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4Q2024

# Mexico City Office Market



**NEWMARK**

# Market Analysis

## Economy

- According to data from CONEVAL, the percentage of labor poverty decreased by 7.8% in Mexico City, dropping from 30.6% to 22.7%.
- As a result of diversification and sustainability policies in promoting tourism in Mexico City, tourist spending will increase by approximately 116.4% by the end of the year, surpassing 2019 numbers.
- With the arrival of the new government in Mexico City, new strategies are being proposed to connect and create metropolitan transport corridors, including the expansion of Metro and Metrobús lines.

## Transactions

- The Polanco corridor recorded the highest annual gross absorption by the end of 2024 with 99,981 sqm, with the highest concentration of operations occurring within the Polanco Granadas sub-corridor, with over 71,030 sqm occupied.
- The Insurgentes corridor was the second to record the highest annual gross absorption by the end of the year, representing 86,421 sqm. The Insurgentes Principal sub-corridor concentrated 63% of the total transactions within the corridor.

## Market fundamentals

	Current Quarter	Prior Quarter	A year ago	12-month Forecast
Inventory (sqm)	8,107,219	8,078,333	7,983,799	↑
Vacancy rate	22.22%	22.22%	23.2%	↓
Gross Absorption (sqm)	21,536	70,831	20,978	↓
Net Absorption (sqm)	95,268	133,357	91,985	↓
Asking Price (USD/sqm/month)	\$22.70	\$23.70	\$23.87	↓
Under Construction (sqm)	404,546	479,352	652,082	↓

## Perspectives

- The availability rate remained steady at 22.22%, with expectations of a recovery in the office market, continuing with hybrid models.
- The asking price showed a decrease, directly related to the increase in the exchange rate and the fact that more developers are marketing spaces in pesos.
- By the end of the year 2024, over 442,093 sqm of office space were marketed in Mexico City, surpassing the 362,000 sqm projected in previous quarters.

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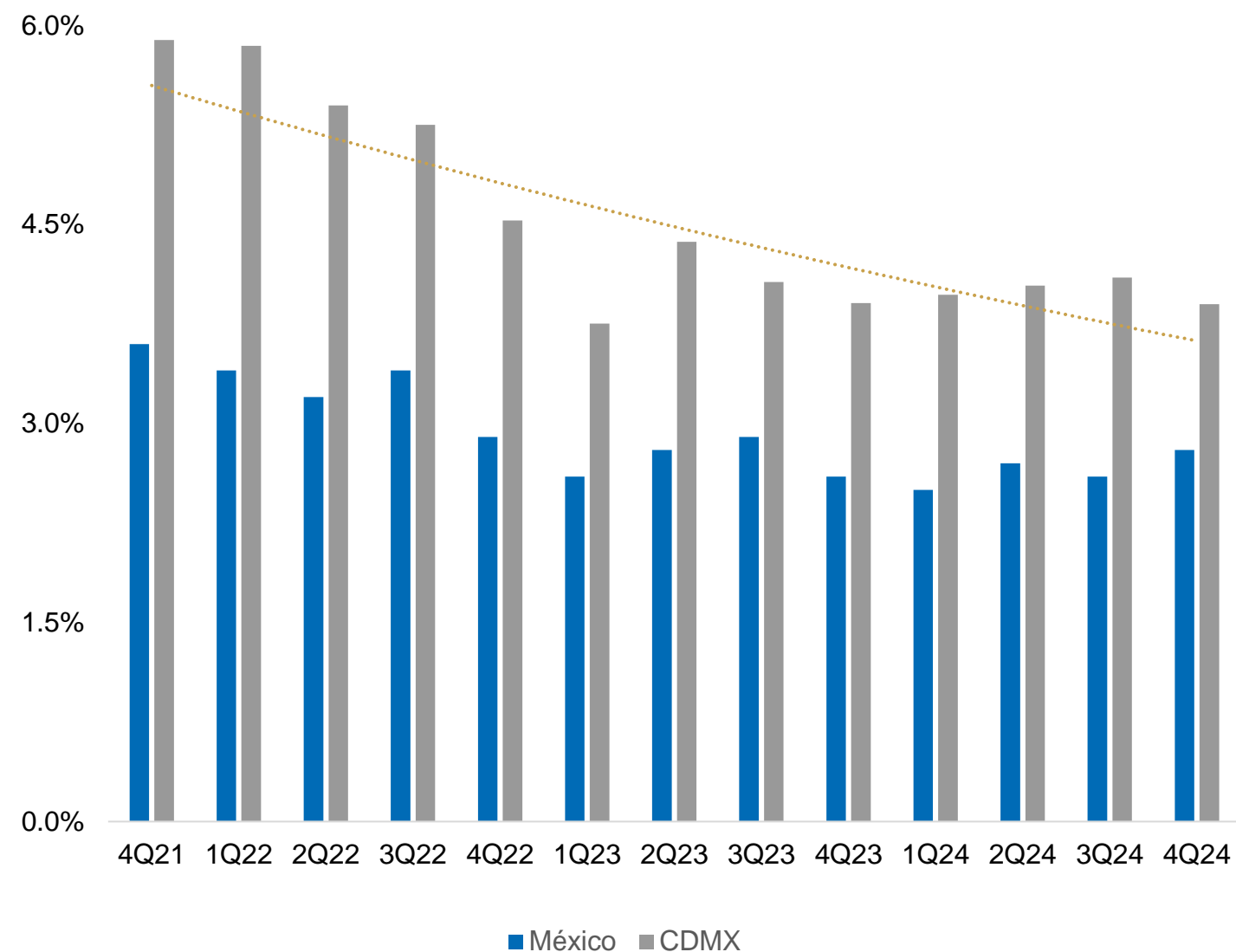
# Economy



