
4Q24

Mexico City Industrial Market Report



NEWMARK

Market observations

Economy

- The exchange rate is \$20.30 Mexican Pesos (MXN) for each US Dollar (USD).
- The unemployment rate continues to trend downward and remains slightly above the national average.
- Mexico City leads the nation in foreign direct investment, accounting for 46% of the national total during the first half of 2024.

Major Transactions

- With a gross absorption of over 1.8 million SF in Cuautitlán, the CTT corridor reaffirms itself as the main focus of industrial development in Mexico City.
- More than 2.3 million SF have been added to the inventory; industrial spaces that were mostly occupied during their construction process.
- Activity in Vallejo-Azcapotzalco and Tlalnepantla stands out, central submarkets of Mexico City that offer a logistical advantage due to their location within the urban area.

Leasing Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Inventory (SF)	131.3 M	128.9 M	126.2 M	↑
Vacancy Rate	1.8%	1.5%	0.5%	→
Gross Absorption (SF)	2.1 M	1.2 M	1.3 M	↑
Net Absorption (SF)	-0.5 M	-0.3 M	0.3 M	↑
Asking Rent (USD/SF/Year)	\$10.78	\$10.95	\$8.32	↑
U. Construction (SF)	5.8 M	7.5 M	6.3 M	↑

Outlook

- It is expected that Class A industrial spaces currently under development will be occupied, along with the addition of occupied spaces to the inventory during the first half of 2025.
- An increase in operations in Last Mile spaces in central submarkets such as Naucalpan, Vallejo, and Iztapalapa is possible.
- The upward trend in asking rent prices is expected to continue throughout 2025.

