

**Overview**

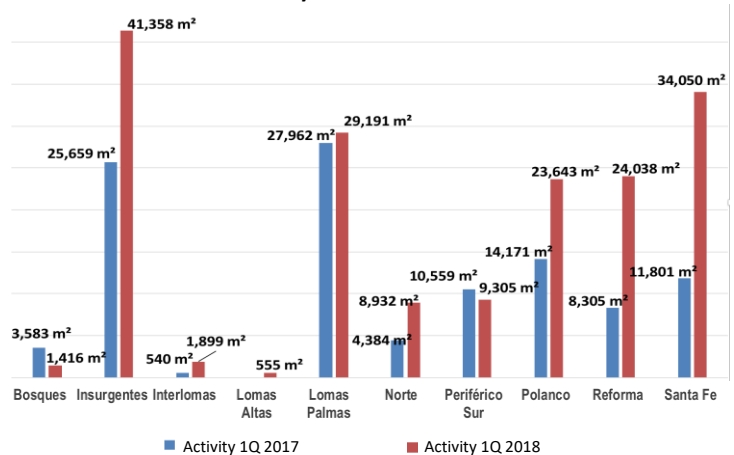
The Mexico City Metropolitan Area Inventory for Class A+ and A Office buildings closed the 1Q of 2018 with a total inventory of 6.4 M SQM or 69.2M SQFT. This represents an increase of 11% equivalent to 603k sqm or 6.5 M SQFT.

**Supply**

The availability rate has increased to 16.1% as a result of the delivery of several buildings, mainly in Insurgentes, Reforma and Santa Fe submarkets

Santa Fe maintains the highest inventory (1.2M SQM or 13.7M SQFT) with one of the lowest availability rates in the market (10.1%). Polanco (1.1M SQM or 11.9M SQFT) and Insurgentes (882K SQM or 9.4M SQFT) are the submarkets that follow in inventory size and are also two of the fastest growing in the coming years.

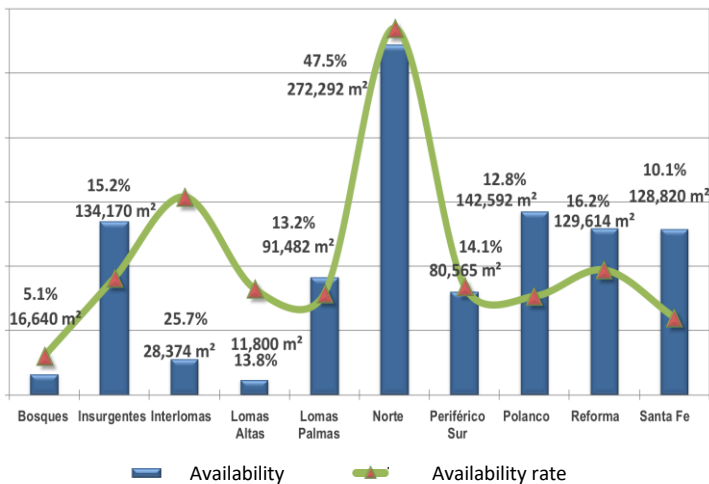
**Total Activity Office Class A+ & A 1Q2018**



**Prices**

As for prices, Lomas Palmas, Polanco and Reforma (CBD), remain as the submarkets with the highest rents. There is no significant impact on the prices of output despite the number of new office buildings under construction in Mexico City Metropolitan Area, however the owners have taken more flexible measures in terms of negotiating the spaces, including some of them have considered the closure of contracts in Mexican pesos. Prices are in USD PSM PM

**Office Market Availability Class A+ & A 1Q2018**

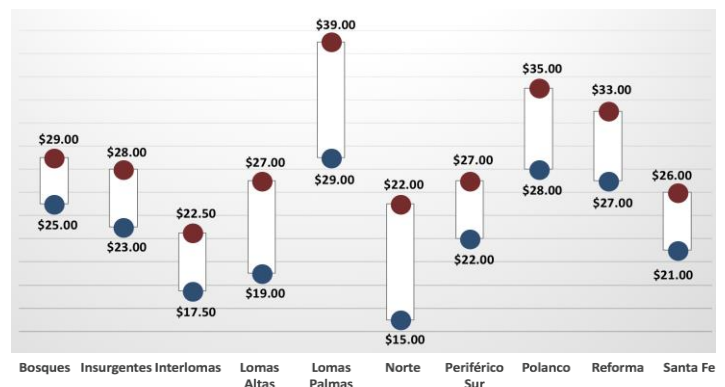


**Demand**

The demand registered during the first quarter had an increase of 63% compared to the same period of last year (1Q2017 106K SQM or 1.1M SQFT vs 1Q2018 174K SQM or 1.8M SQFT)

The submarket with the highest activity was Insurgentes with 24% commercialized, followed by Lomas Palmas with 17% and Polanco & Reforma with 14% each.

**Class A+ y A Output Office Market Prices 1Q2018**



**Outlook**

Despite the uncertainty about the renegotiations of NAFTA and the proximity of the presidential elections, the absorption in offices exceeded 100,000 SQM or 1M SQFT in the 1Q 2018.

Due to the increasing supply and instability of the exchange rate, some developers have begun to rent in Mexican Pesos for greater certainty of their tenants. Traditionally landlord do not concede Tenant allowances and only provide months of free rent for TI. Undoubtedly, the price and the best conditions will play a decisive role in the absorption of the offices.



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