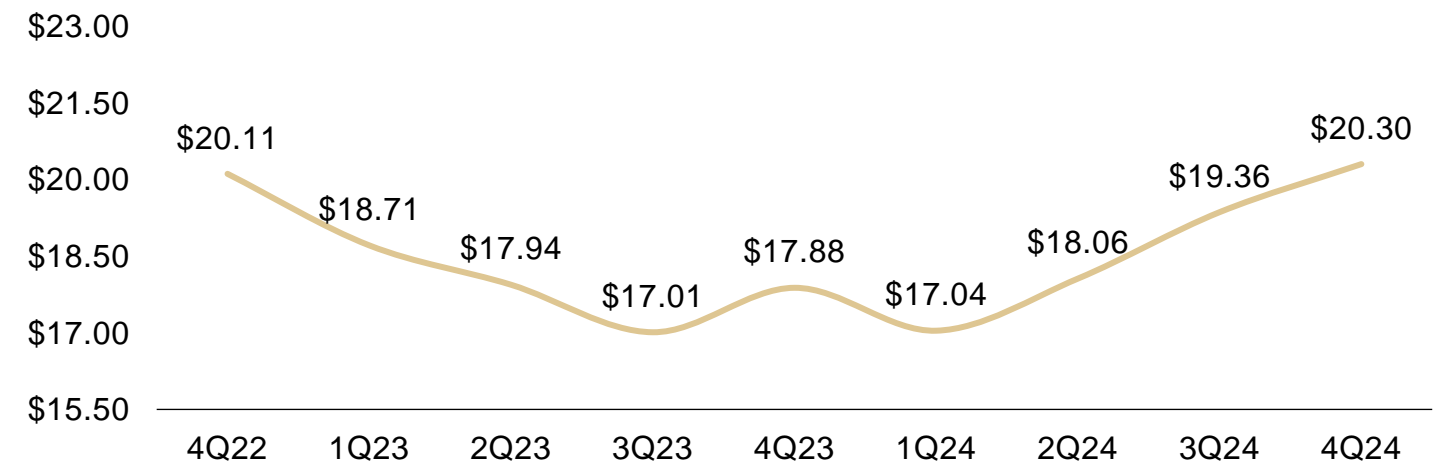
# Economic outlook

By the end of the year, Mexico City continues to lead at the state level in generating formal jobs. So far this year, these amount to 74,614 new formal jobs. It is also the entity with the highest base salary, at 724.56 pesos per day.

