

1Q25

Mexico City Office Market

NEWMARK



Market Analysis

Economy

- Due to the new tariff policies imposed by the USA on Mexico, there is a lot of volatility and uncertainty, which is expected to change several investment plans. Therefore, it will be important to consider the actions taken by the current government.
- The Ministry of Economy reported that Mexico City attracted 14.4 million dollars of foreign direct investment by the end of the previous year, mainly from companies with reinvestments, and among those highlighted are Banamex and Coca Cola.
- The arrival of IT and AI technology competitors, such as Salesforce, rented five floors in one of the new buildings in Polanco, accompanied by the promotion of fiscal and local incentives in Mexico City.

Transactions

- The Polanco corridor reported the highest gross absorption at the end of the quarter with 44,810 m². The highest concentration of operations occurred within the Polanco Granadas sub-corridor, with more than 23,924 m² occupied.
- The Santa Fe corridor was the second highest in gross absorption at the close of the quarter, totaling 22,023 m². In the Insurgentes corridor, 17,118 m² were occupied, with the Insurgentes Principal sub-corridor concentrating 75% of the total transactions within the corridor.

Market fundamentals

	Current Quarter	Prior Current	A year ago	12-month Forecast
ITotal nventory (sqm)	8,162,687	8,107,219	8,075,699	↑
Vacancy rate	21.49%	22.22%	23.5%	↓
Gross Absorption (sqm)	45,935	21,536	-22,421	↑
Net Absorption (sqm)	135,277	95,268	136,812	↑
Asking Price (USD/sqm/month)	\$22.75	\$22.70	\$23.50	↑
U. Construction (sqm)	349,078	404,546	580,963	↓

Outlook

- The uncertainty caused by the electoral processes in Mexico and the United States has affected space rental applications, with businesses being cautious in their decision-making processes. In this context, technology companies and financial entities have occupied most of the available inventory.
- The availability rate continues to decline, albeit in a gradual manner, which is understandable given the current circumstances in the Mexico City office market. This phenomenon is directly related to the lack of new projects under construction, which limits the entry of new inventory into the market.

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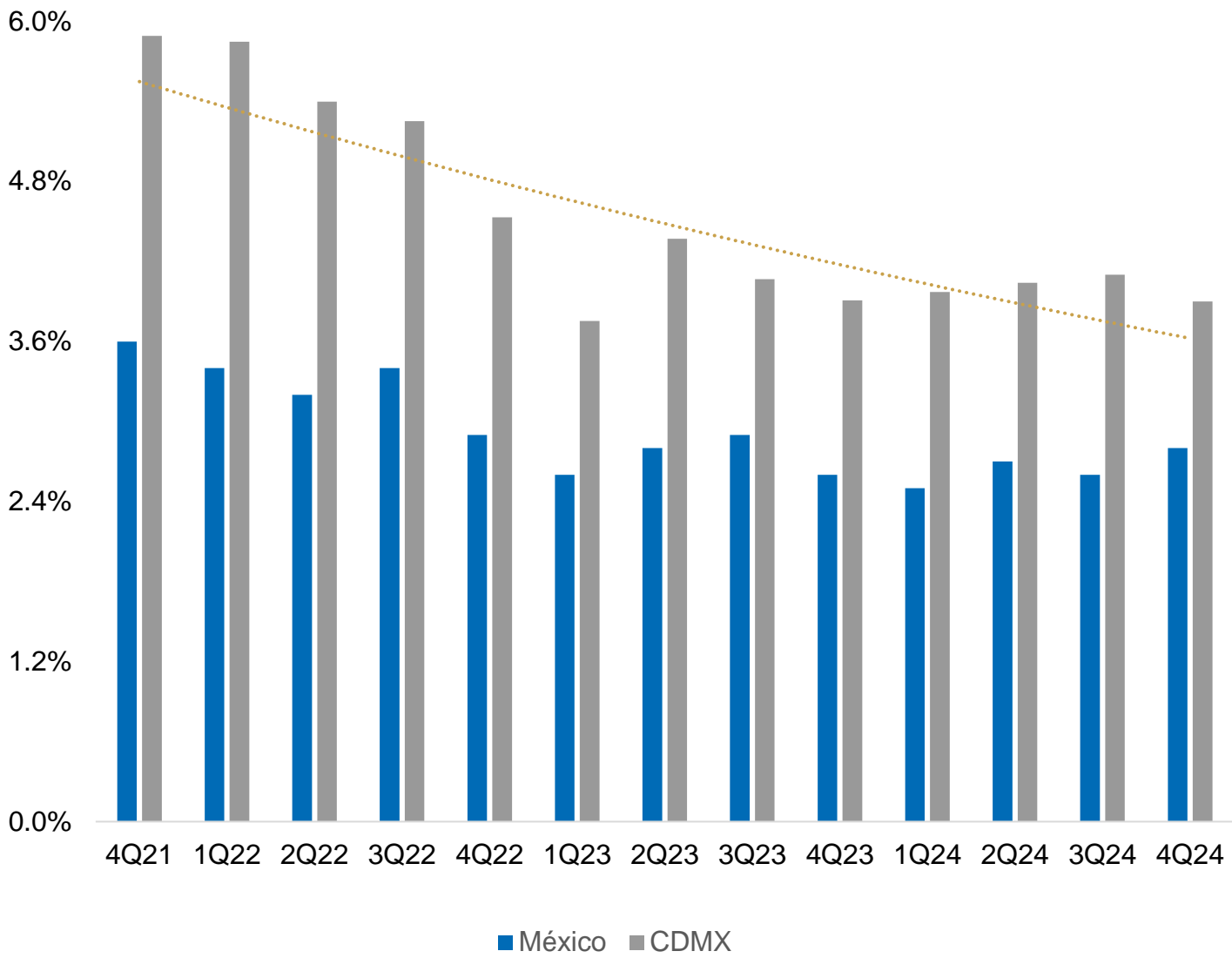
Economy



