

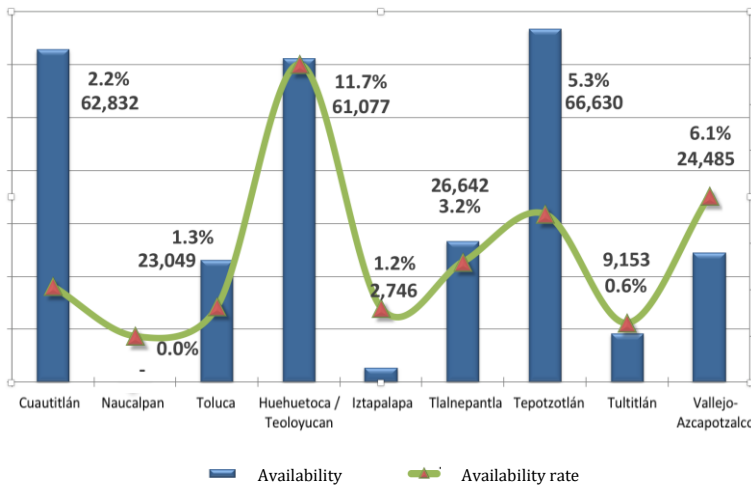
**Overview**

At the end of the first quarter of 2018, the industrial market of the Mexico City Metropolitan Area recorded an inventory of 9.6M SQM or 103.7M SQFT of Class A warehouses, concentrated mainly in the Cuautitlan 30%, Toluca 19%, and Tultitlan 17% submarkets.

**Supply**

Availability rate at the end of the 1Q2018 was 2.87%, which is equivalent to 276,614 SQM or 2.9M SQFT; the submarkets with more availability are Tepetzotlan, Cuautitlan and Huehuetoca-Teoloyucan, while in Naucalpan there is no availability.

**Industrial Market Class A Availability 1Q2018**

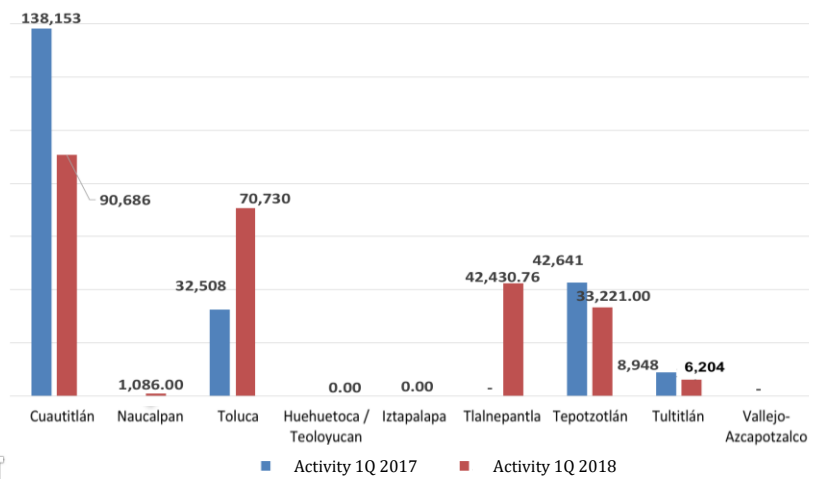


**Demand**

During 1Q2018, 244k SQM or 2.6M SQFT of Class A warehouses were commercialized in Mexico City Metropolitan Area, compared to the same period of 2017 there was an increase of 9.9% equal to 222K SQM or 2.3M SQFT were commercialized.

Submarkets that registered the highest levels of absorption are Cuautitlan with 90K SQM or 968K SQFT, Toluca with 70K SQM or 753K SQFT and Tlalnepantla with 42K SQM or 452KSQFT.

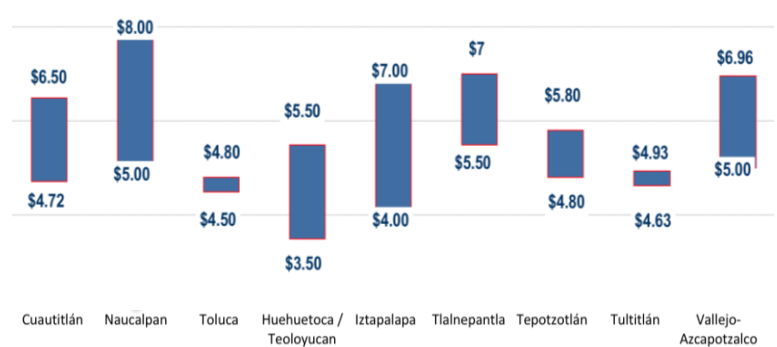
**Total Activity Industrial Market Class A 1Q2018**



**Prices**

The average output prices have remained stable being Naucalpan, Tlalnepantla, Iztapalapa and Vallejo-Azcapotzalco the submarkets that present prices above \$ 7 USD/SQM/Month, due to its proximity to Mexico City and its little availability. In contrast, the Huehuetoca submarket presents average prices below \$ 4 USD/SQM/Month. Lease contracts are NNN.

**Class A Output Industrial Market Prices 1Q2018**



**Outlook**

The levels of availability in the market continue with a downward trend due to the dynamism that the market has had throughout the year, this despite the new spaces that have been added to the inventory each quarter.

The prices are expected to remain stable as well as the availability that will continue with a downward trend, given a decrease in the 1Q 2018, going from 3.4% to 2.9% and for the end of the year it is expected that Cuautitlan, Tultitlan and Tepetzotlan continue with a growing dynamic in the commercialization of spaces.

In terms of construction, speculative developments predominate, due to the demand that encourages large developers. Mexico City Metropolitan area is largely comprised by the location of distribution centers to serve the largest market in the country.



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