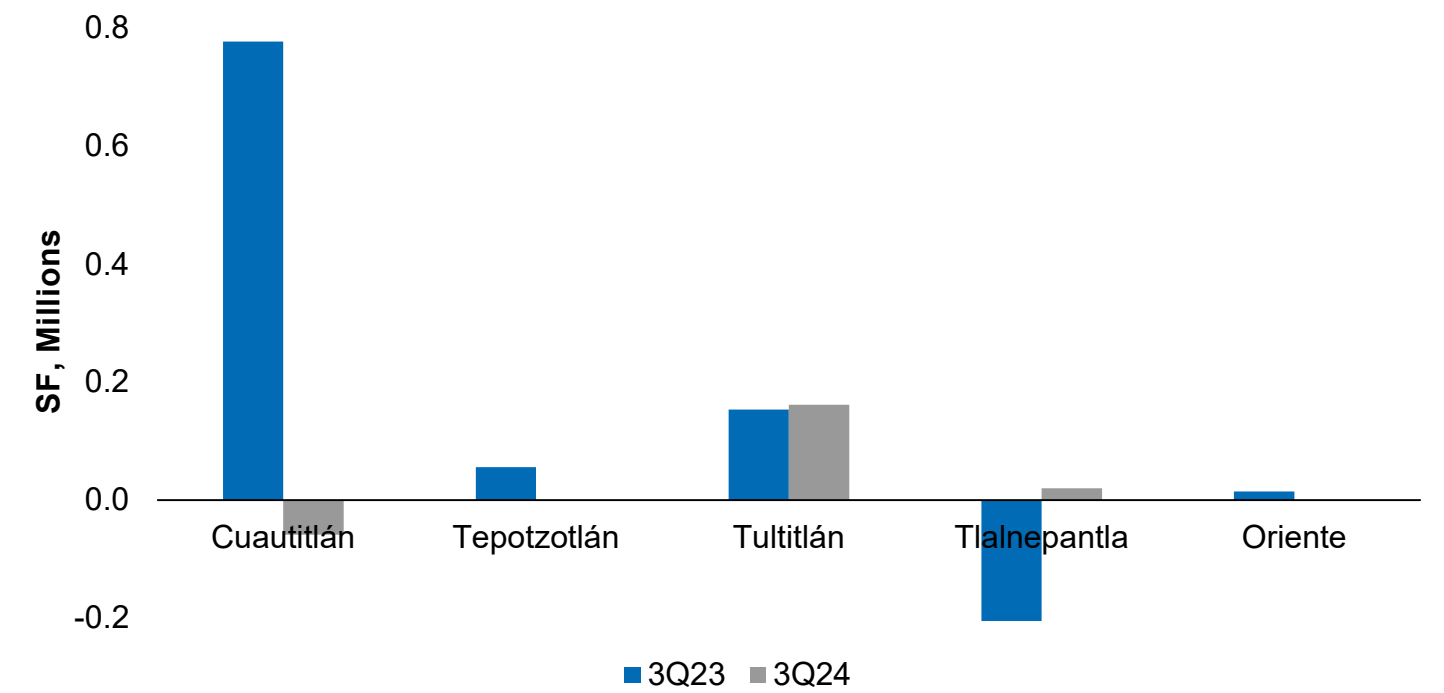
Net Absorption and Gross Absorption by Submarket