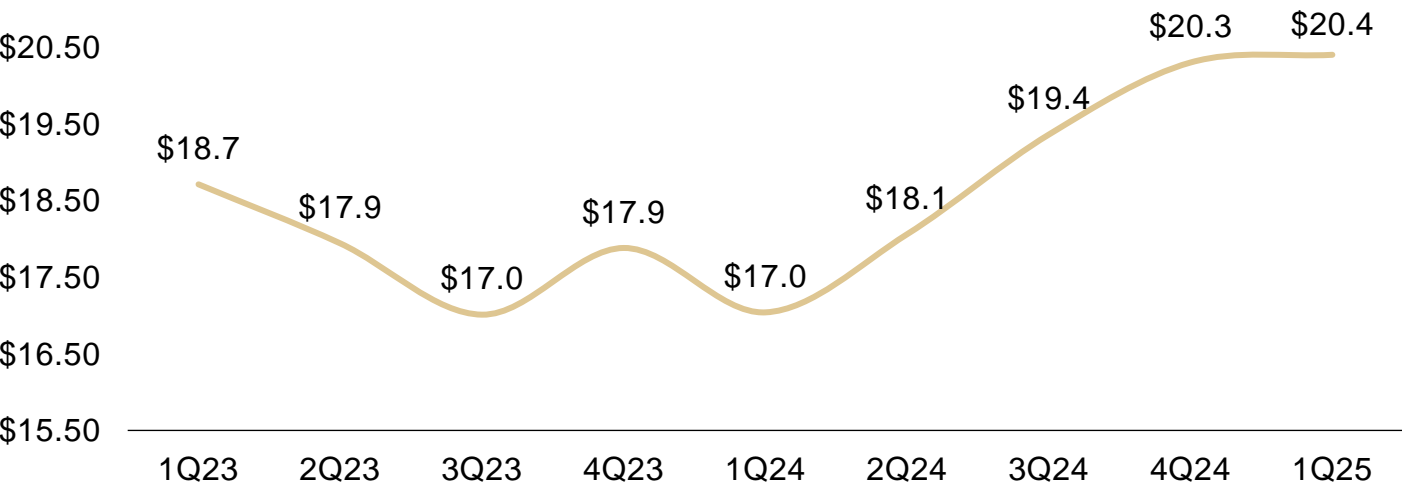
Economic outlook

With the implementation of new policies, Mexico City anticipated potential declines in its economy. Although the main drivers of investment and trade experienced a setback, the first months of the year recorded a 0.2% increase in the global economic activity indicator.

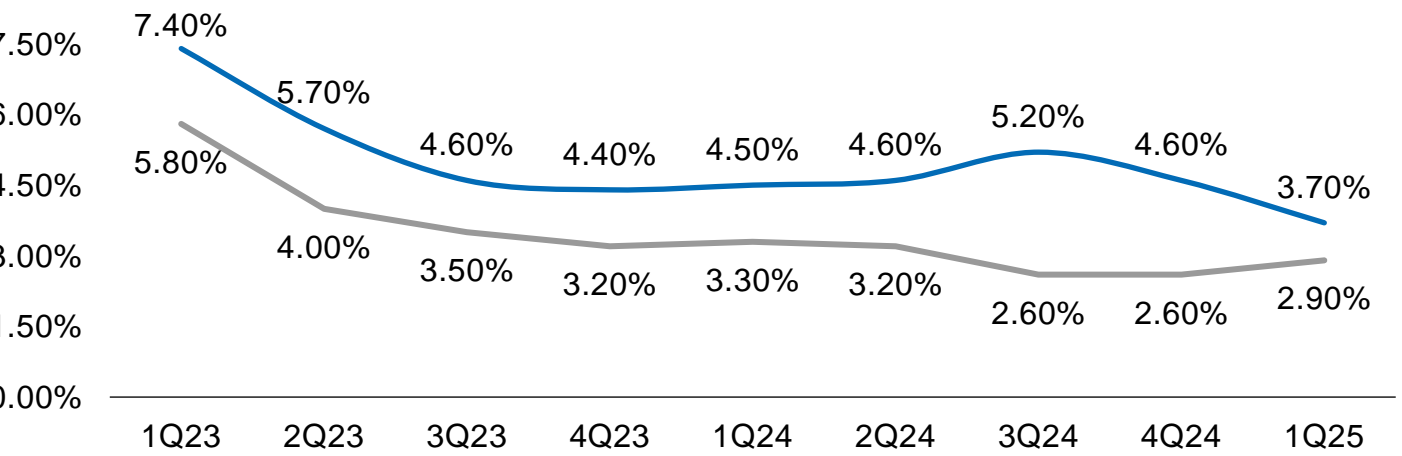
Unemployment Rate



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



Consumer Price Index (INPC)

