

1Q25

Mexico City Industrial Market

NEWMARK



Market observations

Economy

- The exchange rate is \$19.87 Mexican Pesos (MXN) for each US Dollar (USD).
- Mexico City attracts 39% of the country's Foreign Direct Investment (FDI). A figure that exceeds 16 billion USD.
- According to El Economista, housing rent prices in Mexico City have grown by 45.7% over the last five years, resulting in a reconfiguration of the housing market.
- Banxico reports that American import tariff tensions may affect Mexico's inflation and financial markets in 2025

Major Transactions

- 2025 begins with a gross absorption of over 1.9 million SF across four different submarkets, primarily in Huehuetoca and the CTT Corridor.
- Last Mile projects reports over 130 thousand SF absorption.

Leasing Market Fundamentals

	Current Quarter	Prior Quarter	One Year Ago	12-month Forecast
Total Inventory (SF)	131.3 M	131.3 M	127.7 M	↑
Vacancy Rate	1.27%	1.78%	0.13%	→
Gross Absorption (SF)	1.9 M	2.1 M	1.8 M	→
Net Absorption (SF)	0.8 M	-0.5 M	0.4 M	↑
Asking Rent (USD/SF/Year)	\$10.84	\$10.78	\$10.35	↑
U.Construction (SF)	8.1 M	5.8 M	4.5 M	↑

Outlook

- Last-mile projects will augment the limited supply of Class A industrial warehouses in the Mexico City metropolitan area by converting previously occupied spaces.
- The delivery of projects currently under development, primarily focused on the northern industrial corridors, is anticipated throughout 2025. However, this is not expected to impact the vacancy rate, as most spaces are occupied during the construction phase.

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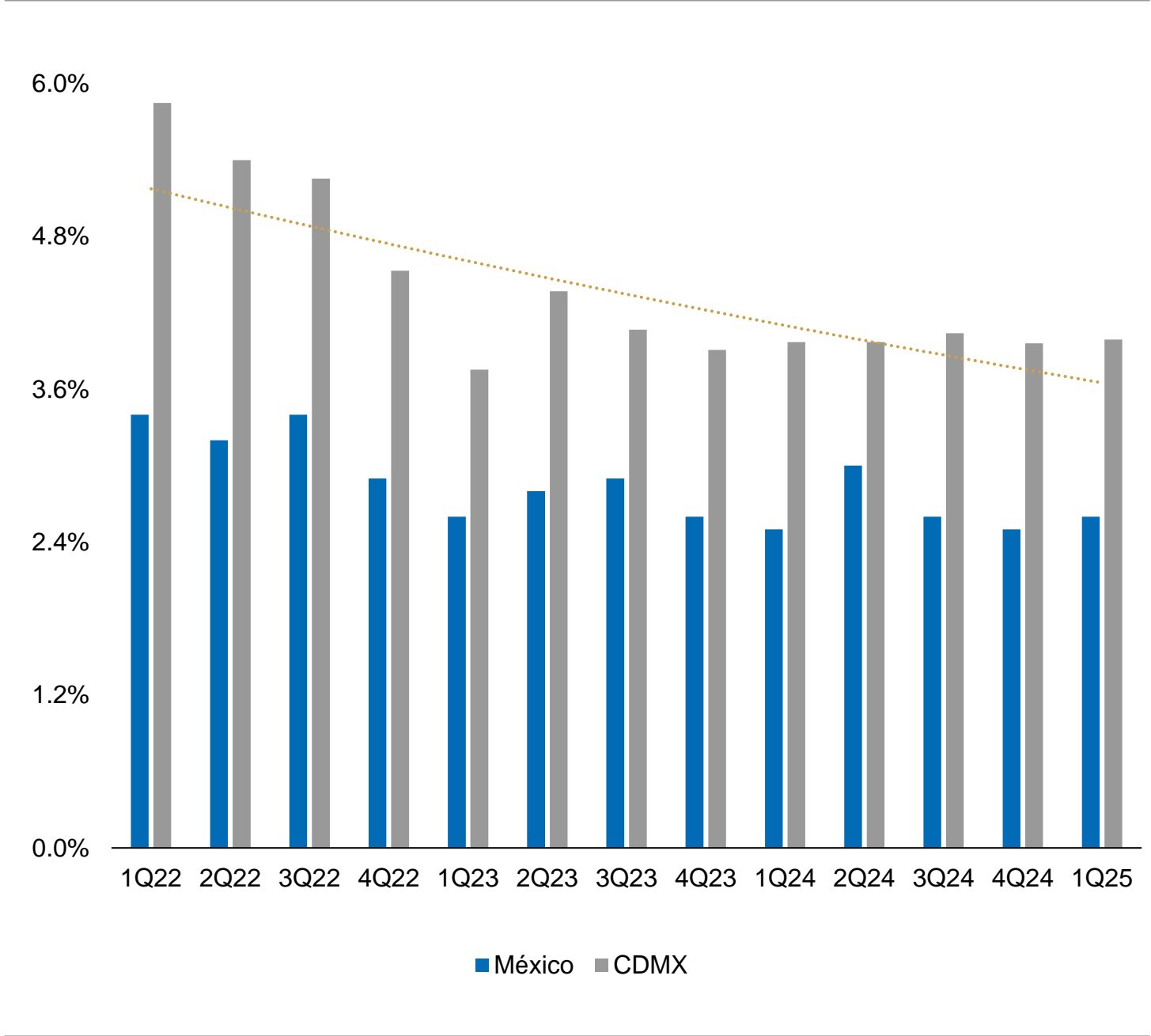
Economy