I. Economy	4
II. Leasing Market Fundamentals	7

4Q24

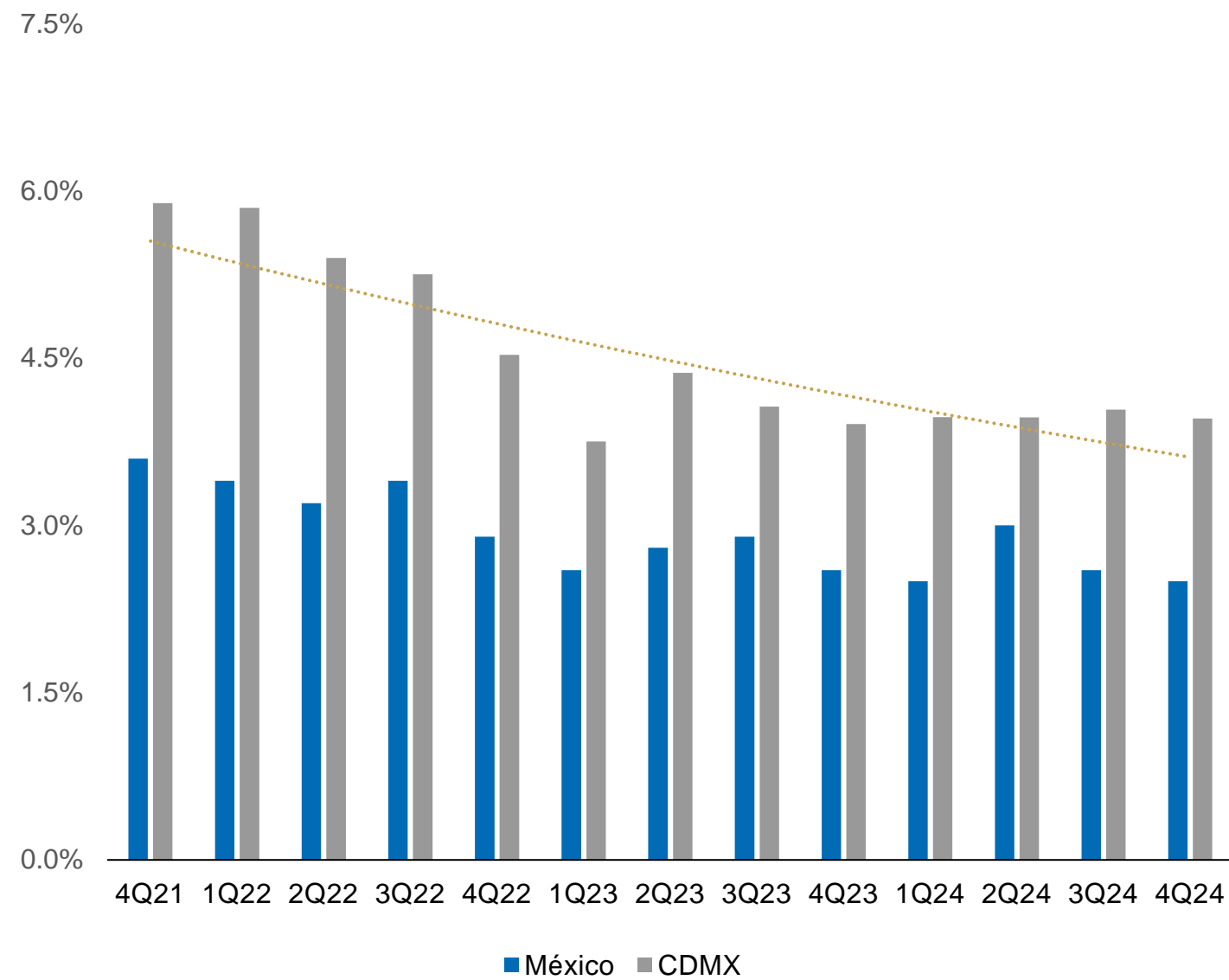
Economy



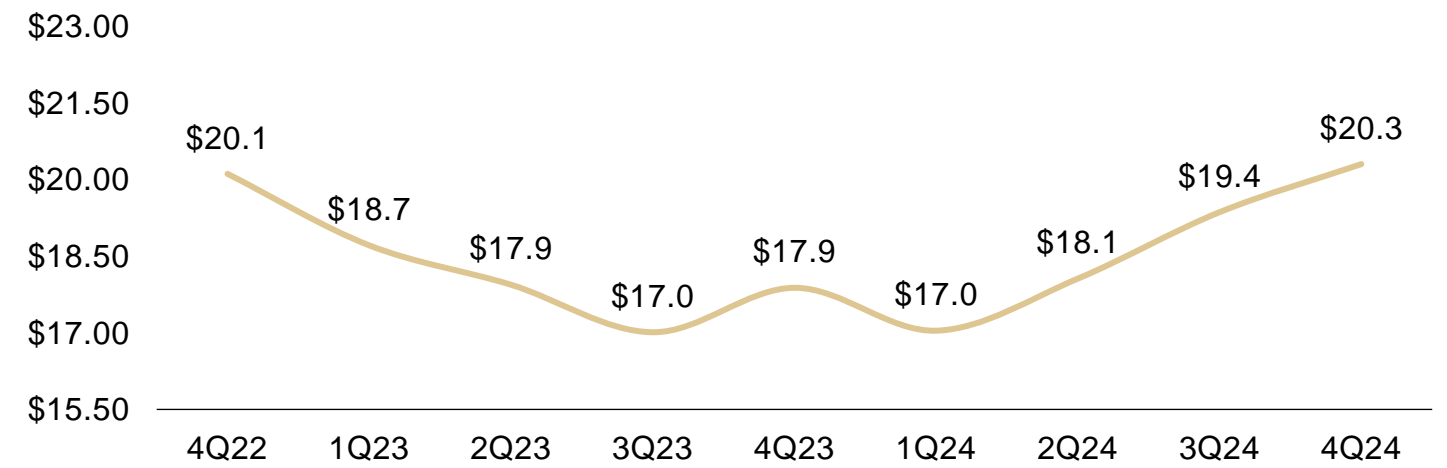
Economic outlook

Economic uncertainty in the relationship between Mexico and the United States directly affects the exchange rate, reaching \$20.30 Mexican Pesos (MXN) per US Dollar (USD); values not seen since 2022.

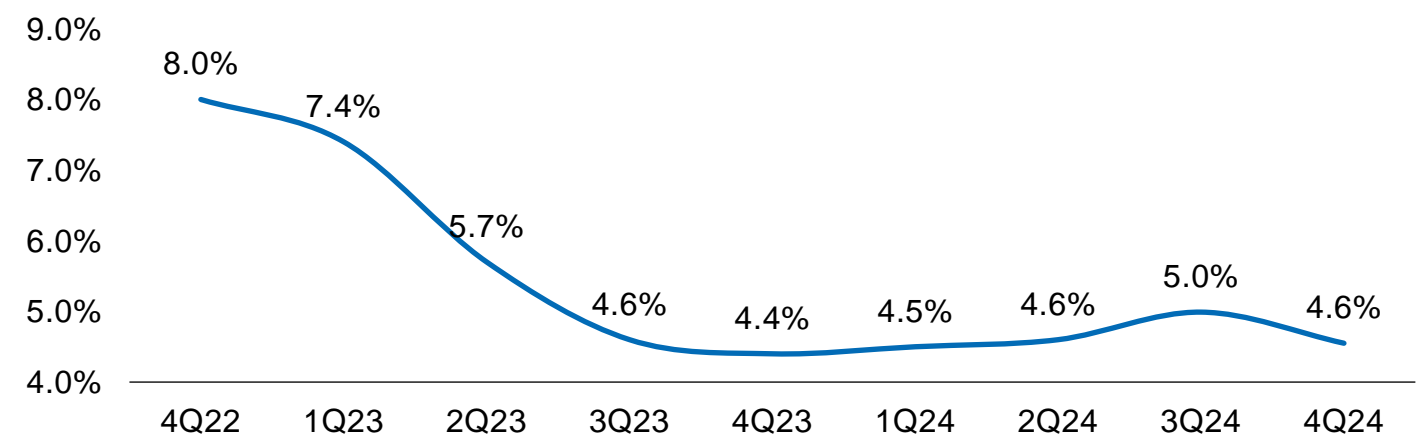
Unemployment Rate



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



Consumer Price Index (CPI)