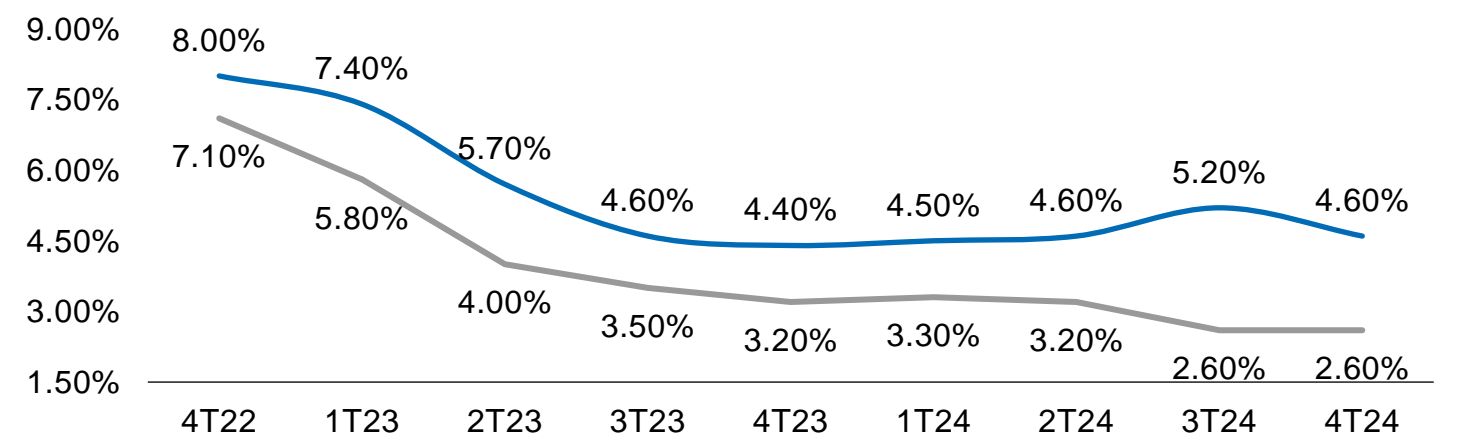
## Unemployment Rate



## Exchange Rate. Mexican pesos (MXN) per U.S. Dollar(USD)



## Consumer Price Index (INPC)

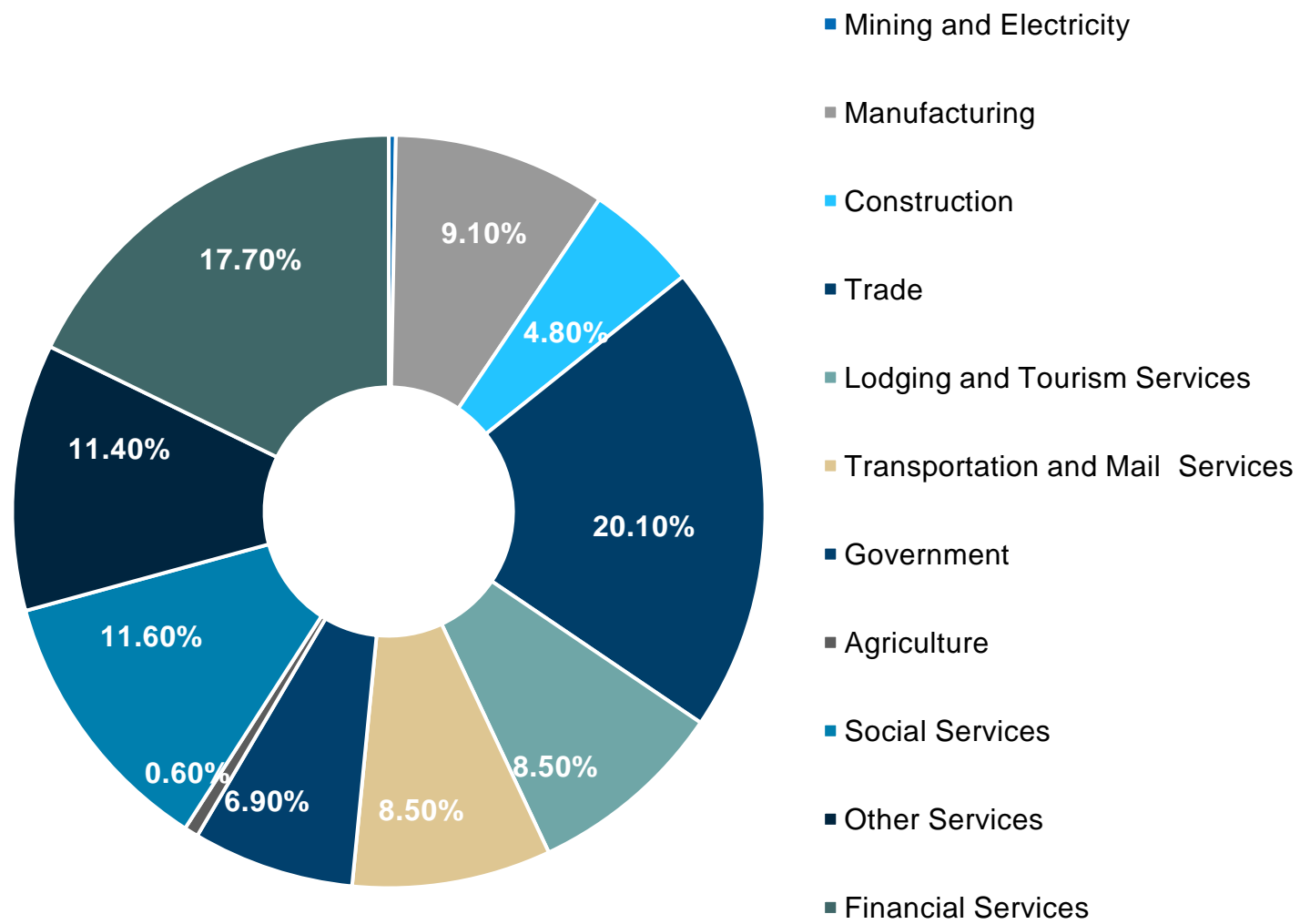


Source: Inegi, Banxico

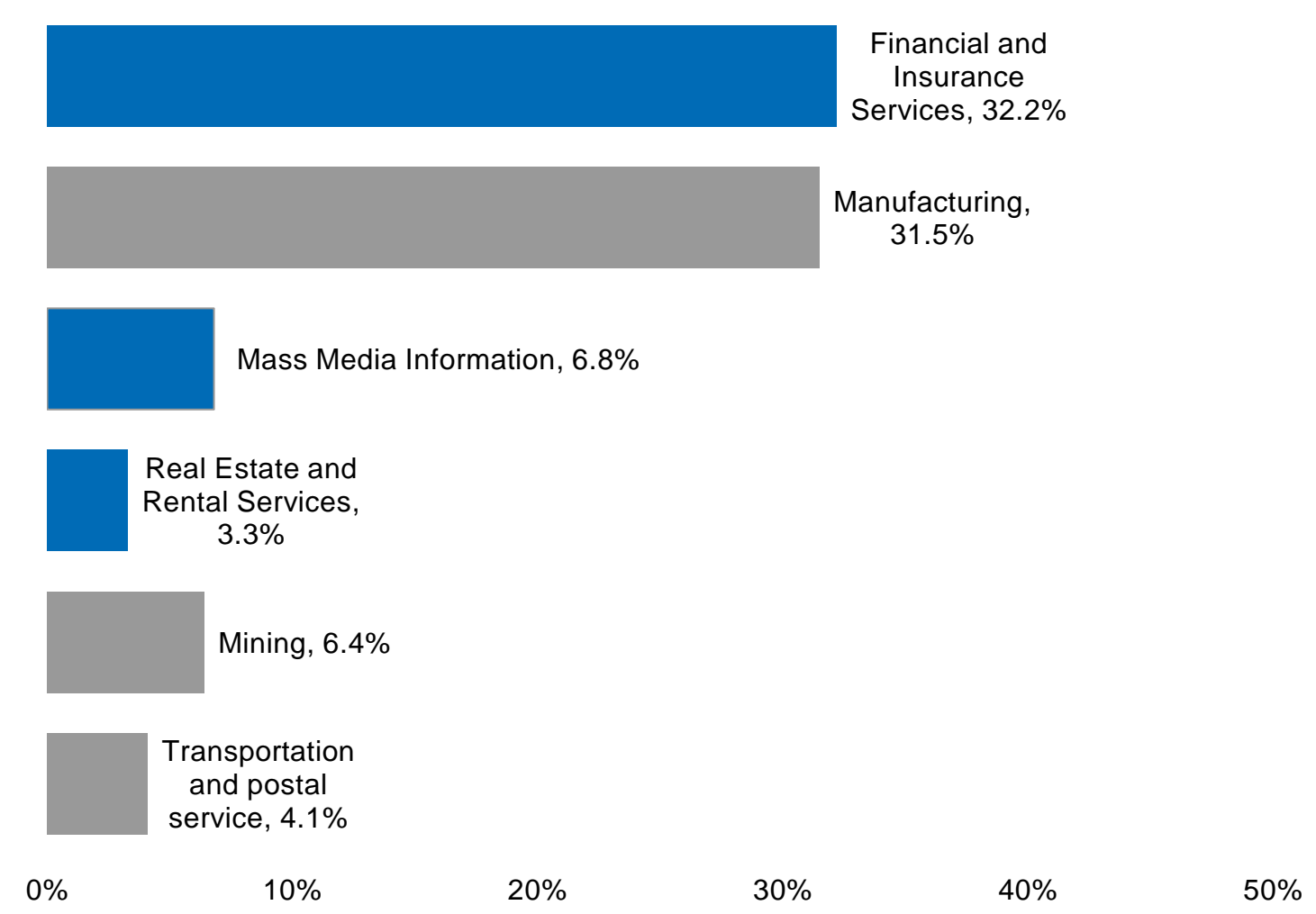
# Economic sectors

Mexico City is consolidating as one of the main destinations for both national and foreign investment, with a 14% share at the national