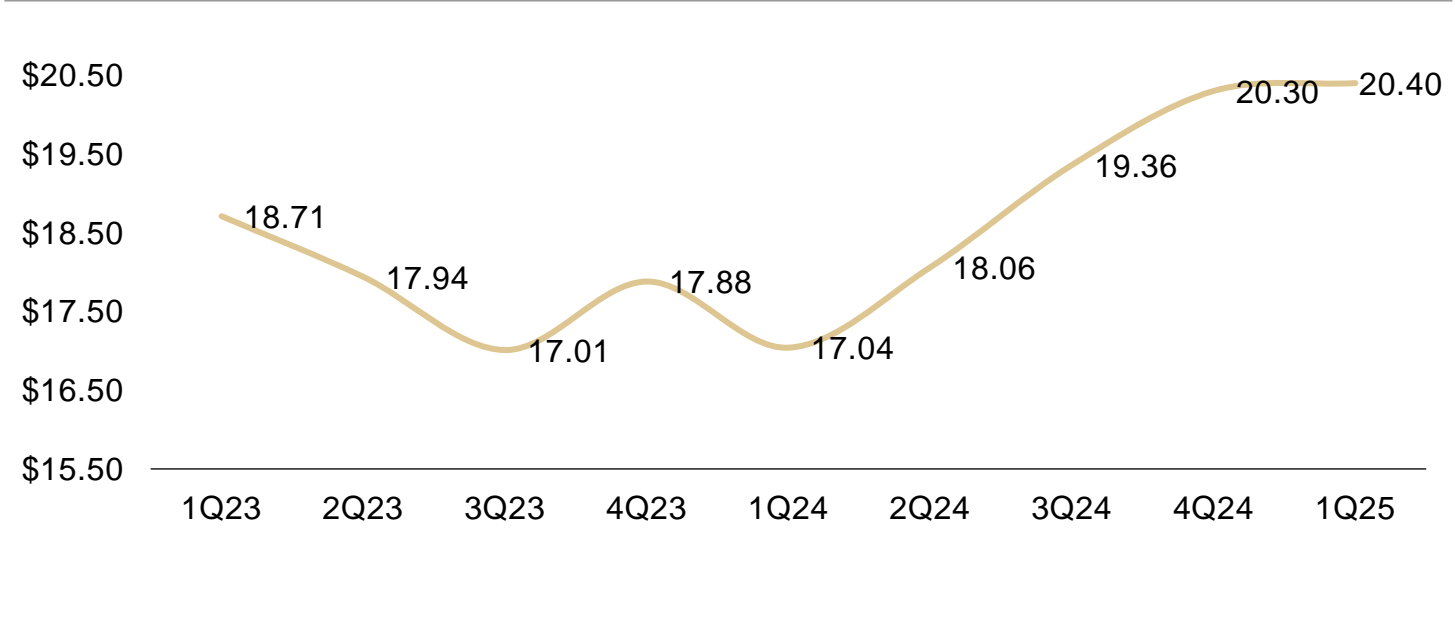
Economic outlook

The exchange rate continues to rise due to uncertainties in the trade relationship between Mexico and the United States. Meanwhile, the Consumer Price Index (CPI), an internal economic indicator, continues to trend downward.

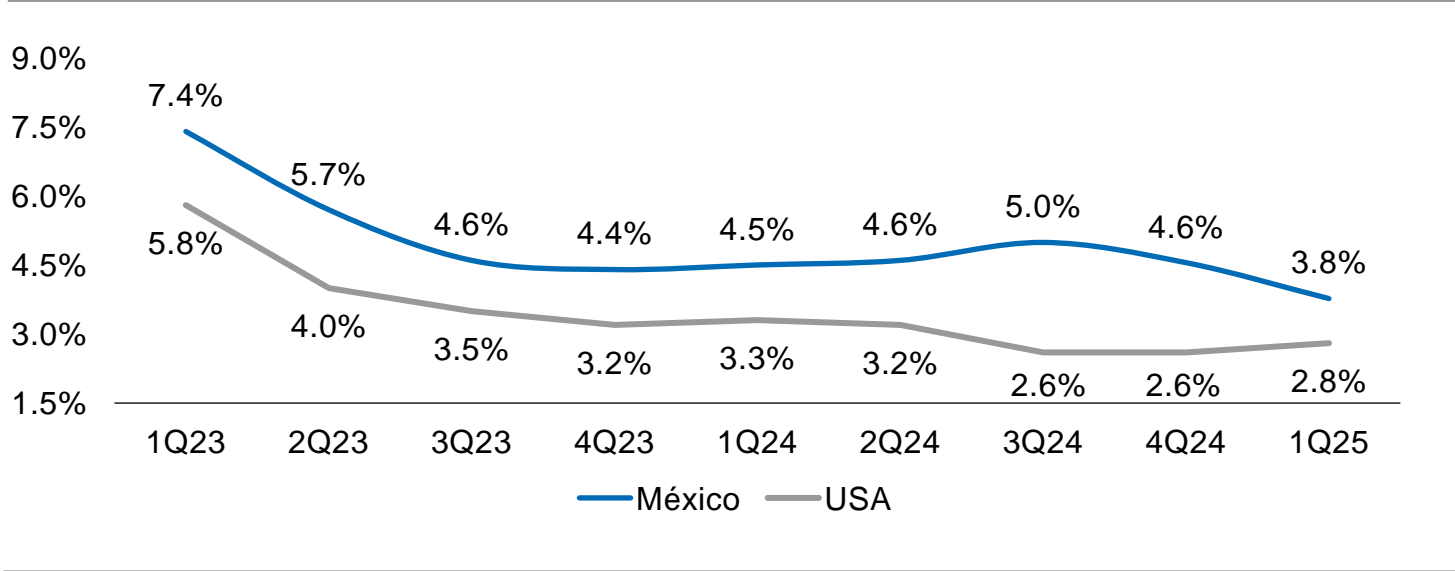
Unemployment Rate



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



Consumer Price Index (CPI)