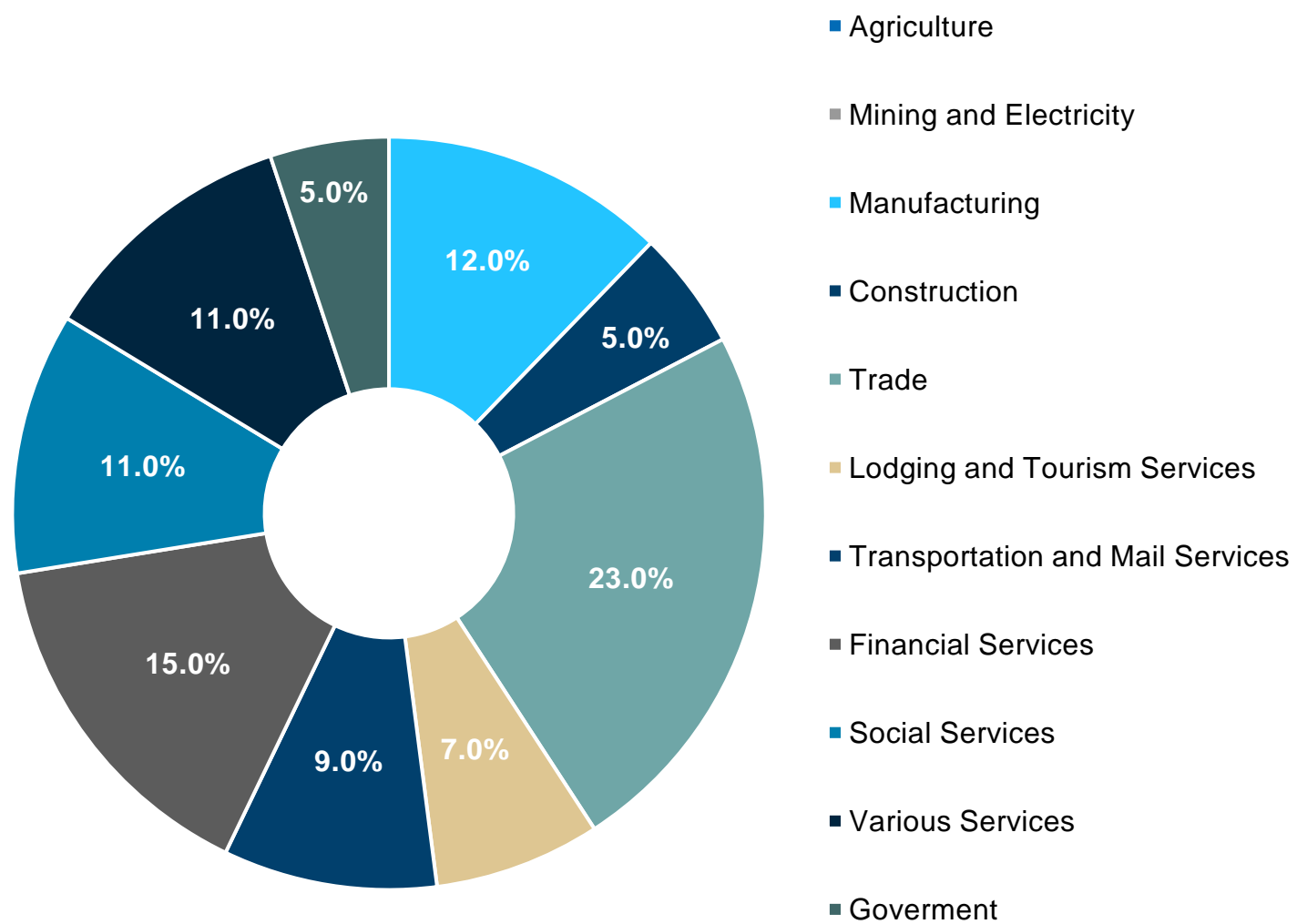


Source: Inegi, Banxico

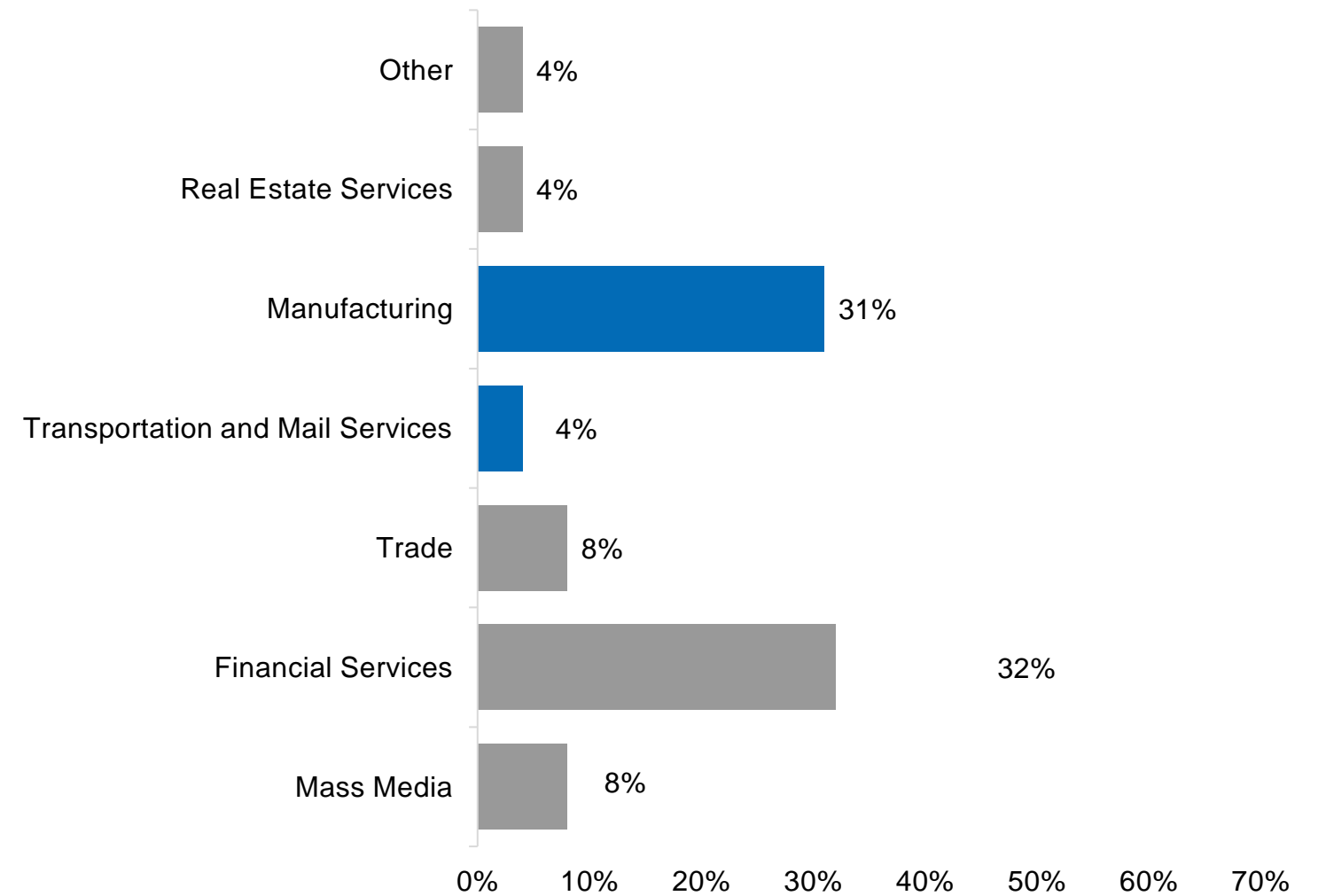
Economic sectors

Together, the manufacturing and transportation industries represent 21% of the jobs in Mexico City, surpassed only by the 23% in commerce as an economic activity.