level. Considering this, the government and the newly created Mexico City Investment Agency have the expectation of effectively channeling the opportunities that arise in the country's capital.

Employment by Sector of Activity



Foreign Direct Investment



Source: Inegi, Banxico, Secretaría de Economía

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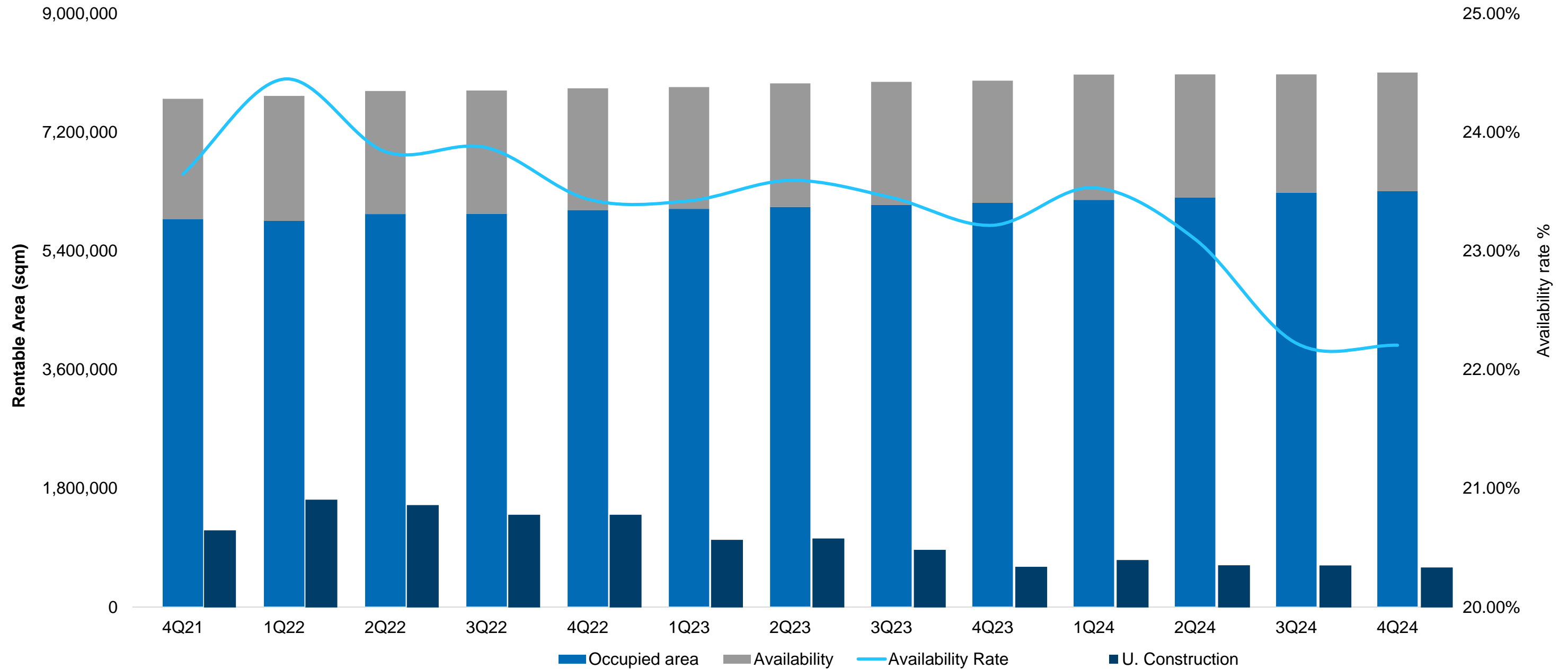
# Market Fundamentals