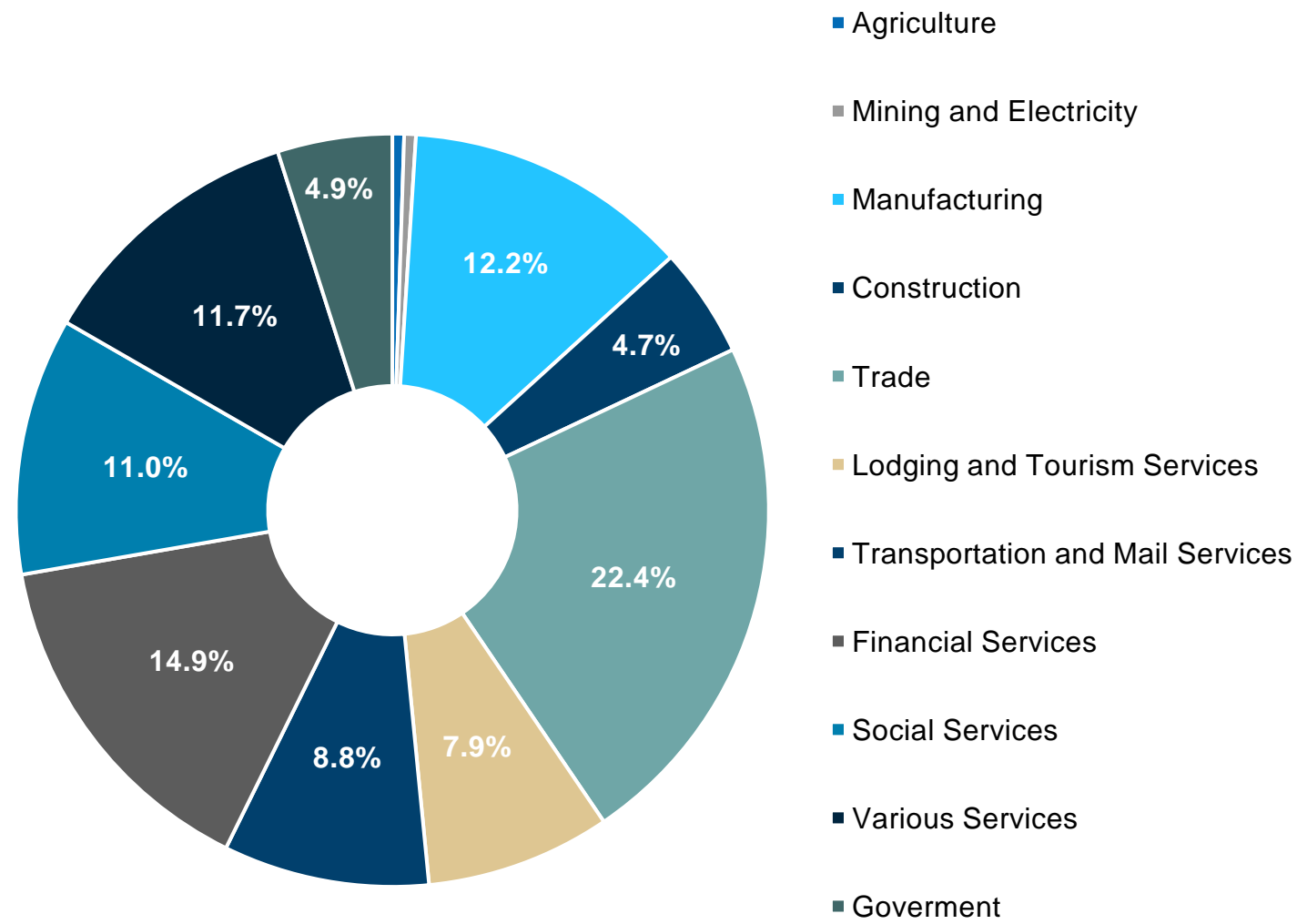


Source: Inegi, Banxico

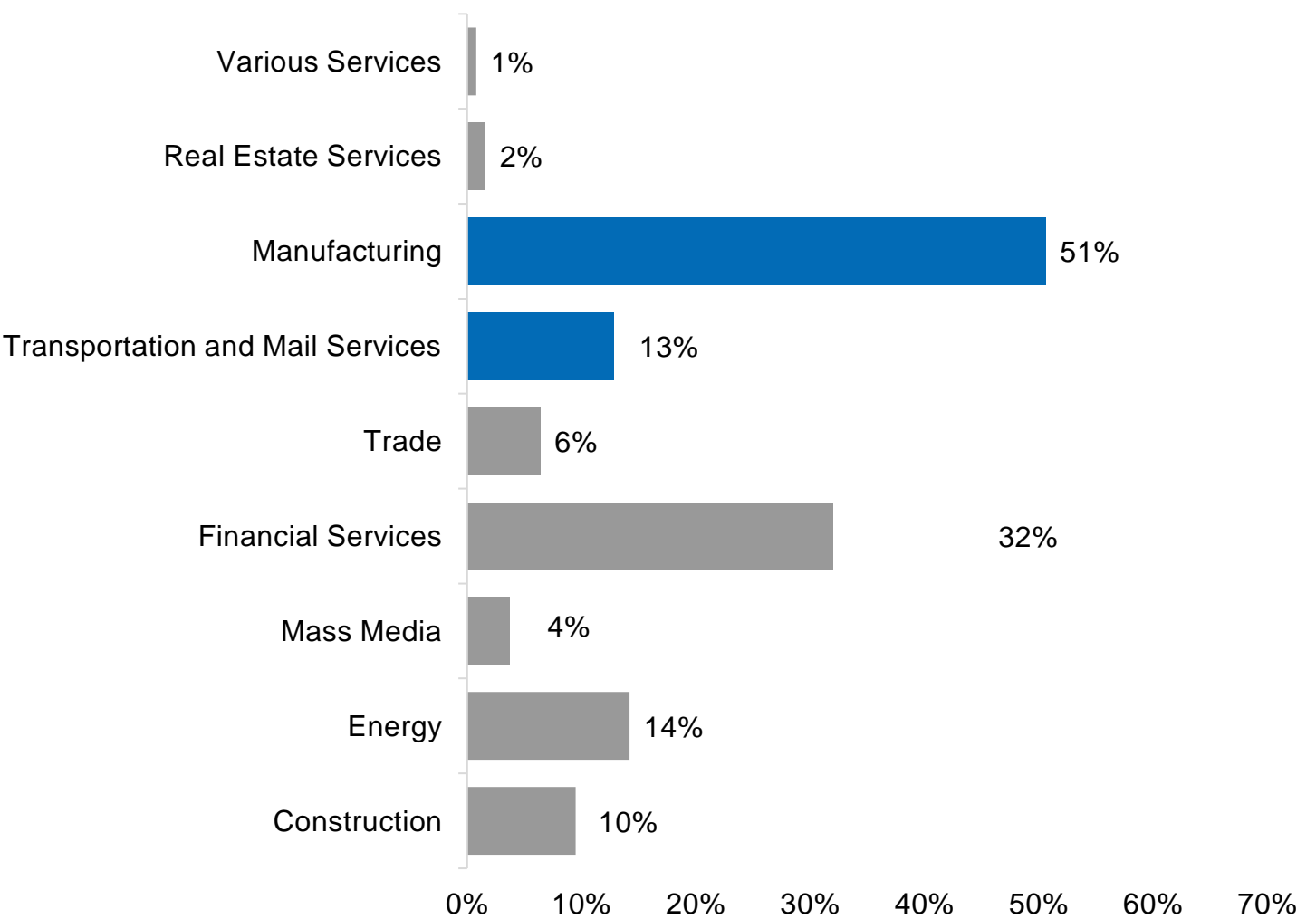
Economic sectors

Mexico City attracts 39% of the country's Foreign Direct Investment (FDI), highlighting its economic concentration. The manufacturing and logistics sectors account for 21% of formal employment, second only to the trade sector..

Employment by Sector of Economic Activity



Foreign Direct Investment



Source: Inegi, Banxico

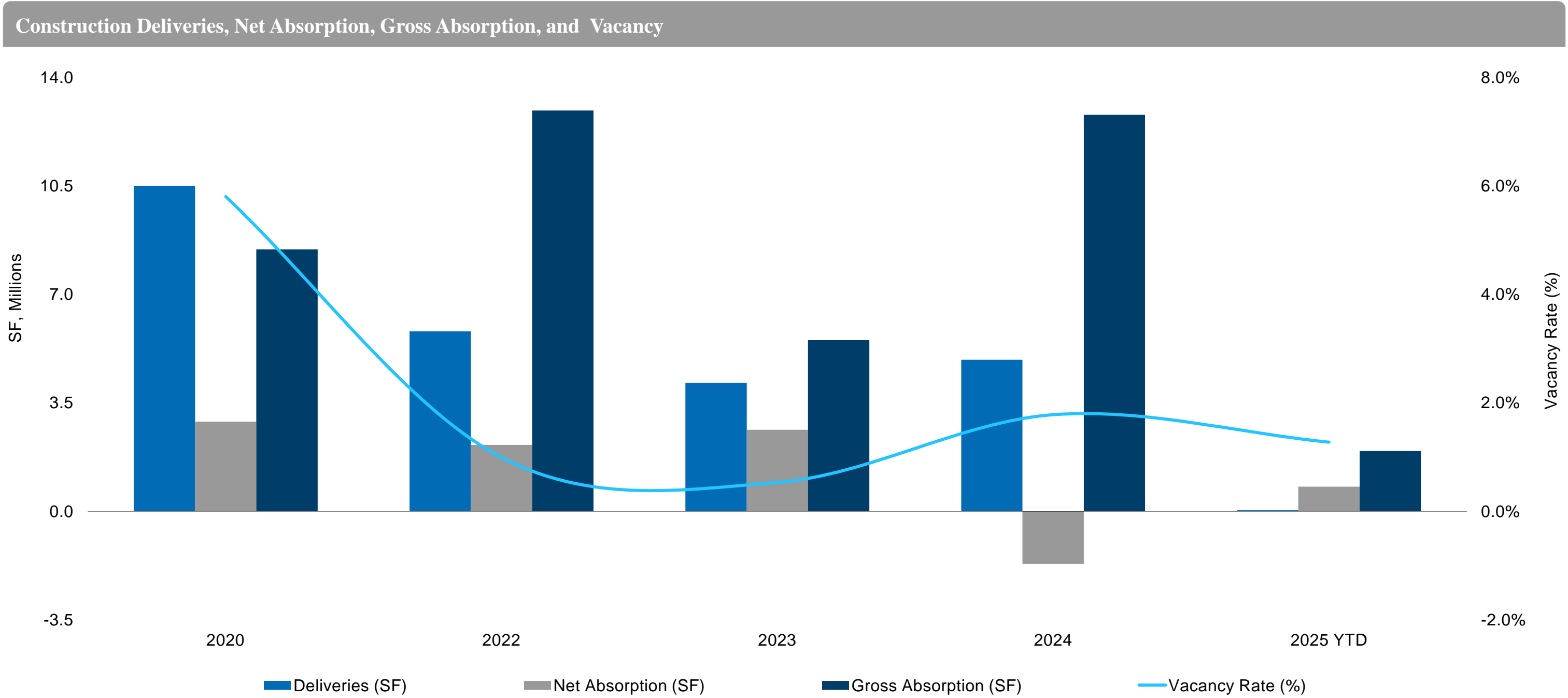
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Leasing Market Fundamentals