Employment by Sector of Economic Activity



Foreign Direct Investment



Source: Inegi, Banxico

4Q24

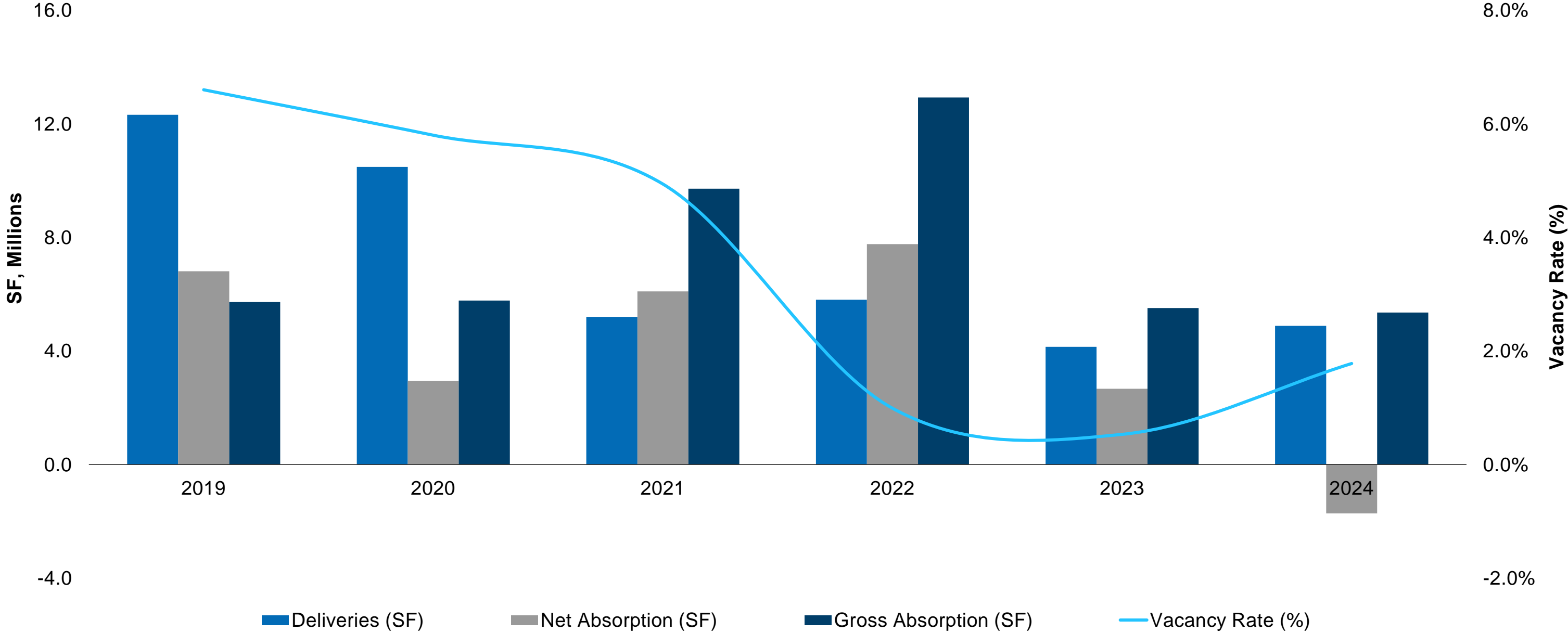
Leasing Market Fundamentals



Vacancy rate reacts to the increase in inventory

With over 2.3 million SF of new industrial developments, Mexico City's industrial inventory continues to grow steadily. Most of these spaces are occupied during their construction process.