# Inventory

The inventory of Class A and A+ offices saw the addition of 2 new projects within the North Corridor during this quarter. Three projects had been monitored for delivery by the end of the year; however, they are expected to be ready during the first quarter of 2025. The availability rate has remained stable, standing at 22.2% at the end of the quarter.

Occupied, Available, and Area Under Construction vs. Availability Rate

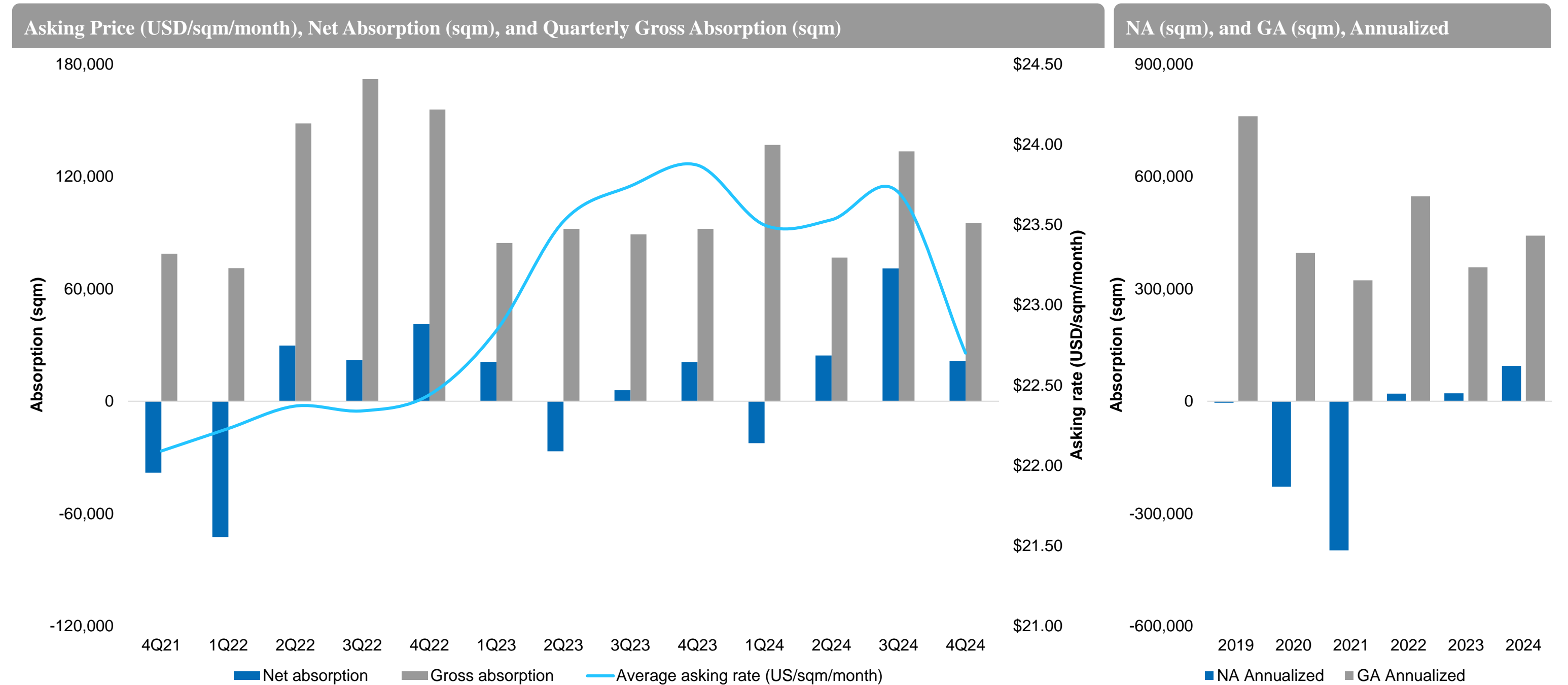


Source: Newmark Research



# Occupation and Vacancy

The gross market absorption registered 95,268 sqm, while the net absorption was positive, totaling 21,536 square meters. The average asking price showed a decrease of 4.2%.