The vacancy rate for Class A properties remains at historically low levels.

2025 begins with encouraging net absorption figures, reflecting 1.9 million SF of gross absorption. The vacancy rate is recorded at 1.27%.

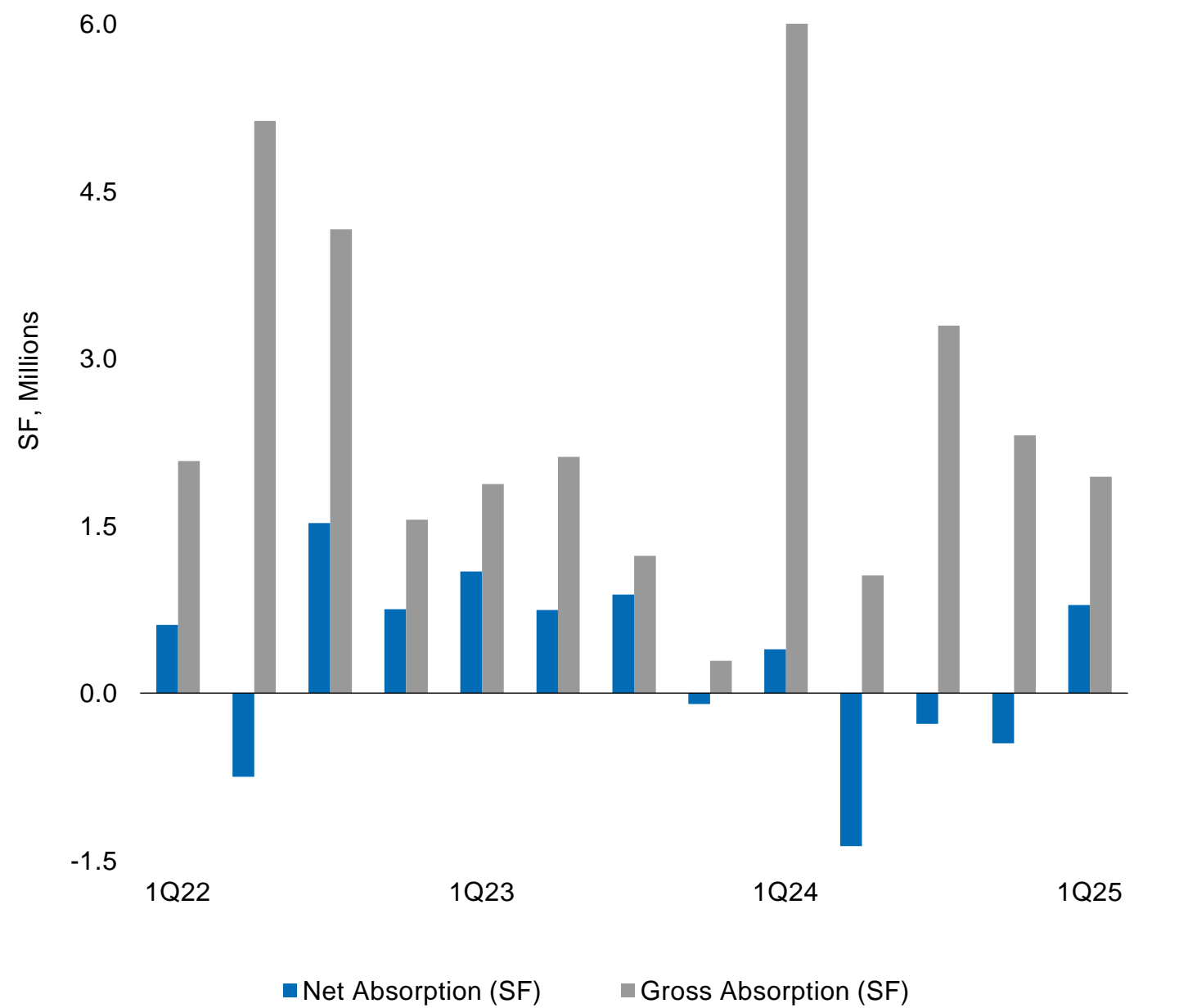


Source: Newmark Research

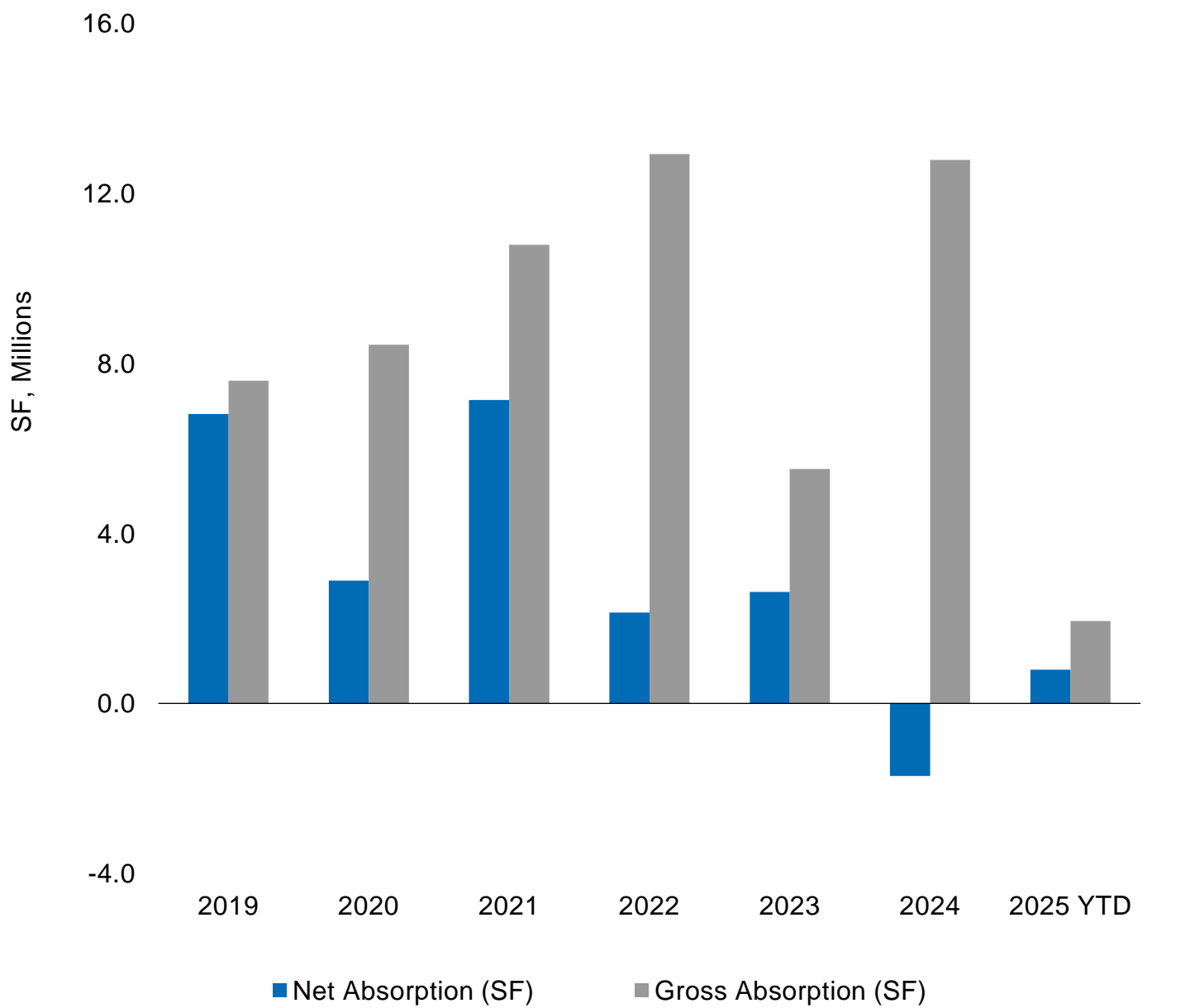
The first quarter of 2025 records over 1.9 million SF of absorption

Net absorption stands out in comparison to the first quarter of 2024, although gross absorption figures are below the exceptional start of the previous year..

Gross Absorption and Net Absorption



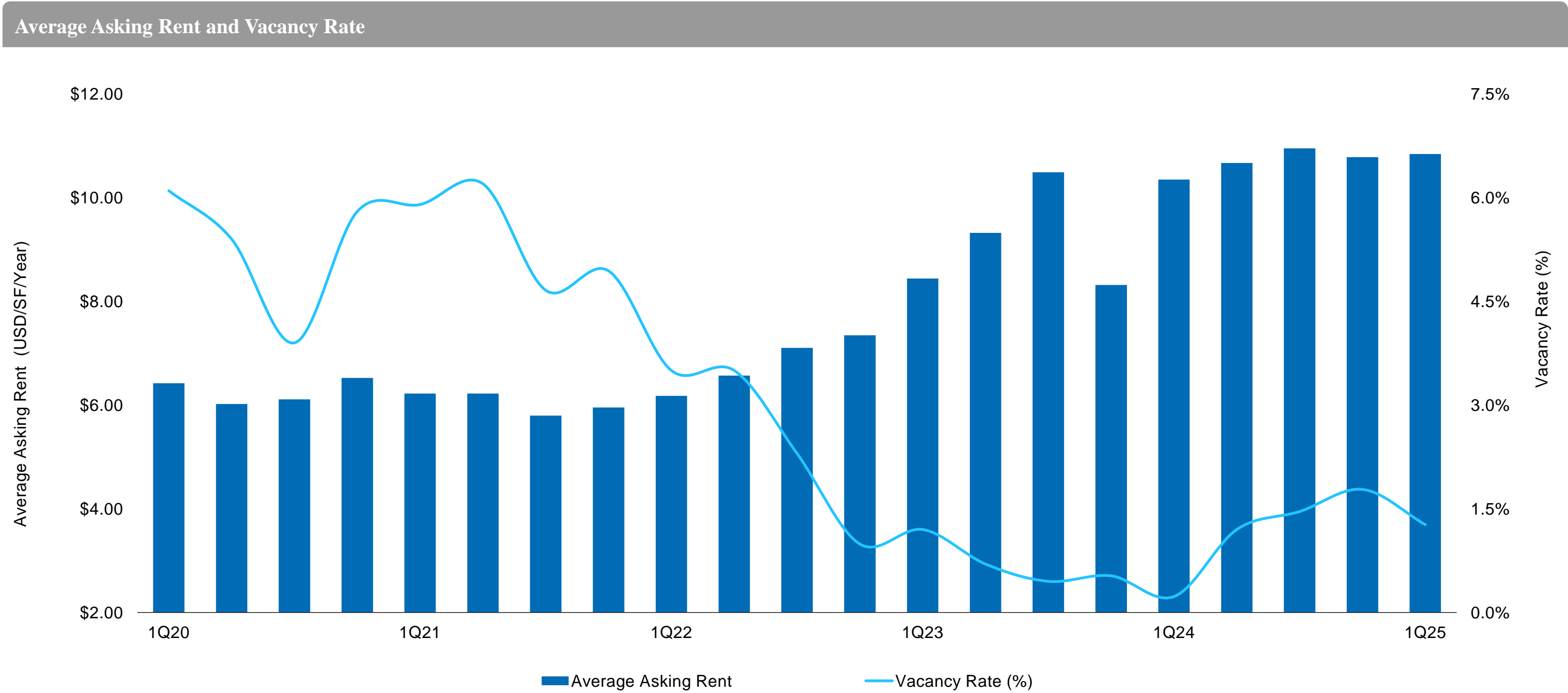
Annual Gross Absorption and Net Absorption