Construction Deliveries, Net Absorption, Gross Absorption and Vacancy Rate

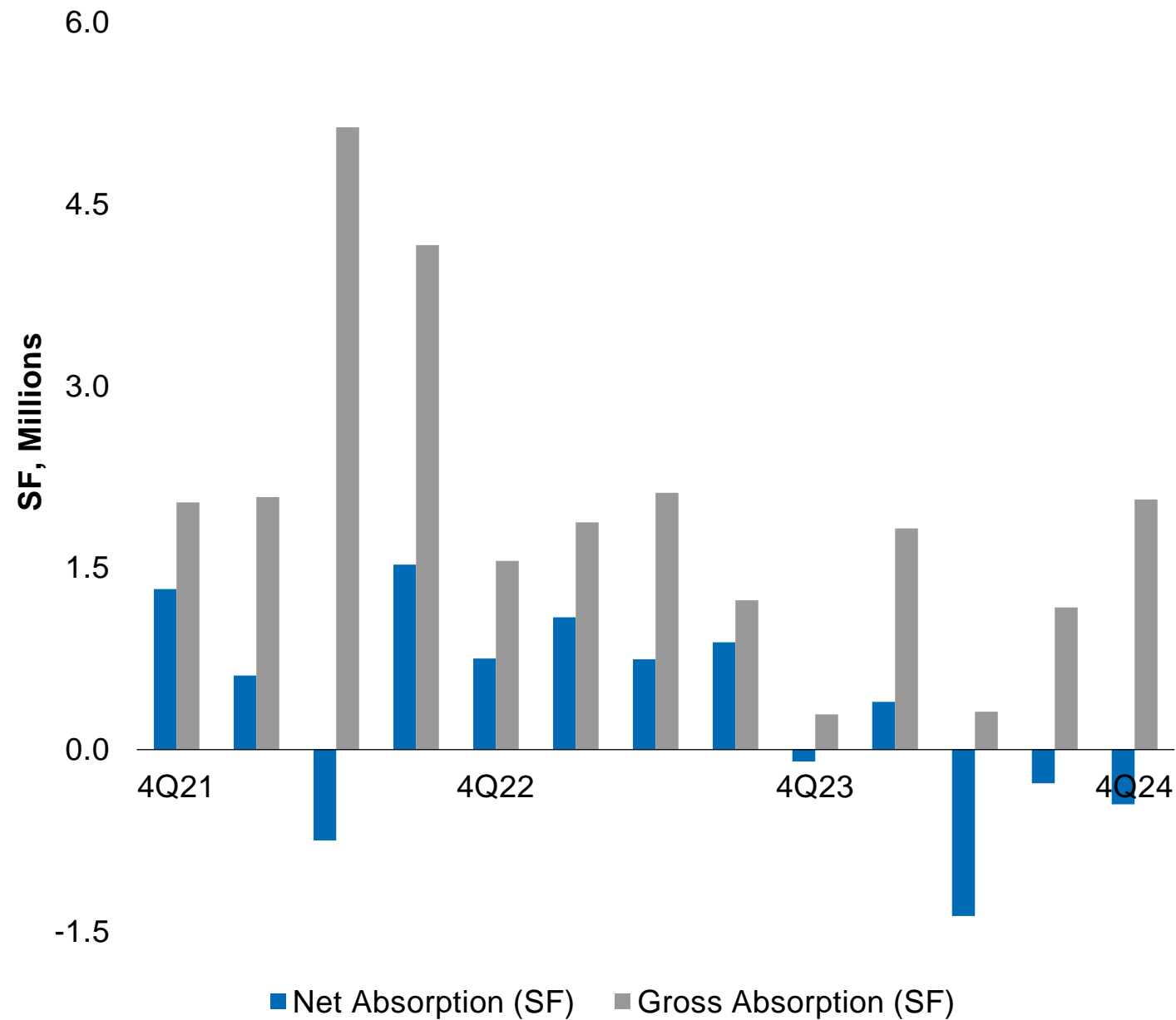


Source: Newmark Research

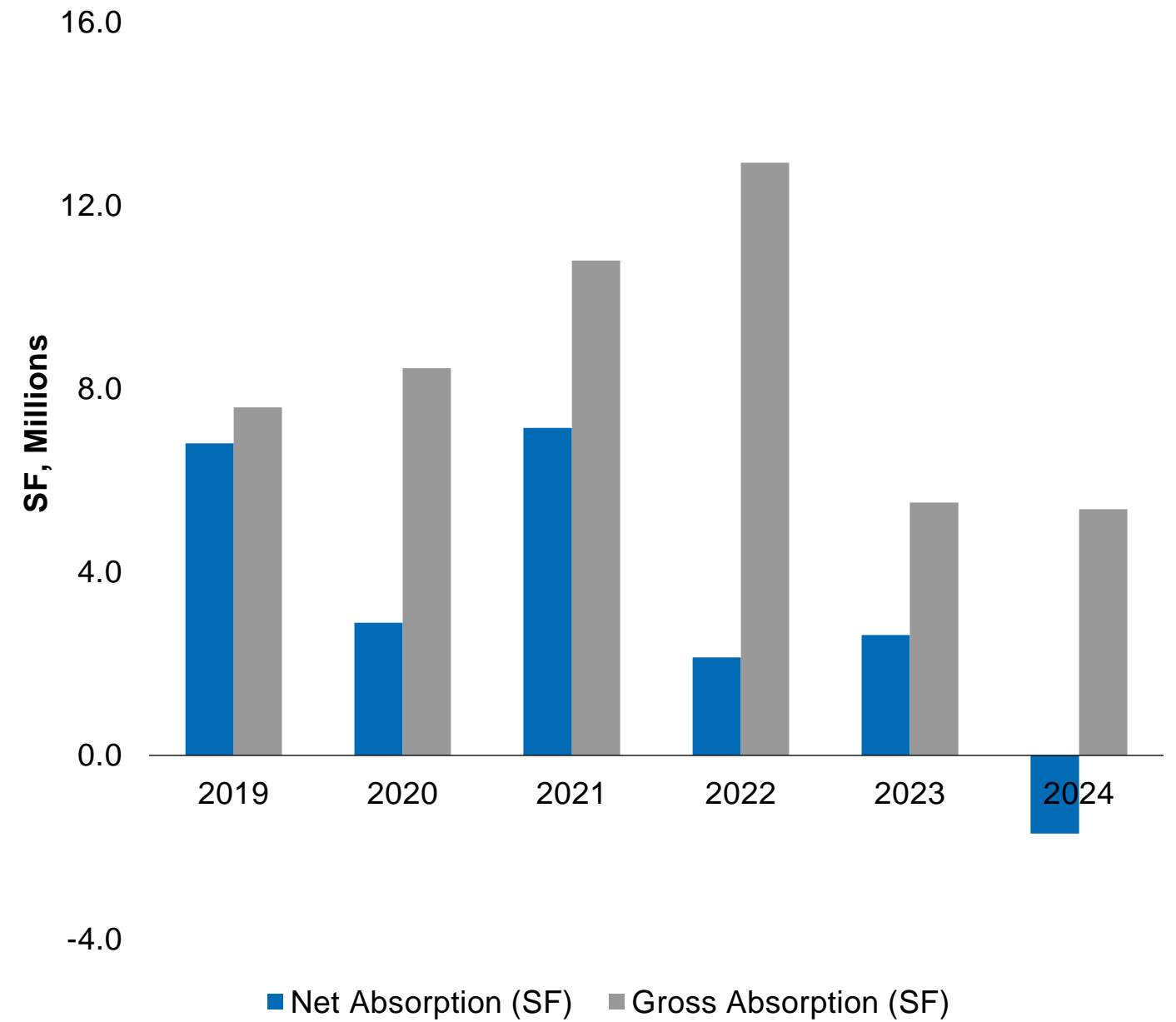
Increase in gross absorption in 4Q24

While net absorption remains in negative values, gross absorption records the highest value of 2024. This duality is explained by the addition of new warehouses to the inventory along with the vacancy of spaces in consolidated industrial parks.

Gross Absorption and Net Absorption



Annual Gross Absorption and Net Absorption

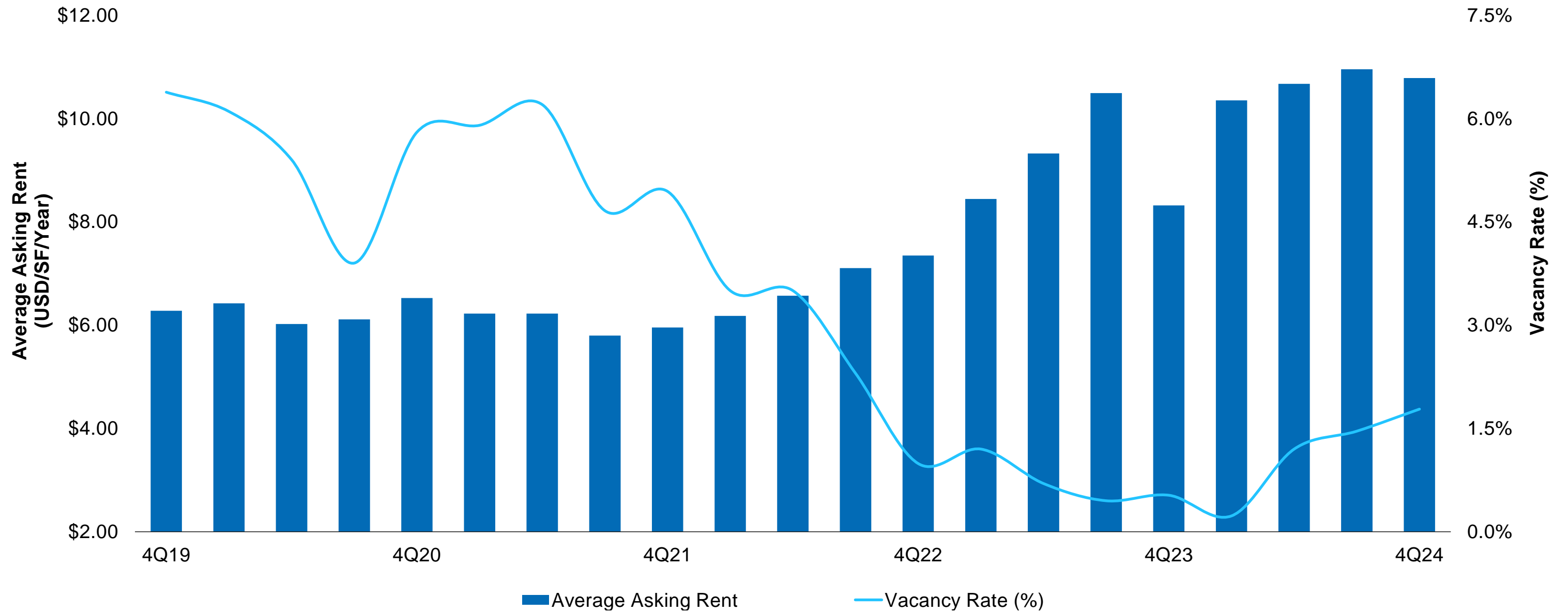


Source: Newmark Research

Recovery of the vacancy rate heading into 2025

The vacancy rate reacts to the addition of new spaces. With a gradual increase over the last 3 quarters, it recovers values not seen in the past 2 years. Meanwhile, asking prices continue to trend upward despite occasional decreases.