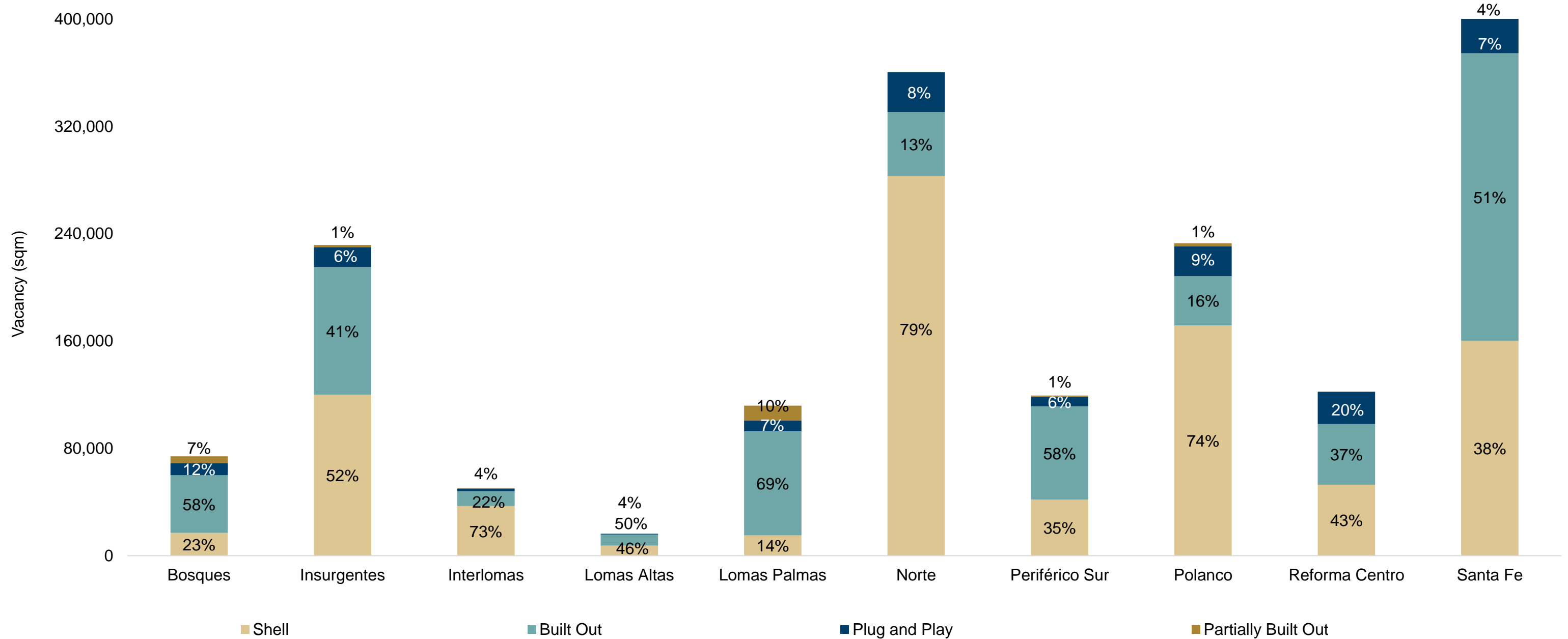


Source: Newmark Research

# Delivery Condition

52% of the available rentable office space is delivered in shell condition. 37% is delivered as conditioned spaces, and the remaining percentage is delivered plug and play or partially built-out. Notably, in the Bosques, Insurgentes, Lomas Altas, Lomas Palmas, Periférico Sur, and Santa Fe corridors, more than 40% of the available square meters are delivered as conditioned spaces.

Available Space by Condition.