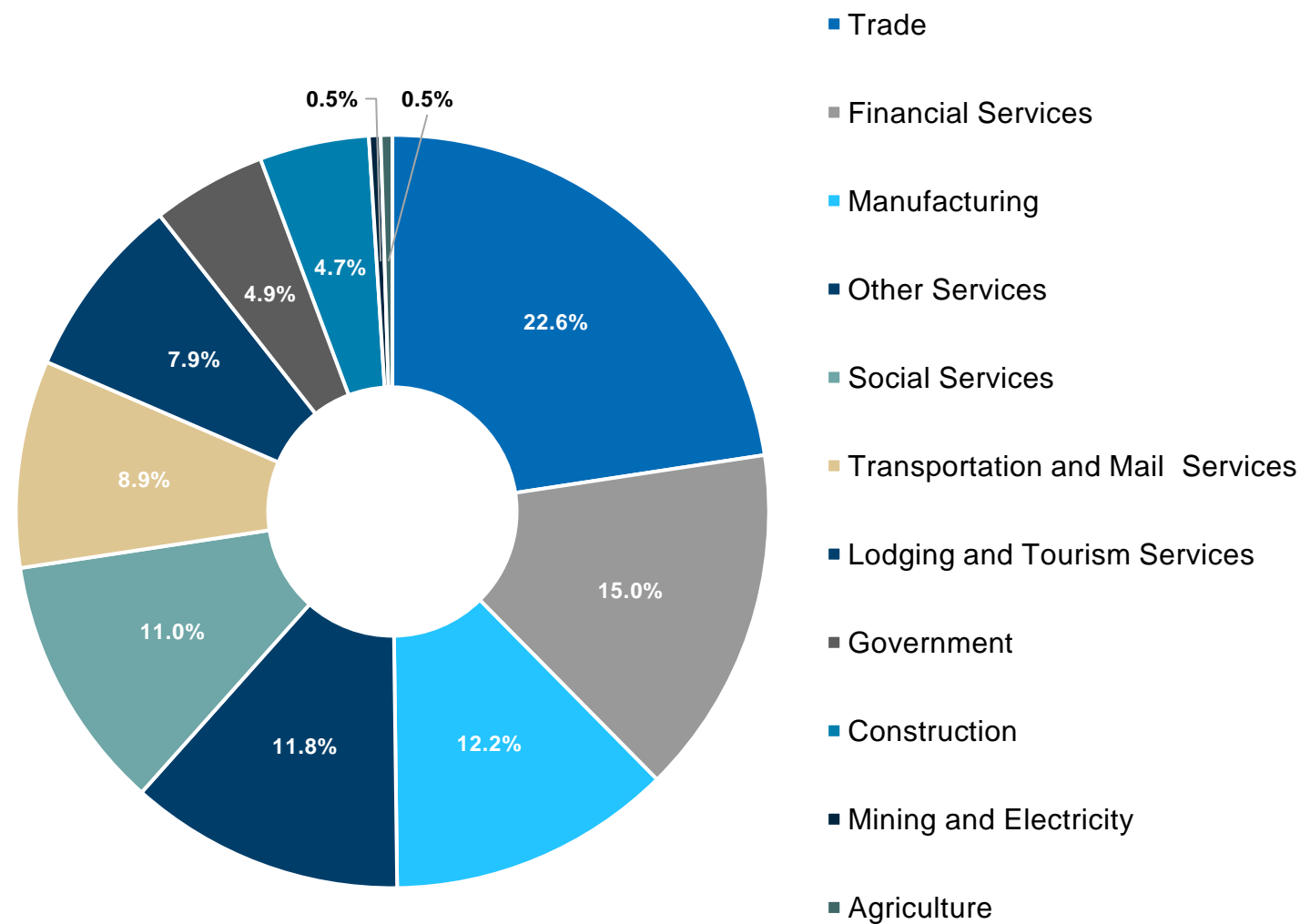


Source: Inegi, Banxico
*Note: Information available up to Q4 2024

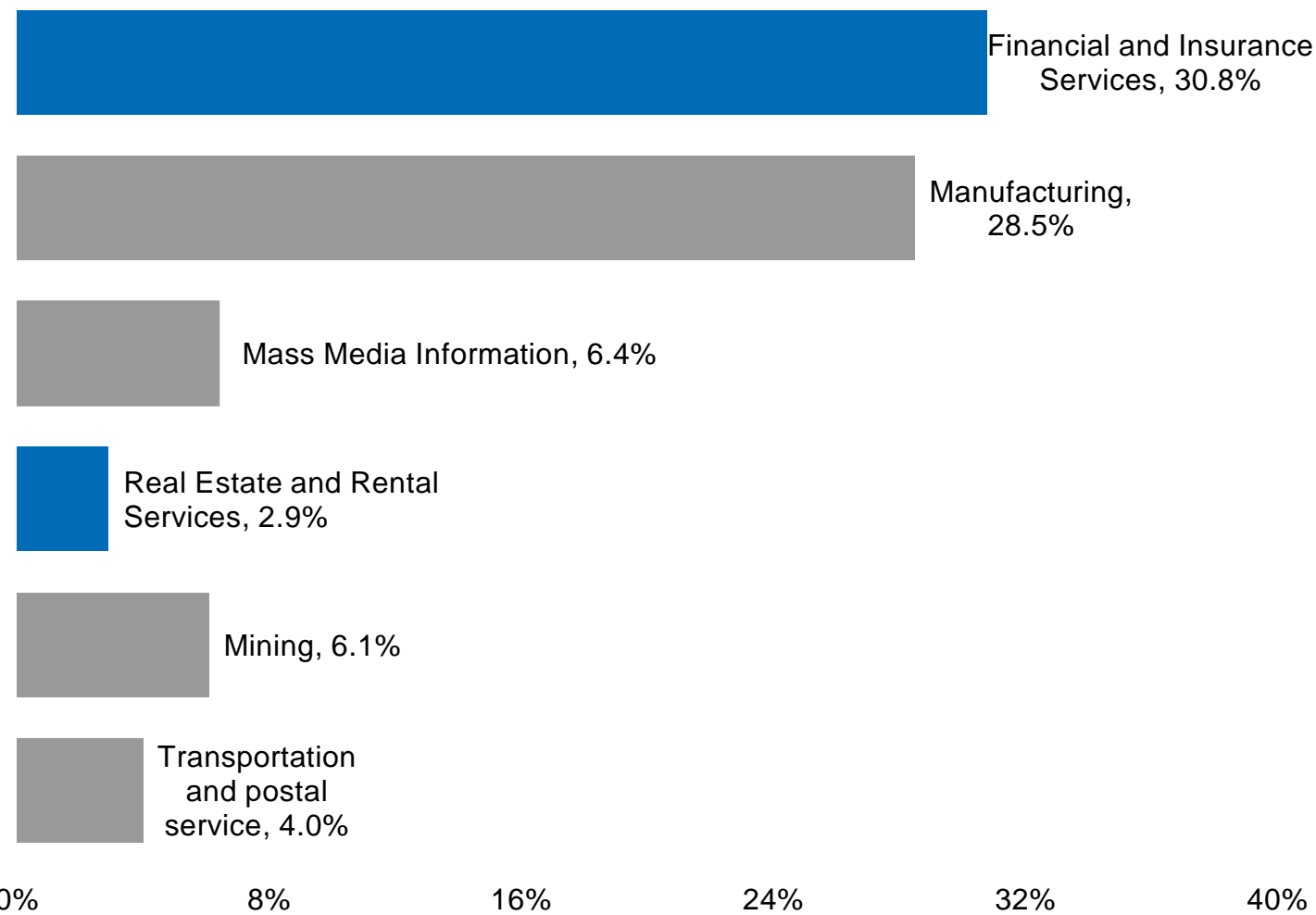
Economic sectors

Mexico City remains the main investment destination, followed by the State of Mexico and Baja California in second and third place, respectively. It is estimated that in this first quarter there will be a slight improvement, with a 0.6% growth in GDP, despite the tariff proposal from the United States.