Source: Newmark Research

Rental prices on an upward trend

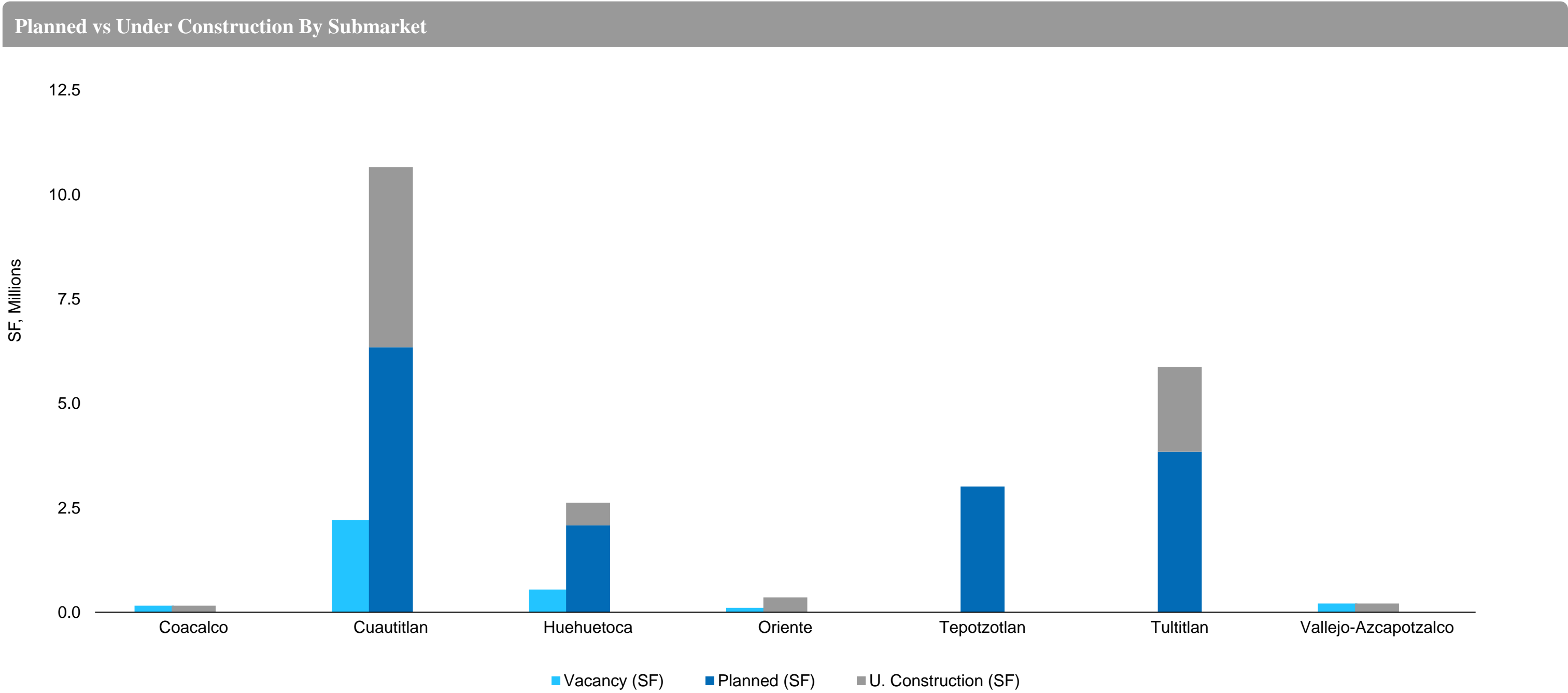
Rental prices are steadily increasing, reflecting a robust demand and limited supply in the industrial market. Consequently, the vacancy rate has slightly decreased compared to the last two quarters.