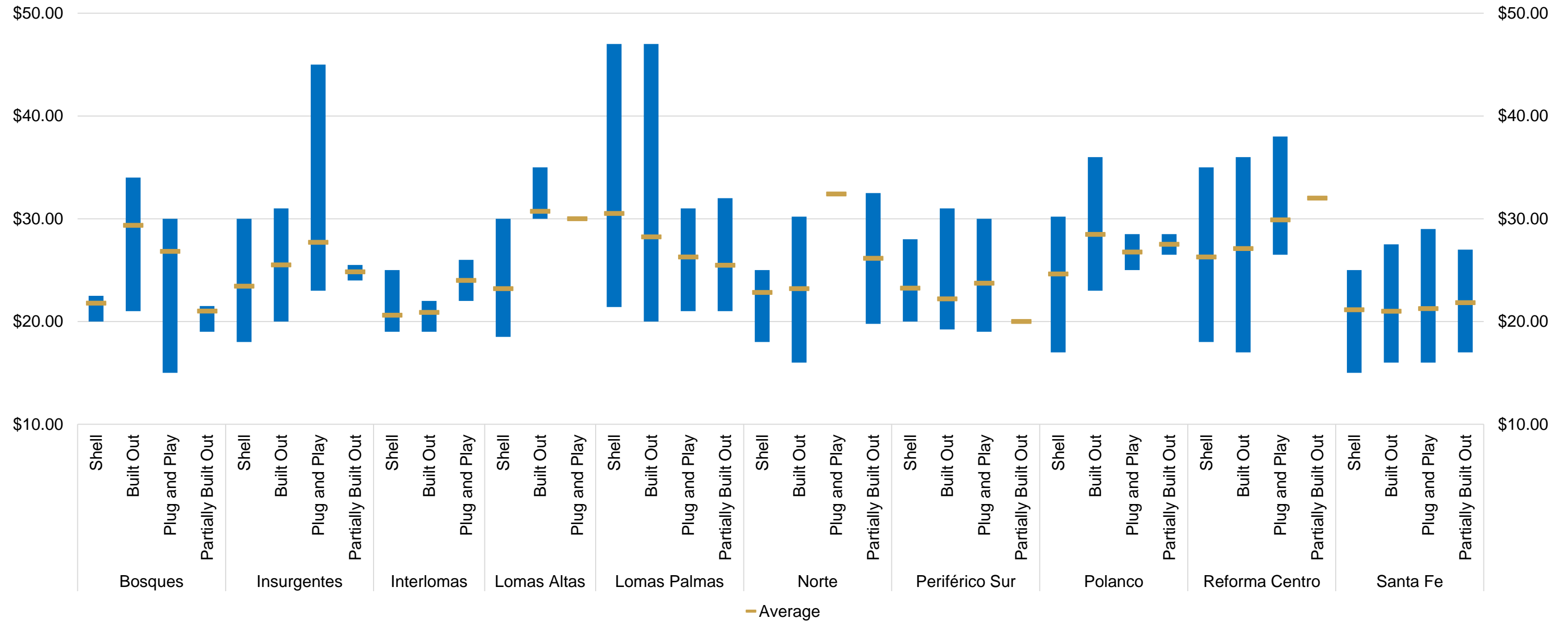


Source: Newmark Research

# Asking Prices

The price range for delivery conditions in some cases ranges from \$15.00 to \$47.00 USD/sqm. Spaces delivered in shell condition present prices from \$15.00 to \$47.00 USD/sqm, while built out spaces range from \$16.00 to \$47.00 USD/sqm. These prices depend on the location, finishes, infrastructure, included services, and the layout of the spaces.

## Average Asking Rates Range

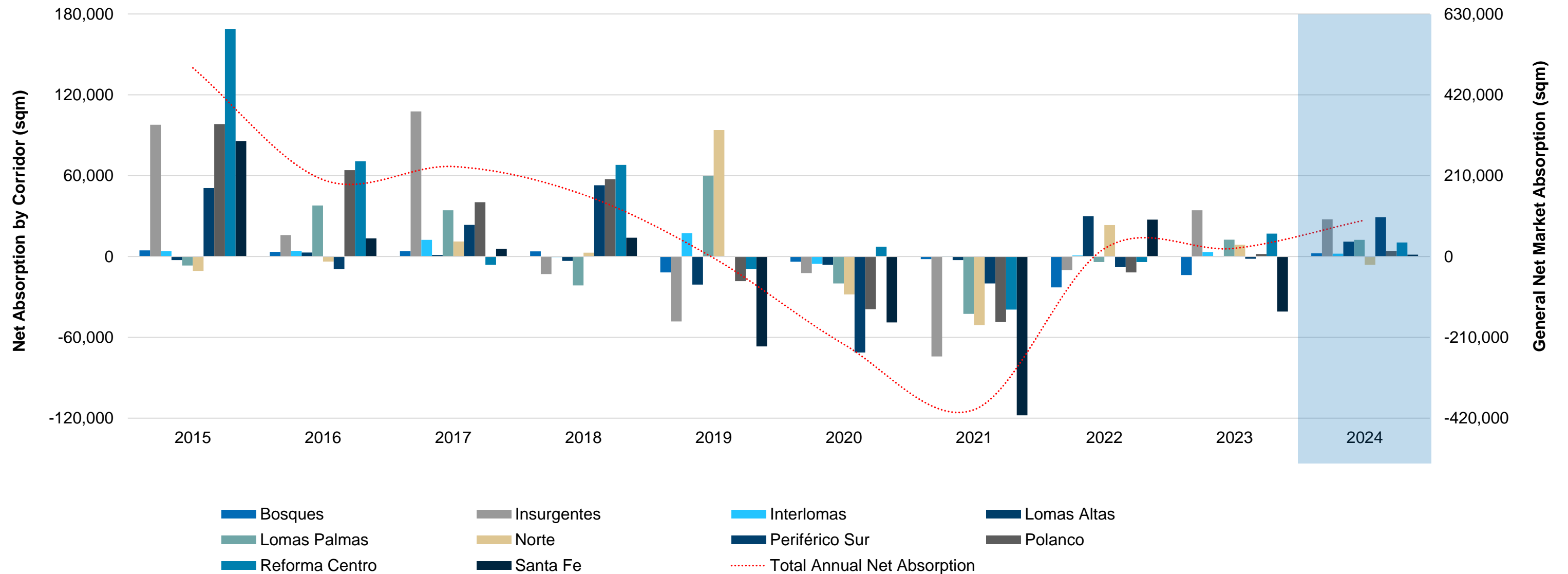


Source: Newmark Research

# Net Absorptions by corridor

By the end of 2024, there was a net absorption of 94,333 sqm, nearly 10,000 sqm more than projected in previous quarters. Regarding gross absorption, 442,093 sqm were marketed.