Average Asking Rent and Vacancy Rate

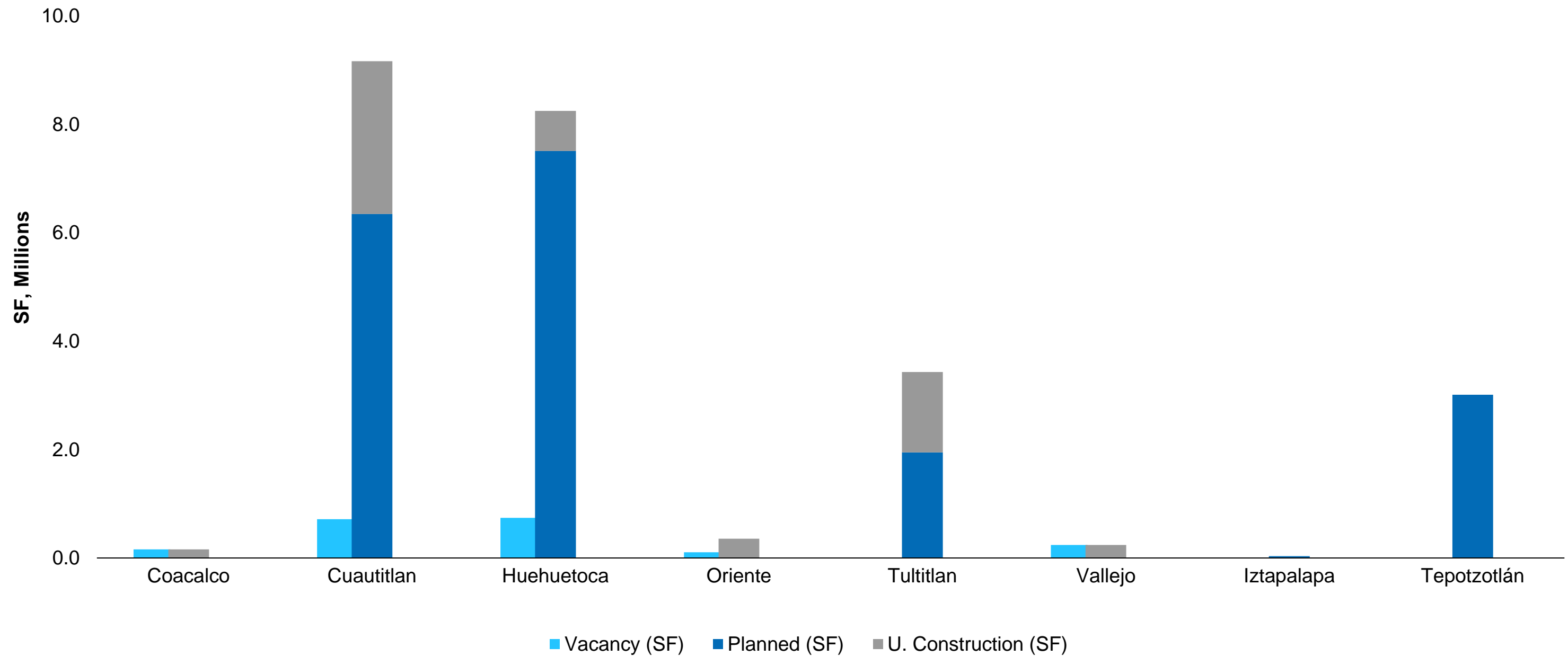


Source: Newmark Research

Development of industrial projects in Mexico City

Both the planned and Under construction industrial spaces are concentrated in the northern submarkets of the city. The CTT corridor, along with Huehuetoca, represents the focus of Class A industrial space development for 2025.

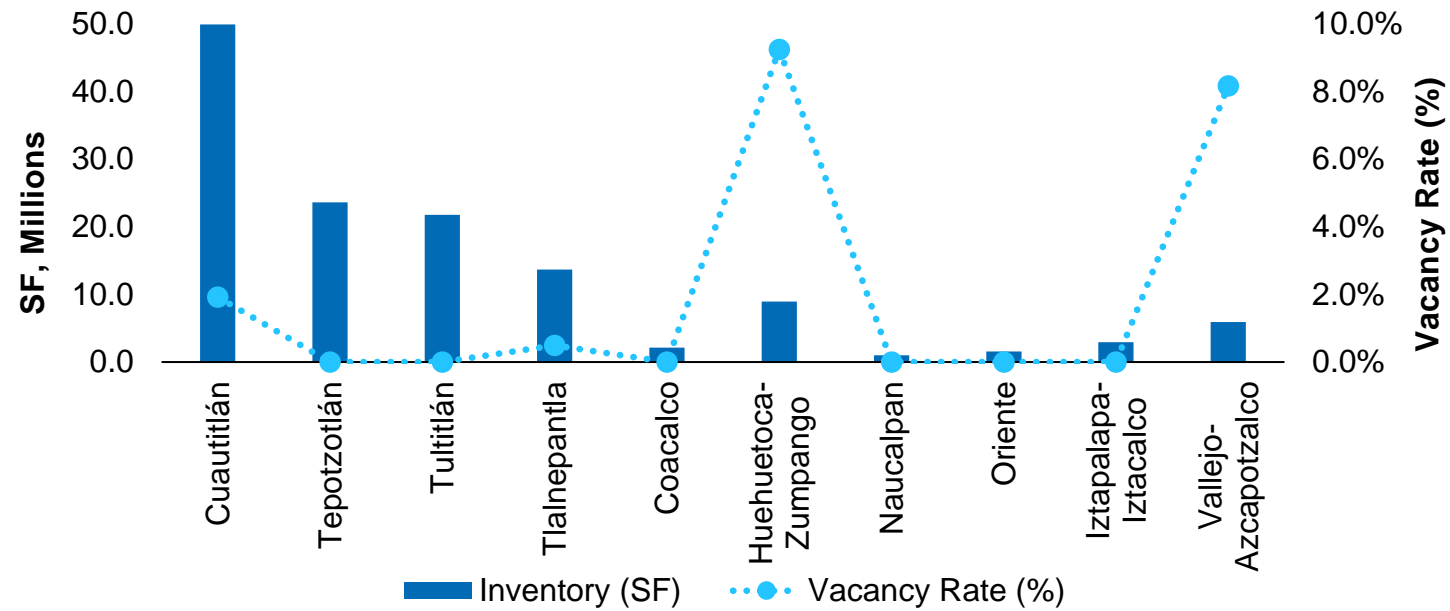
Planned vs Under Construction By Submarket