Employment by Sector of Activity



Foreign Direct Investment



Source: Inegi, Banxico, Secretaría de Economía

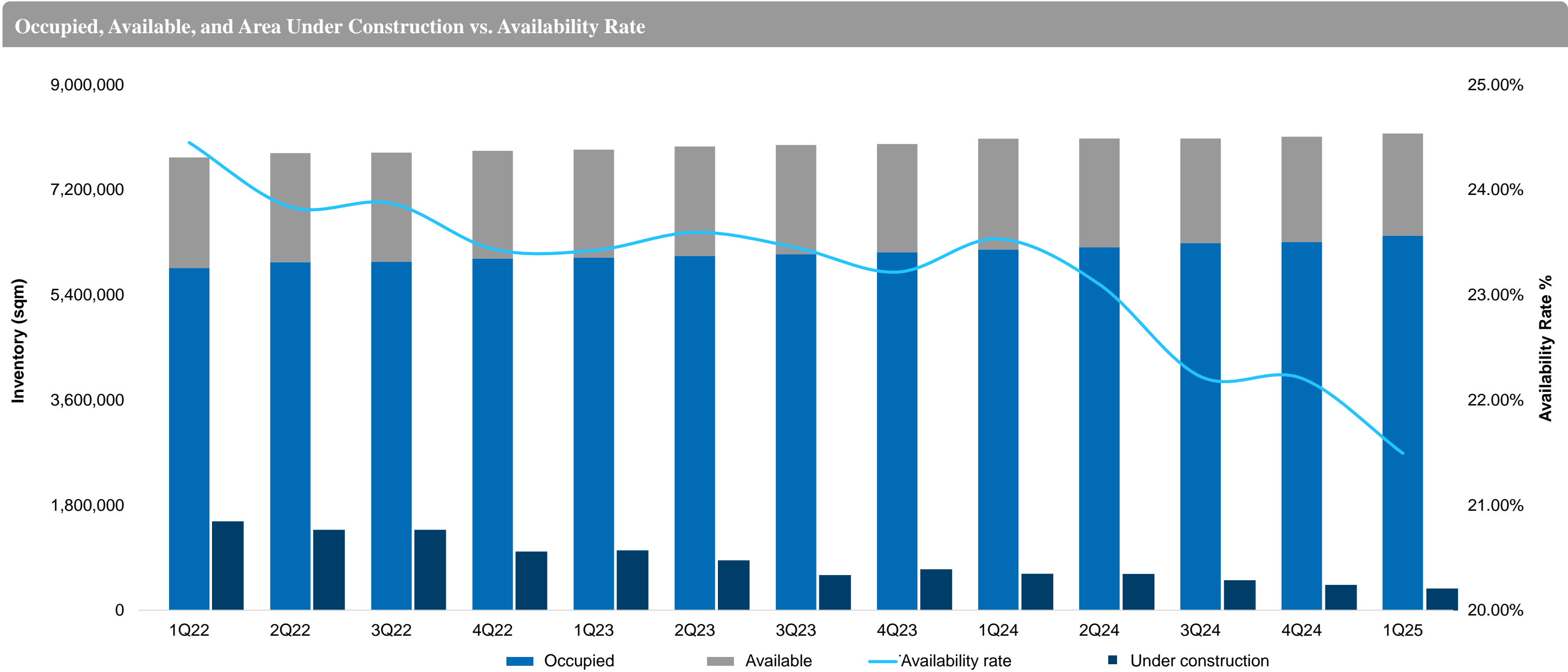
QUARTER

Market Fundamentals



Inventory

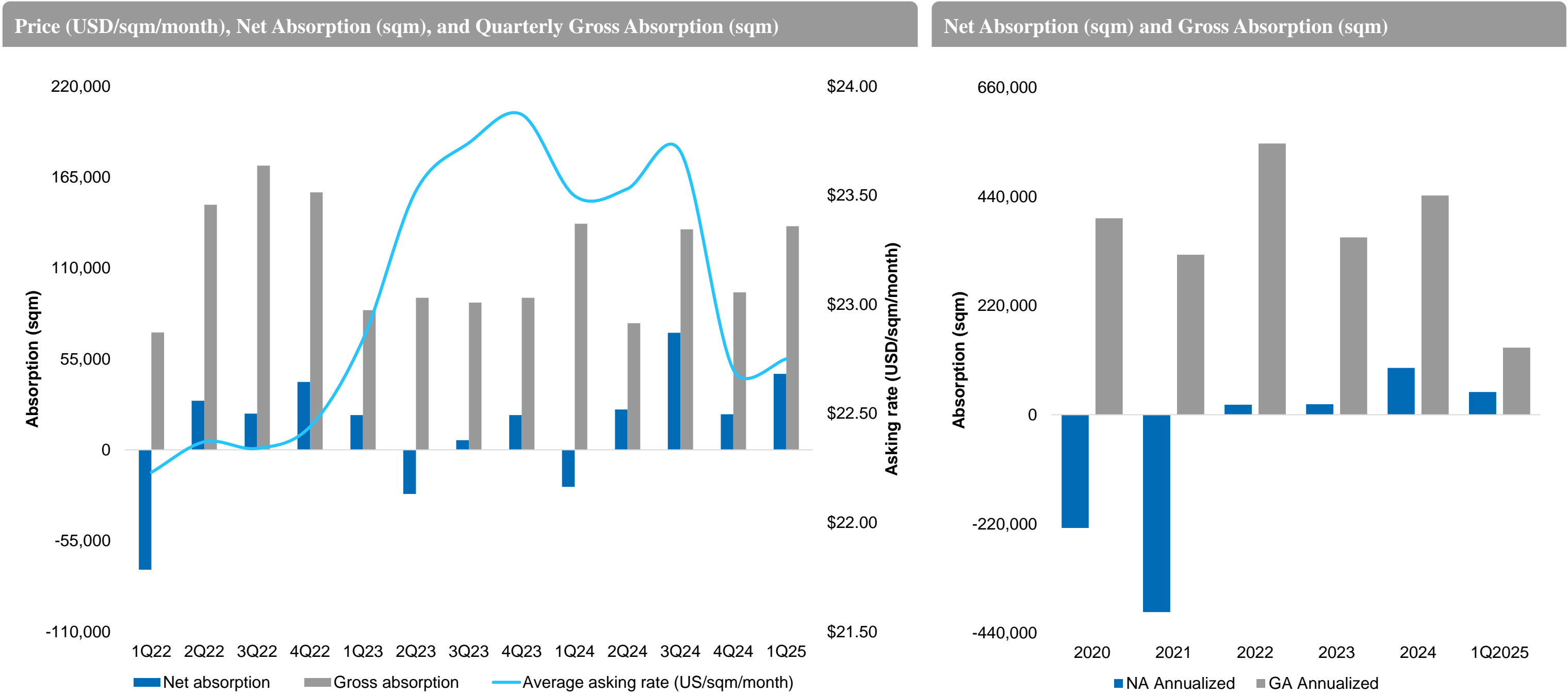
In the inventory of class A and A+ offices during this quarter, 2 new projects were added within the Insurgentes and Santa Fe corridors. The availability rate continues to decline, standing at 21.49% at the end of the quarter.