Construction vs. Asking Rent by Submarket



Net Absorption for the Second Quarter 2023 vs 2024



Source: Newmark Research

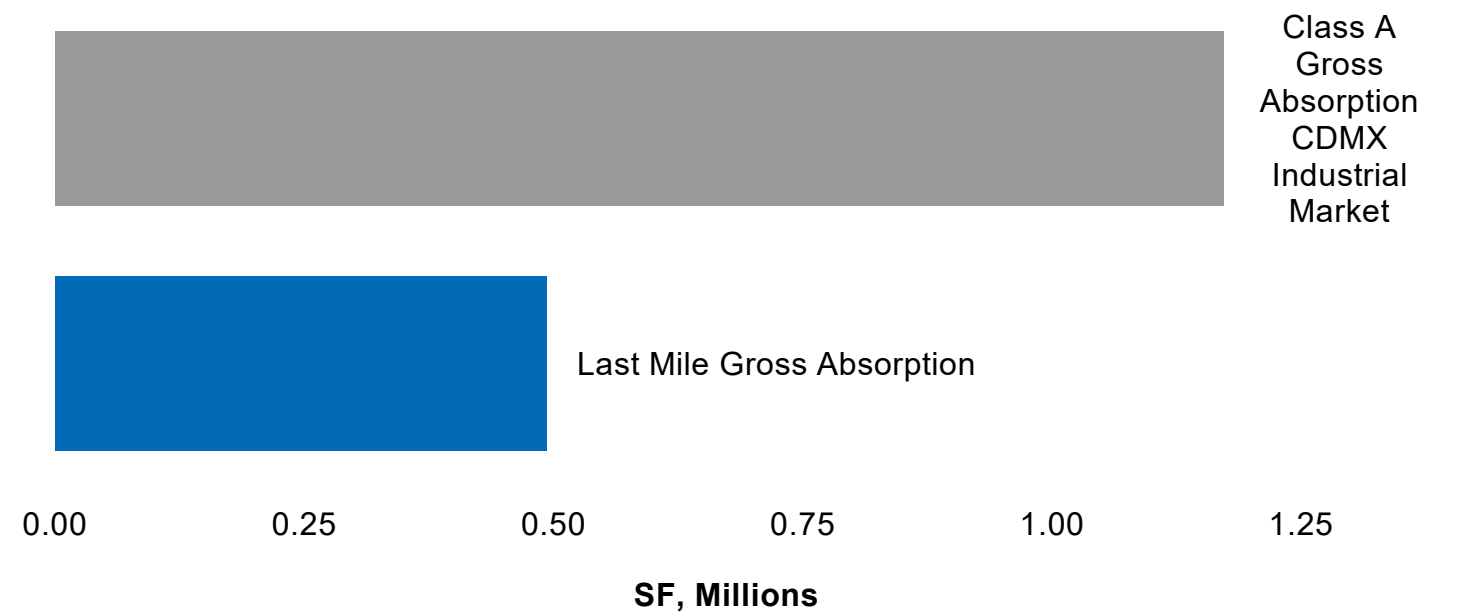
3Q24 Last Mile Vacancy

Project Name	Developer	Submarket	Vacancy (SF)	Asking Lease Rate (USD/SF/Year)	Status
Proximity Parks Lomas Verdes	Proximity Parks	Naucalpan	150,780	\$13.55	Delivered
OD Vallejo 5B	O'Donnell	Vallejo-Azcapotzalco	117,348	\$12.82	U. Construction
OD Tlalpan B1	O'Donnell	Iztapalapa-Iztacalco	114,194	\$14.49	Delivered
CPA Eulalia Gómez	CPA	Vallejo-Azcapotzalco	111,481	-	U. Construction
Prologis Last Touch Interlogix Lomas II	Prologis	-	72,979	-	U. Construction

Last Mile Asking Rent

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

Last Mile Gross Absorption vs Class A Gross Absorption 3Q24



Mexico City statistics 3Q24

With occupations in Tlalnepantla, Vallejo, and the CTT corridor, the industrial market of Mexico City remains dynamic. Most submarkets register the development of industrial spaces and availability.

*Class B availability.

	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	6,385,522	376,457	0.4%	542,705	1,937,751	102,828	73,939	\$13.19	\$11.75
Cuautitlán	47.59	4,961,017	376,457	0.8%	-	1,248,142	- 58,803	- 221,529	\$13.19	\$11.75
Tepetzotlán	23.56	-	-	-	51,150	51,150	-	-	-	-
Tultitlán	21.73	1,424,505	-	-	491,555	638,460	161,631	295,468	-	-
Tlalnepantla	13.60	68,586	127,466	0.9%	530,386	739,464	20,145	81,612	\$12.37	-
Coacalco	2.13	157,196	-	-	9,249	496,004	9,249	9,249	-	\$9.31
Huehuetoca- Zumpango	8.92	540,951	824,170	9.2%	-	-	-	- 824,170	\$9.48	\$9.92
Naucalpan	0.98	-	-	-	-	-	-	-	-	-
Oriente	1.55	355,402	-	-	-	-	-	-	-	-
Iztapalapa-Iztacalco	2.92	-	-	-	-	-	-	-	-	\$14.21*
Vallejo-Azcapotzalco	5.93	-	551,413	9.3%	89,566	134,000	- 408,845	- 595,846	\$11.29	\$13.38
Total	128.91	7,507,657	1,879,506	1.5%	1,171,906	3,307,218	- 276,624	- 1,255,217	\$10.95	\$11.15

Source: Newmark Research
*Class B

For more information:

Juan Flores

*Market Research Director
LATAM*

juan.flores@nmrk.com

Oscar Granados

*Market Research Analyst
Ciudad de México*

oscar.granados@nmrk.com

Ciudad de México

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

newmark.mx

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