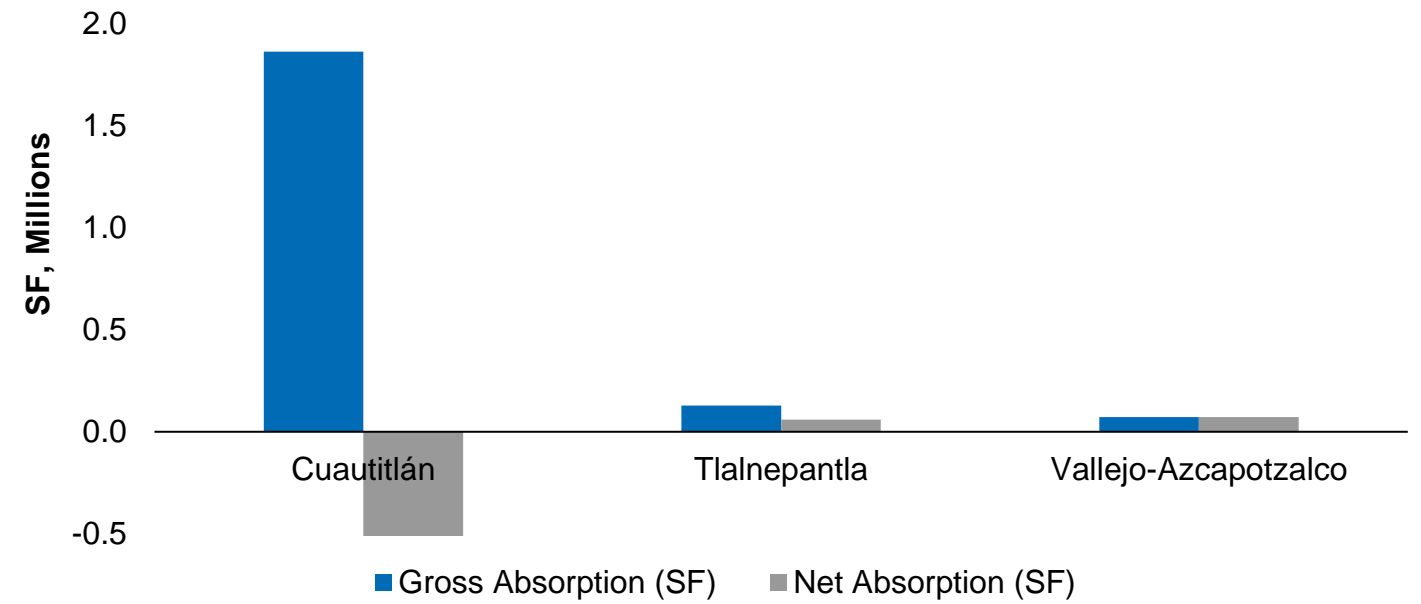
Source: Newmark Research

Activity in the submarkets of Mexico City

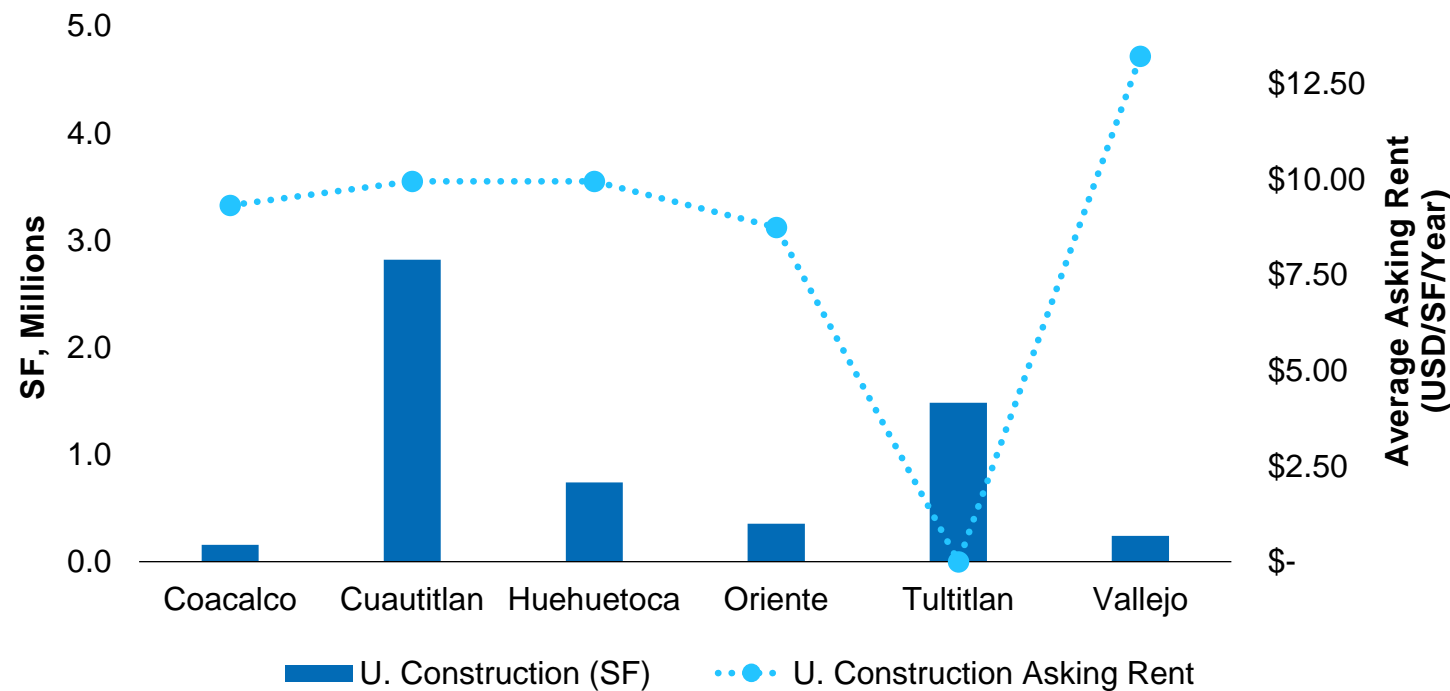
Inventory vs. Vacancy Rate



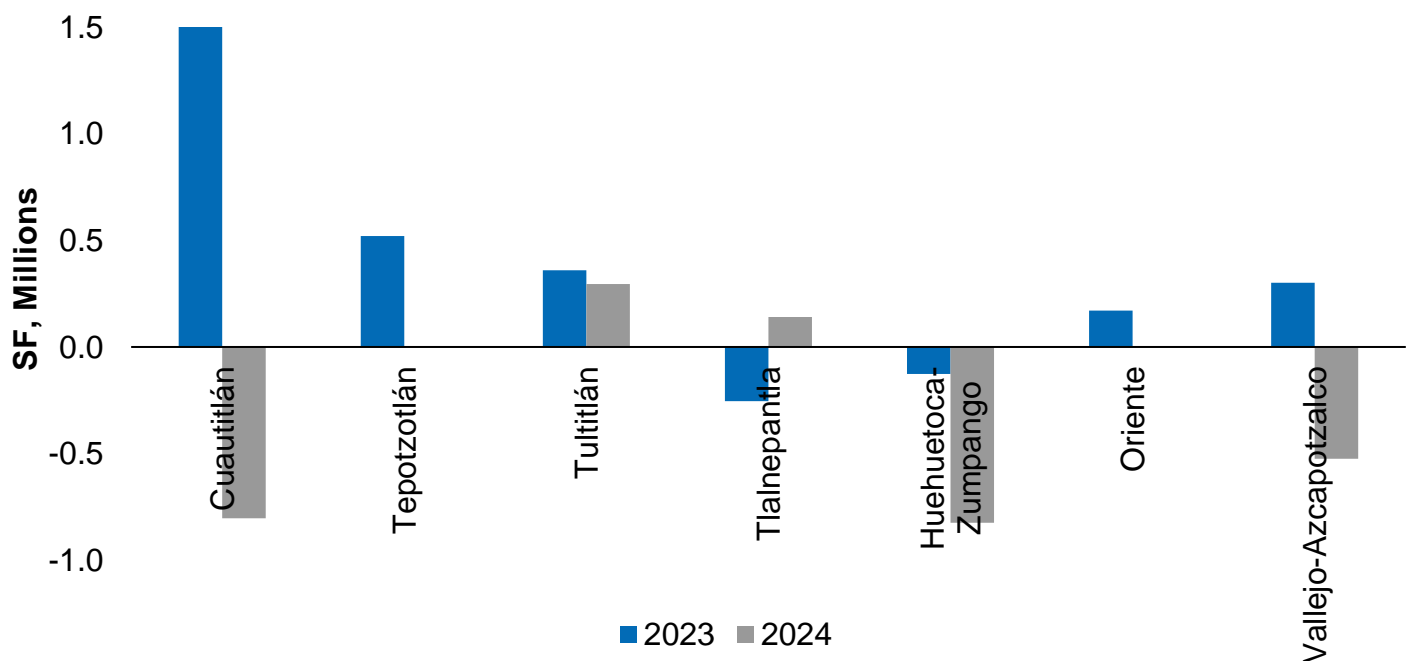
Net Absorption and Gross Absorption by Submarket



Construction vs. Asking Rent by Submarket



Net Absorption for the Second Quarter 2023 vs 2024



Source: Newmark Research

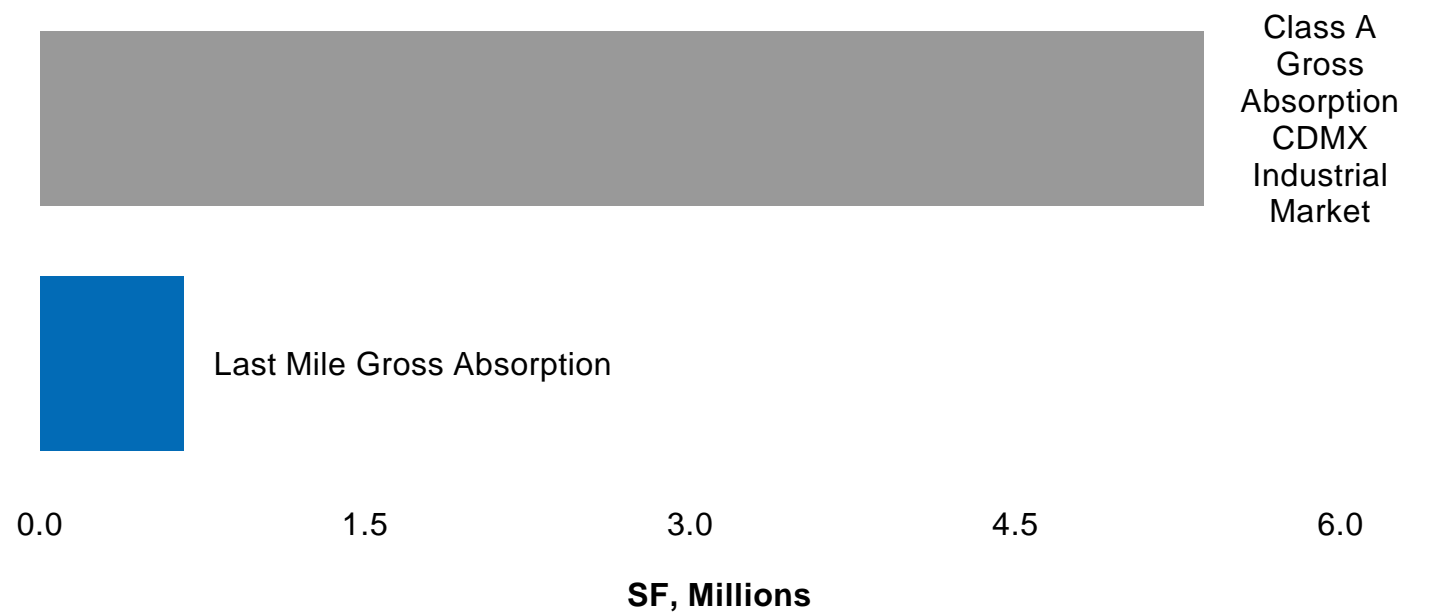
4Q24 Last Mile Vacancy

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 1	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	\$12.26	U. Construction
MEX007	Fibra Macquarie	Iztapalapa-Iztacalco	57,414	\$11.71	Delivered

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)
\$11.71	\$14.49	\$13.49

Last Mile Gross Absorption vs Class A Gross Absorption 3Q24



Mexico City statistics 4Q24

The CTT corridor accounts for 71% of the gross absorption accumulated throughout 2024, also concentrating the most of new developments entering Mexico City's industrial inventory. The availability rate has recovered to values not seen in the past 2 years.