**Annualized Net Absorptions by Corridor and total Market**



Source: Newmark Research

# Statistics by submarket

	Inventory (sqm)	Deliveries (sqm)	Vacancy (sqm)	Vacancy Rate (%)	Gross Absorption (sqm)	Annual Gross Absorption (sqm)	Net Absorption (sqm)	Annual Net Absorption (sqm)	Avg. Asking Price (USD/sqm/month)
<b>Bosques</b>	<b>319,133</b>		<b>74,128</b>	<b>23.2%</b>	<b>4,724</b>	<b>9,408</b>	<b>4,382</b>	<b>2,309</b>	<b>\$26.34</b>
<b>Insurgentes</b>	<b>1,241,387</b>		<b>215,469</b>	<b>17.4%</b>	<b>17,733</b>	<b>86,421</b>	<b>13,427</b>	<b>27,612</b>	<b>\$23.64</b>
Avenida Insurgentes Principal	654,733		119,938	18.3%	11,585	54,020	10,502	10,327	\$23.85
Insurgentes Oriente	154,194		32,445	21.0%	0	9,544	-1,427	7,904	\$23.46
Insurgentes Revolución	182,772		12,915	7.1%	275	2,107	-139	596	\$22.06
Insurgentes Roma-Condesa	96,266		19,039	19.8%	3,946	12,045	3,946	7,738	\$25.25
Insurgentes San Ángel	153,422		31,132	20.3%	1,927	8,705	545	1,047	\$22.77
<b>Interlomas</b>	<b>194,965</b>		<b>50,390</b>	<b>25.8%</b>	<b>340</b>	<b>8,045</b>	<b>-3,705</b>	<b>2,098</b>	<b>\$20.76</b>
<b>Lomas Altas</b>	<b>120,586</b>		<b>17,461</b>	<b>14.5%</b>	<b>5,325</b>	<b>11,785</b>	<b>5,325</b>	<b>11,046</b>	<b>\$21.02</b>
<b>Lomas Palmas</b>	<b>754,651</b>		<b>112,690</b>	<b>14.9%</b>	<b>11,388</b>	<b>40,707</b>	<b>5,409</b>	<b>12,379</b>	<b>\$28.25</b>
<b>Norte</b>	<b>830,822</b>	<b>28,886</b>	<b>369,482</b>	<b>44.5%</b>	<b>13,499</b>	<b>43,141</b>	<b>-19,487</b>	<b>-6,153</b>	<b>\$18.67</b>
Norte Atizapán	46,657	9,128	24,655	52.8%	0	1,678	-9,128	-7,450	\$16.57
Norte Azcapotzalco	233,666		90,269	38.6%	0	3,197	-2,837	-3,003	\$17.60
Norte Naucalpan	352,565	19,758	164,413	46.6%	11,097	23,589	-9,924	-5,934	\$20.36
Norte Tlalnepantla	197,935		90,145	45.5%	2,402	14,677	2,402	10,234	\$17.22
<b>Periférico Sur</b>	<b>731,419</b>		<b>106,677</b>	<b>14.6%</b>	<b>4,131</b>	<b>48,162</b>	<b>-3,575</b>	<b>29,188</b>	<b>\$21.02</b>
<b>Polanco</b>	<b>1,477,722</b>		<b>247,996</b>	<b>16.8%</b>	<b>12,084</b>	<b>99,981</b>	<b>9,705</b>	<b>4,141</b>	<b>\$26.15</b>
Polanco Anzures	85,680		27,237	31.8%	663	1,490	-792	-754	\$23.78
Polanco Granadas	780,468		137,685	17.6%	5,756	71,030	4,832	-1,406	\$27.90
Polanco Lagos	205,505		40,174	19.5%	0	6,154	0	-381	\$20.12
Polanco Tradicional	406,069		42,900	10.6%	5,665	21,307	5,665	6,682	\$27.50
<b>Reforma Centro</b>	<b>979,830</b>		<b>148,481</b>	<b>15.2%</b>	<b>9,685</b>	<b>43,906</b>	<b>-1,479</b>	<b>10,364</b>	<b>\$26.97</b>
<b>Santa Fe</b>	<b>1,456,703</b>		<b>457,513</b>	<b>31.4%</b>	<b>16,359</b>	<b>50,537</b>	<b>11,534</b>	<b>1,349</b>	<b>\$21.05</b>
<b>Total General</b>	<b>8,107,219</b>	<b>28,886</b>	<b>1,800,287</b>	<b>22.2%</b>	<b>95,268</b>	<b>442,093</b>	<b>21,536</b>	<b>94,333</b>	<b>\$22.70</b>

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Newmark has implemented its own database, and the follow-up methodology has been revised. With this expansion and refinement in our data, there may be adjustments to historical statistics, including availability, rental prices, absorption, and effective rents. Our market reports are available at <https://nrmk.lat/reportes-de-mercado/>.

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