Source: Newmark Research

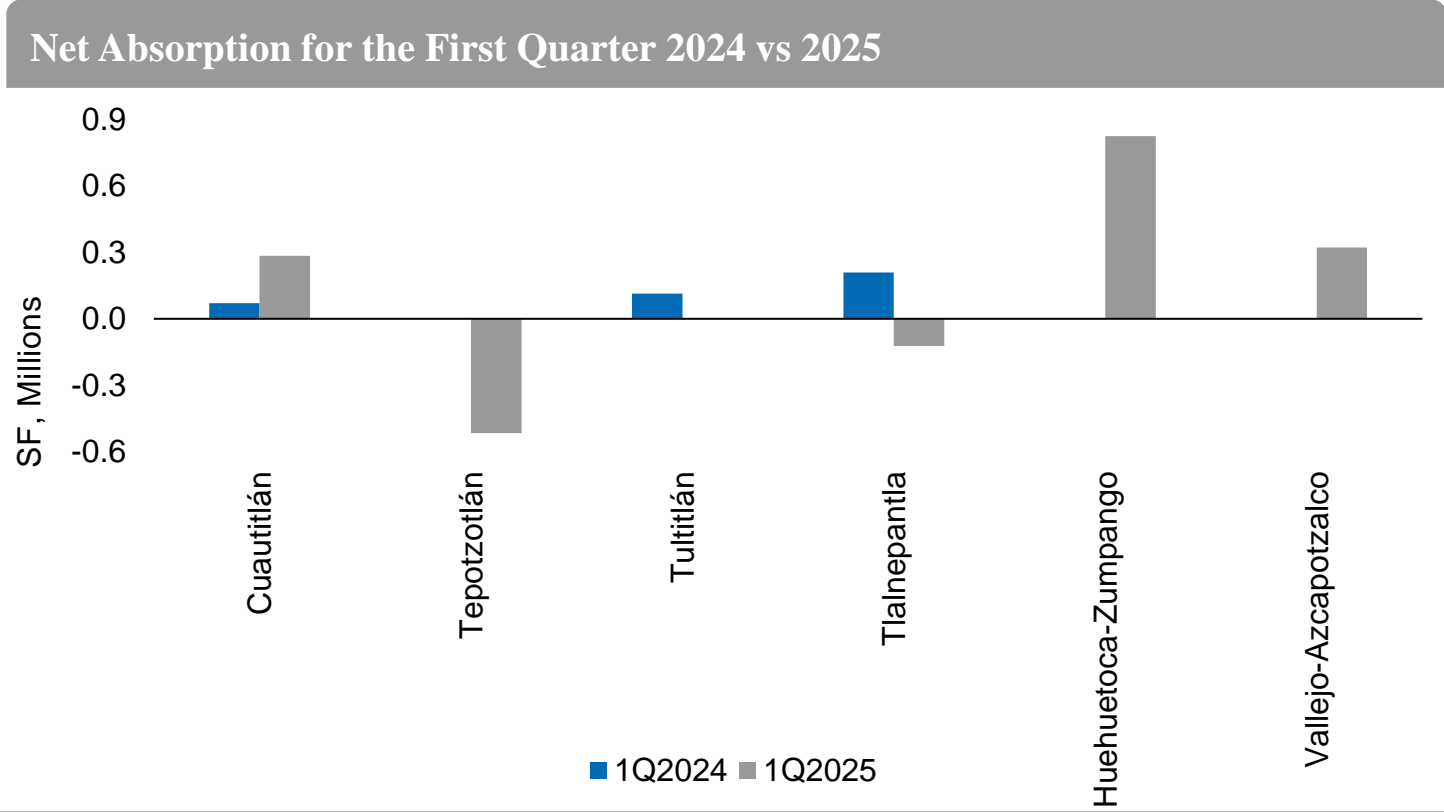
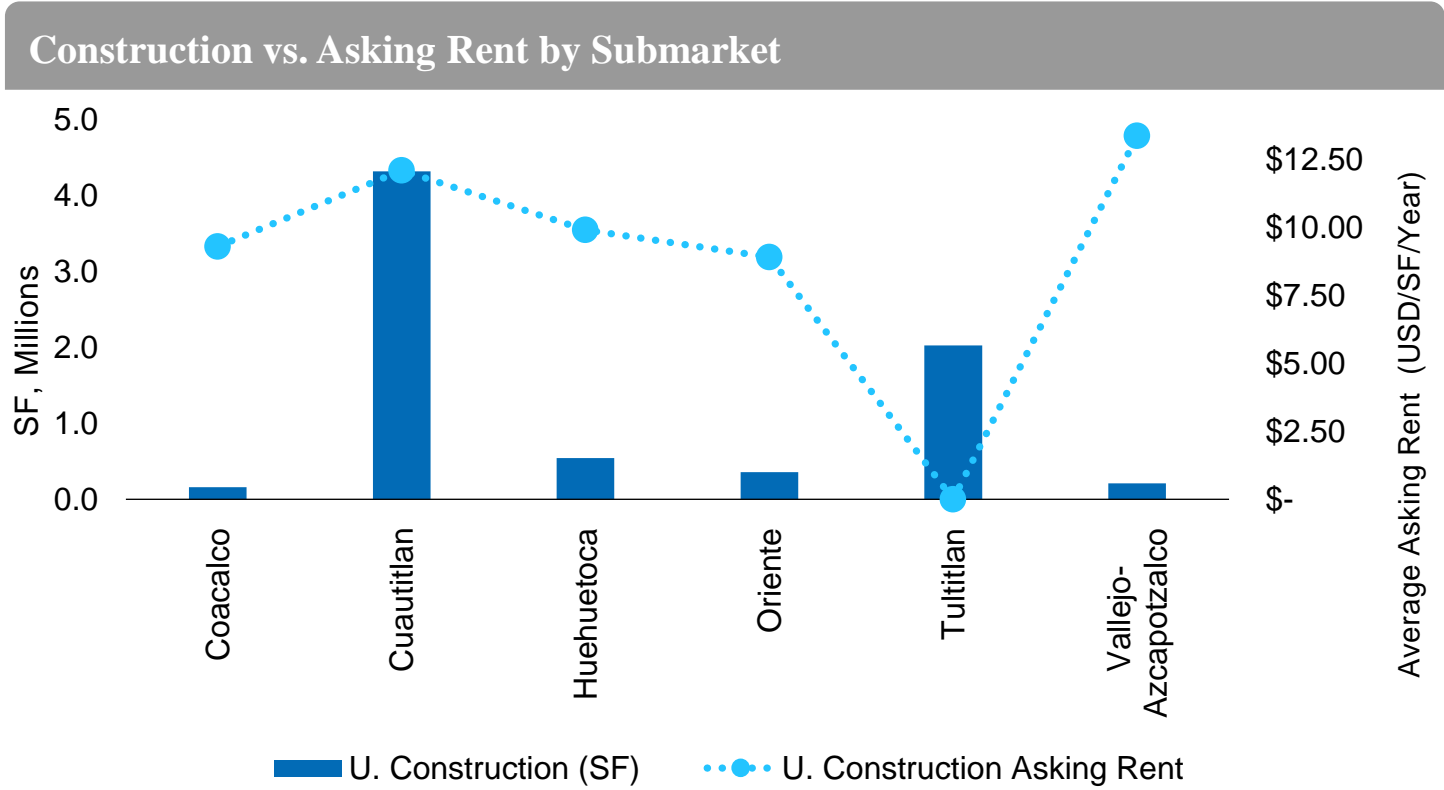