*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	95.18	4,302,212	958,899	1.0%	1,861,886	3,799,637	-582,442	-508,503	\$11.42	\$9.94
Cuautitlán	47.89	2,819,033	958,899	1.9%	1,861,886	3,110,027	-582,442	-803,971	\$11.42	\$9.94
Tepotzotlán	23.56	-	-	-	-	51,150	-	-	-	-
Tultitlán	21.73	1,483,879	-	-	-	638,460	-	295,468	-	-
Tlalnepantla	13.67	-	67,813	0.5%	128,241	867,705	59,654	141,265	\$13.94	-
Coacalco	2.13	157,196	-	-	-	496,004	-	9,249	-	\$9.31
Huehuetoca- Zumpango	8.92	740,912	824,170	9.2%	-	-	-	-824,170	\$9.48	\$9.94
Naucalpan	0.98	-	-	-	-	-	-	-	-	-
Oriente	1.55	355,402	-	-	-	-	-	-	-	\$8.73
Iztapalapa-Iztacalco	2.92	-	483,493	-	-	-	-	-	-	\$12.00*
Vallejo-Azcapotzalco	5.93	239,717	2,334,375	8.2%	72,118	206,118	72,118	-523,728	\$11.31	\$13.21
Total	131.28	5,796,139	2,334,375	1.8%	2,062,245	5,369,463	-450,670	-1,705,887	\$10.78	\$10.22

Source: Newmark Research
*Class B

For more information:

Mauricio Mondragón

*Market Research Manager
México*

mauricio.mondragon@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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