Source: Newmark Research

Absorptions

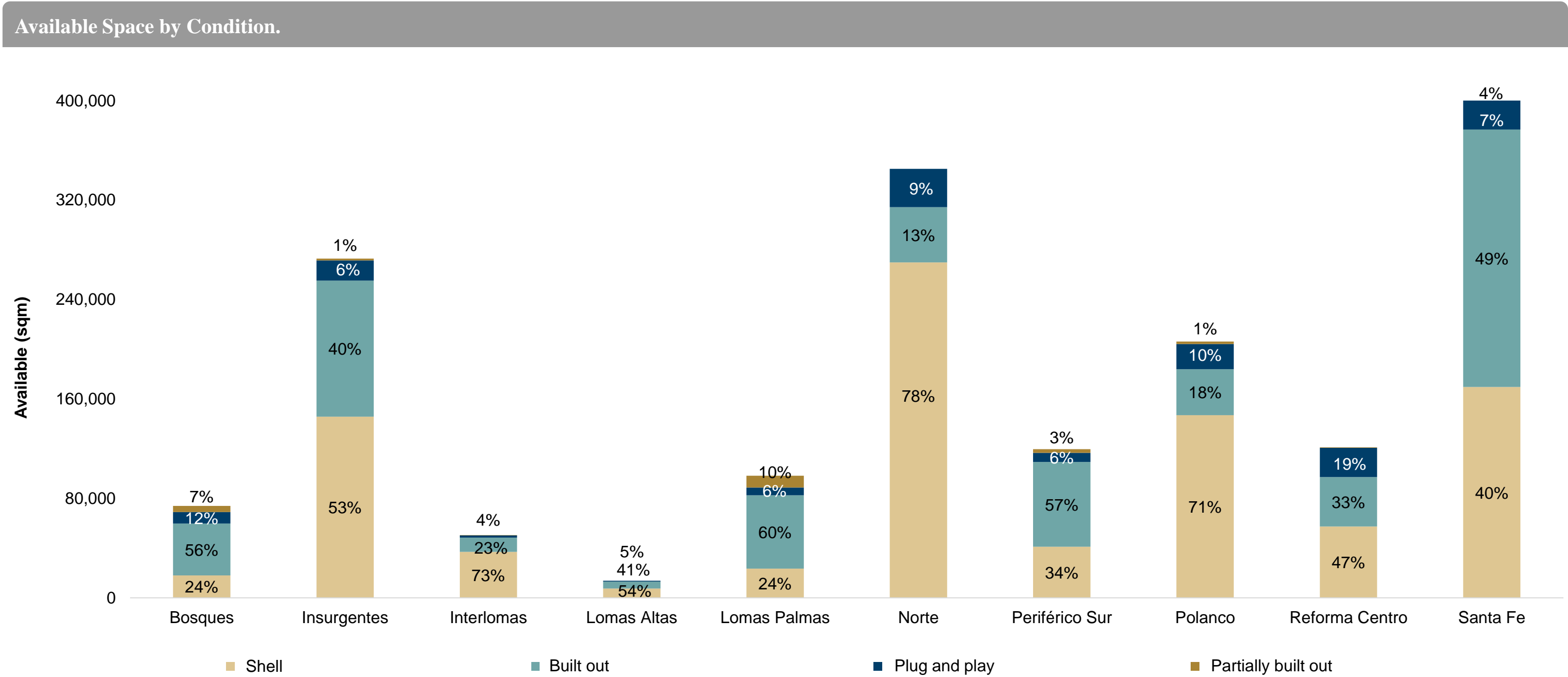
The market's gross absorption recorded 135,277 m², and the net absorption was positive at 45,935 meters. The average asking price remained stable at \$22.75 USD/m².