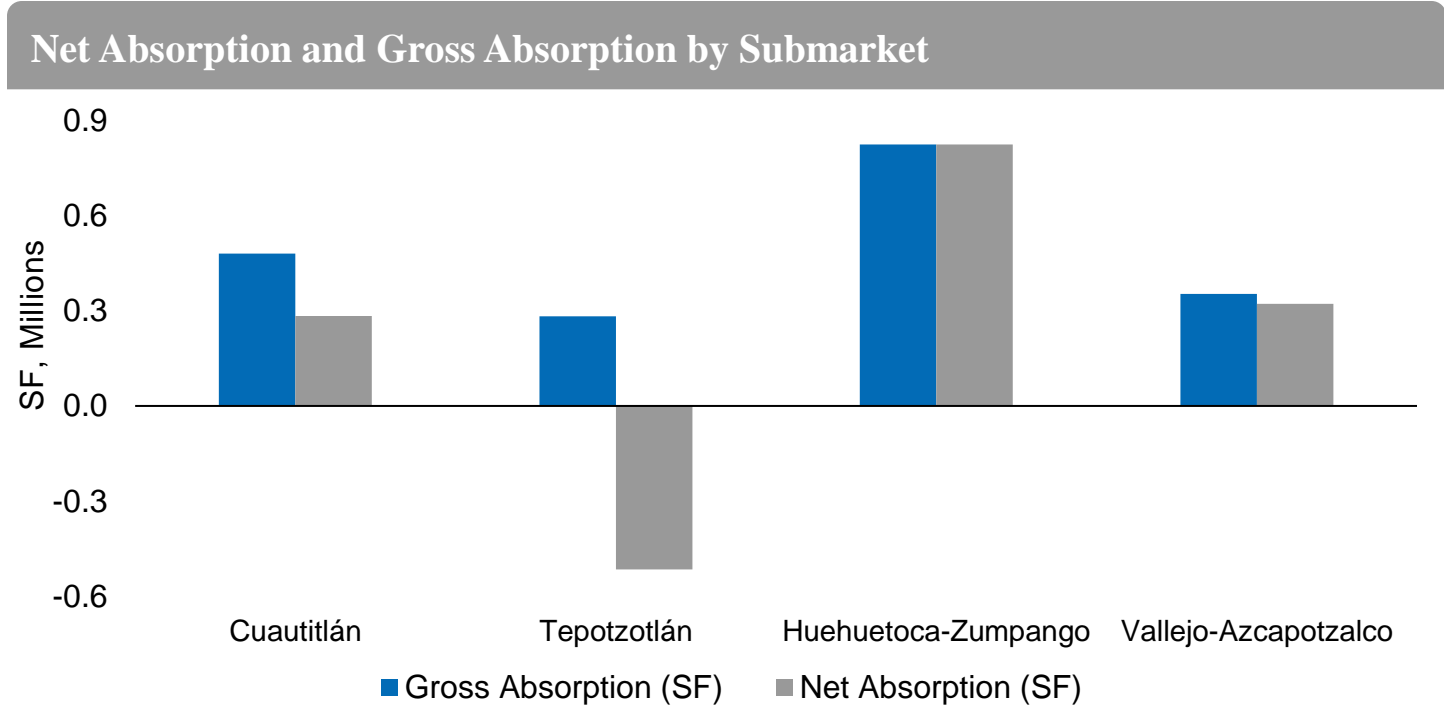
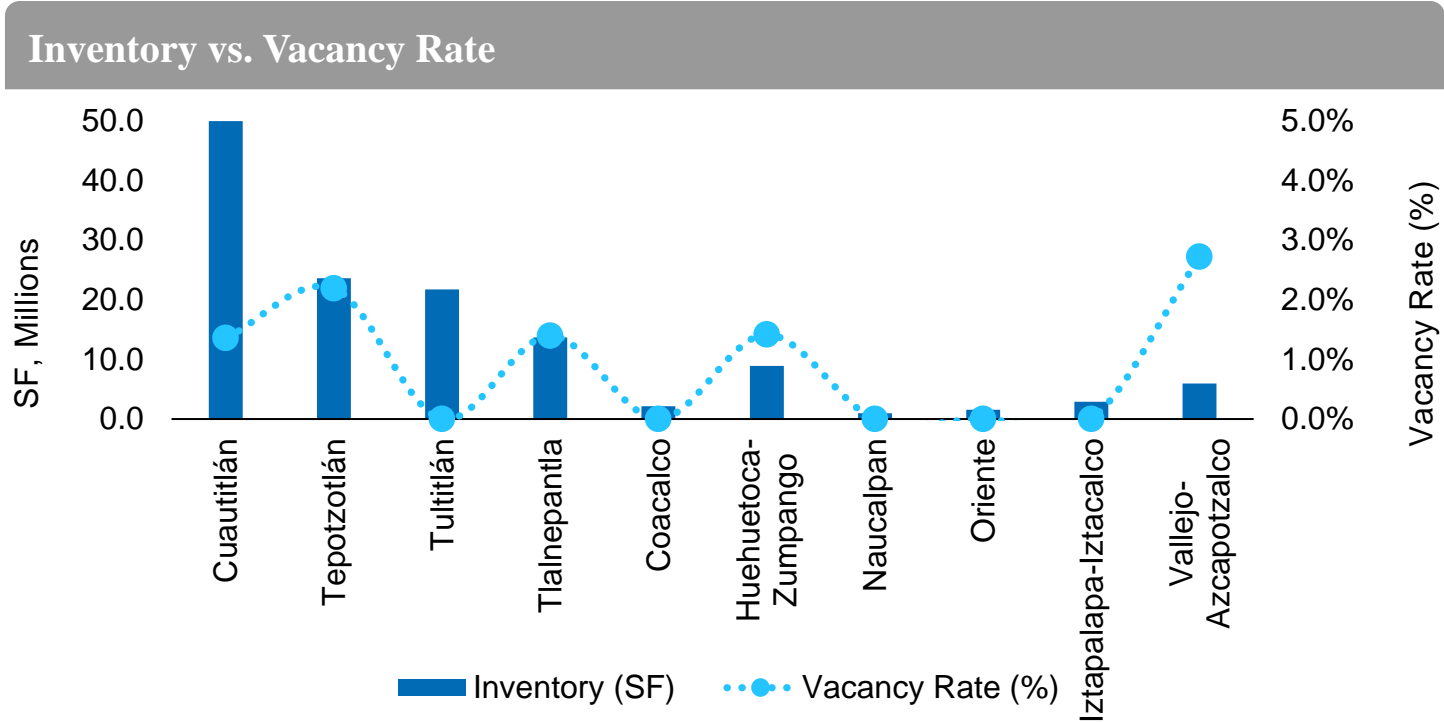
Development of industrial projects in Mexico City

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



Source: Newmark Research

Activity in the submarkets of Mexico City



Source: Newmark Research

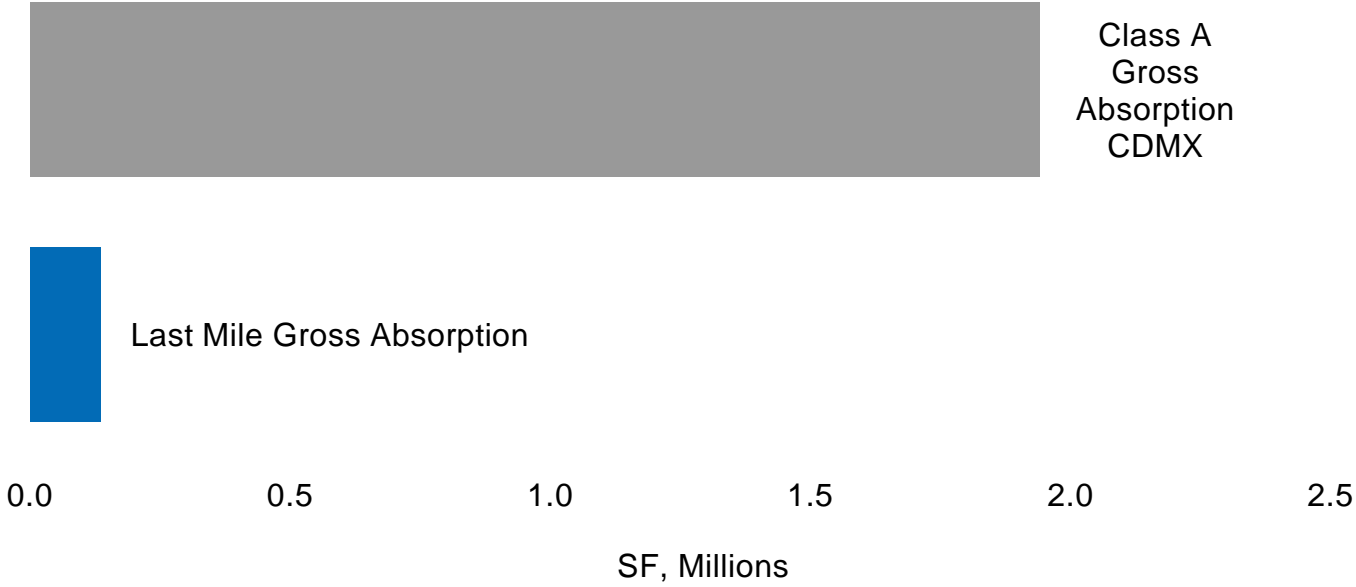
1Q25 Last Mile Vacancy

Project Name	Developer	Submarket	Vacancy (SF)	Asking Lease Rate (USD/SF/Year)	Status
Last Touch Interlogix Lomas II	Interlogix	-	72,980	\$12.35	U. Construction
OD Vallejo 1	O'Donnell	Vallejo-Azcapotzalco	117,348	\$13.94	U. Construction
OD Tlalpan B1	O'Donnell	Iztapalapa-Iztacalco	114,194	\$14.49	Delivered
CPA Eulalia Gómez	CPA	Vallejo-Azcapotzalco	111,481	NA	U. Construction
Vesta La Villa	Vesta	Vallejo-Azcapotzalco	207,963	\$13.38	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)
\$8.92	\$14.49	\$11.59

Last Mile Gross Absorption vs Class A Gross Absorption 1Q25



Source: Newmark Research

Mexico City statistics 1Q25

Most of the development of under-construction industrial projects is concentrated in the CTT Corridor, where the vacancy exceeds 1.19 million square feet. Rental prices continue to escalate in both newly delivered and pre-leased buildings.

	Inventory (million SF)	Construction (SF)	Vacancy (SF)	Vacancy Rate	Gross Absorption (SF)	Net Absorption (SF)	Asking Lease Rate (USD/SF/Year)	Construction Asking Rent (USD/SF/Year)
CTT	95.18	6,336,277	1,190,538	1.3%	762,192	-231,639	\$10.93	\$12.11
Cuautitlán	49.89	4,313,224	675,335	1.4%	479,962	283,564	\$9.92	\$12.11
Tepotzotlán	23.56	-	515,203	2.2%	282,229	-515,203	\$12.26	-
Tultitlán	21.73	2,023,053	-	-	-	-	-	-
Tlalnepantla	13.67	322,452	190,769	1.4%	-	-122,956	\$12.86	-
Coacalco	2.13	157,196	-	-	-	-	-	\$9.31
Huehuetoca-Zumpango	8.92	540,908	126,390	1.4%	824,170	824,170	\$5.85	\$9.92
Naucalpan	0.98	150,791	-	-	-	-	-	-
Oriente	1.55	355,402	-	-	-	-	-	\$8.92
Iztapalapa-Iztacalco	2.92	-	-	-	-	-	-	-
Vallejo-Azcapotzalco	5.96	207,963	161,889	2.7%	353,357	321,604	\$11.62	\$13.38
Total	131.31	8,070,990	1,669,585	1.3%	1,939,719	791,179	\$10.84	\$11.58

Source: Newmark Research

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