Source: Newmark Research

Delivery Condition

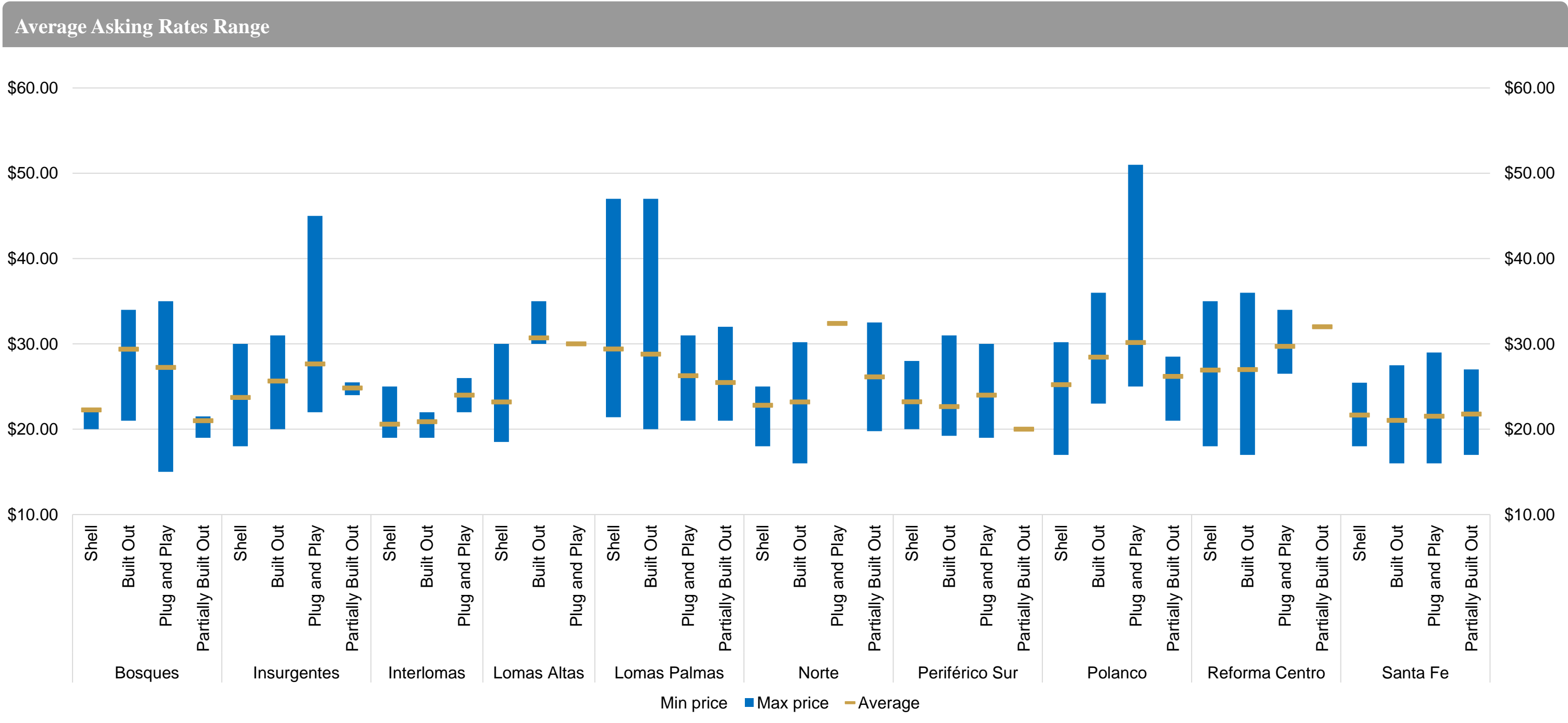
53% of the available rentable office area is delivered in a shell condition. 36% deliver finished spaces, and the remaining percentage are delivered furnished or semi-finished. Notably, in the Bosques, Insurgentes, Lomas Altas, Lomas Palmas, Periférico Sur, and Santa Fe corridors, more than 40% of the available square meters are delivered finished.



Source: Newmark Research

Asking Prices

The price range for delivery conditions in some cases goes from \$15.00 to \$51.00 USD/m². Spaces delivered in a shell condition offer prices ranging from \$17.00 to \$47.00 USD/m², while prices for finished spaces range from \$16.00 to \$47.00 USD/m². These values depend on location, finishes, infrastructure, included services, and space layout.

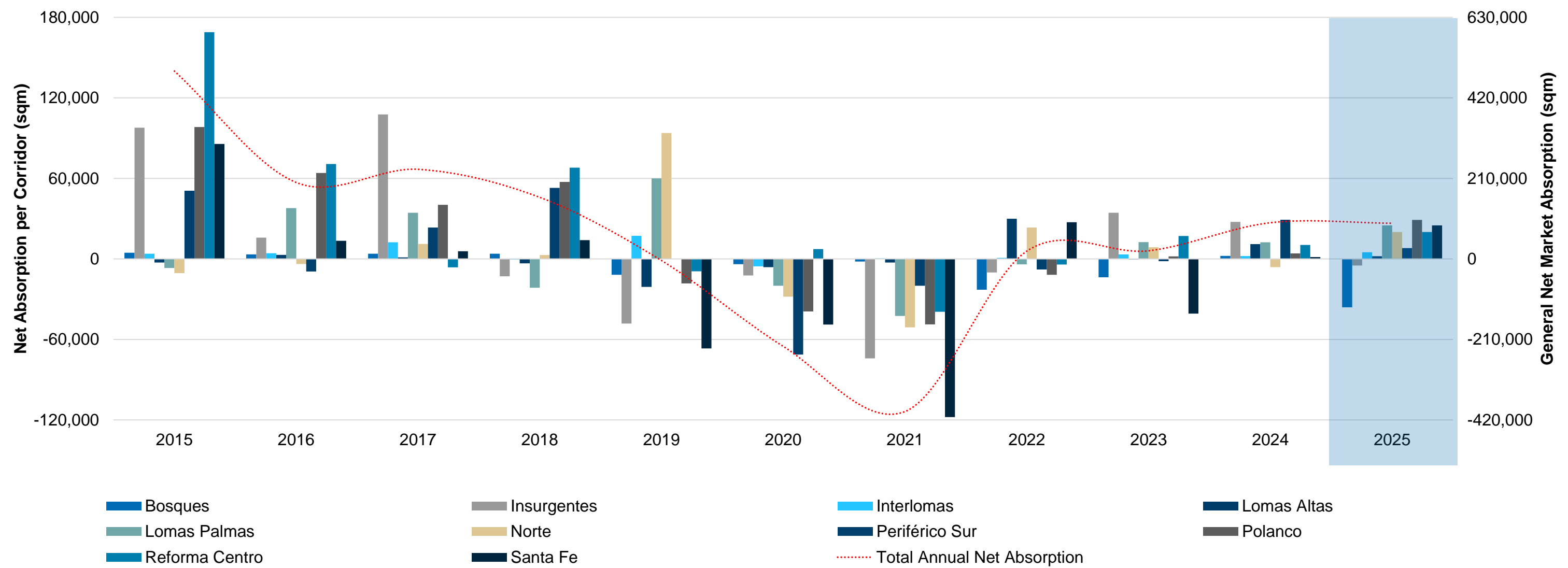


Source: Newmark Research

Net Absorptions by corridor

By the end of the first quarter of 2025, there was a net absorption of 45,935 m², and regarding gross absorption, 135,277 m² were marketed. It is estimated that by the end of the year, more than 430,000 square meters will be occupied, maintaining the current market conditions.

Annualized Net Absorptions by Corridor and total Market



Source: Newmark Research

Statistics by submarket

	Inventory (sqm)	Deliveries (sqm)	Construction (sqm)	Vacancy (sqm)	Vacancy Rate	Gross Absorption (sqm)	Net Absorption (sqm)	Asking Price (USD/sqm/month)
Bosques	319,133		41,100	73,957	23.2%	1,247	171	\$26.28
Insurgentes	1,265,702	24,315	112,869	246,422	19.5%	17,118	-30,953	\$23.81
Avenida Insurgentes Principal	654,733		62,646	113,113	17.3%	12,822	6,825	\$24.05
Insurgentes Oriente	154,194			32,114	20.8%	637	331	\$23.58
Insurgentes Revolución	207,087	24,315		53,064	25.6%	313	-40,149	\$24.54
Insurgentes Roma-Condesa	96,266		50,223	20,345	21.1%	0	-1,306	\$21.61
Insurgentes San Ángel	153,422			27,786	18.1%	3,346	3,346	\$23.32
Interlomas	194,965		22,418	50,508	25.9%	0	-118	\$20.75
Lomas Altas	120,586			14,867	12.3%	2,610	2,594	\$20.10
Lomas Palmas	754,651			101,776	13.5%	16,137	10,914	\$27.34
Norte	830,822			354,235	42.6%	16,418	15,247	\$18.02
Norte Atizapán	46,657			24,032	51.5%	623	623	\$9.86
Norte Azcapotzalco	233,666			89,737	38.4%	532	532	\$17.50
Norte Naucalpan	352,565			153,732	43.6%	11,106	10,681	\$20.06
Norte Tlalnepantla	197,935			86,734	43.8%	4,157	3,411	\$17.20
Periférico Sur	731,419		49,834	106,962	14.6%	4,505	-285	\$20.22
Polanco	1,477,722		60,911	207,973	14.1%	44,810	40,023	\$25.76
Polanco Anzures	85,680		30,911	26,757	31.2%	480	480	\$23.65
Polanco Granadas	780,468			115,466	14.8%	23,924	22,219	\$26.28
Polanco Lagos	205,505			32,539	15.8%	7,635	7,635	\$21.80
Polanco Tradicional	406,069		30,000	33,211	8.2%	12,771	9,689	\$29.55
Reforma Centro	979,830		61,946	147,140	15.0%	10,409	1,341	\$26.16
Santa Fe	1,487,856	31,153		450,512	30.3%	22,023	7,001	\$20.59
Totals	8,162,687	55,468	349,078	1,754,352	21.5%	135,277	45,935	\$22.75

Source: Newmark Research



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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://nmrk.lat/reportes-de-mercado/>.

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