3Q2025

Mexico City Office Market

Market Analysis

Economy

- The announcement of Nvidia's investment in artificial intelligence and the support of the Federal Reserve's monetary policy boosted interest in high-risk financial assets, which favored the Mexican peso and stock markets in Mexico and the United States.
- Mexico City is positioned as a strategic destination for investment, according to the Spanish Chamber of Commerce. 51% of Spanish companies plan to increase their activity in the capital, while 36% contemplate an increase in staff by 4%. These indicators reflect a growing confidence in the economic environment and business opportunities in the city

Market fundamentals

	Current Quarter	Prior Current	A year ago	12-month Forescast
Inventory (sqm)	8,162,687	8,162,687	8,078,333	→
Vacancy rate	20.2%	20.5%	23.10%	↓
Net Absorption (sqm)	12,308	55,690	24,387	↑
Gross Absorption (sqm)	64,776	119,958	76,656	↓
Avg. Asking Price (USD/sqm/month)	$23.13	$22.73	$23.53	→
Under Construction (sqm)	349,078	349,078	580,963	→

Transactions

- Insurgentes corridor presented the highest gross absorption at quarter-end with 14,139 m² and a higher concentration of operations within its submarket Insurgentes Principal with more than 8,000 m² occupied; this submarket accounts for 62% of total transactions within this corridor.
- The Lomas Palmas corridor was second with the highest gross absorption at quarter-end, followed by the Polanco corridor with 11,026 m², while the Polanco Granada submarket accounted for 70% of occupied square meters.

Perspectives

- The office market in Mexico City maintains a dynamic pace, driven by the consolidation of strategic corridors such as Polanco, Santa Fe, and Reforma. Real estate investment in the capital continues to show strength, with a concentration of corporate projects under construction within the city.
- During this quarter, significant progress is observed in developments located in Polanco and Insurgentes, where the delivery of new Class A spaces is expected by the end of the year. These projects respond to the sector’s recovery expectations, especially in corridors that stand out for their high connectivity, service offerings, and privileged location.

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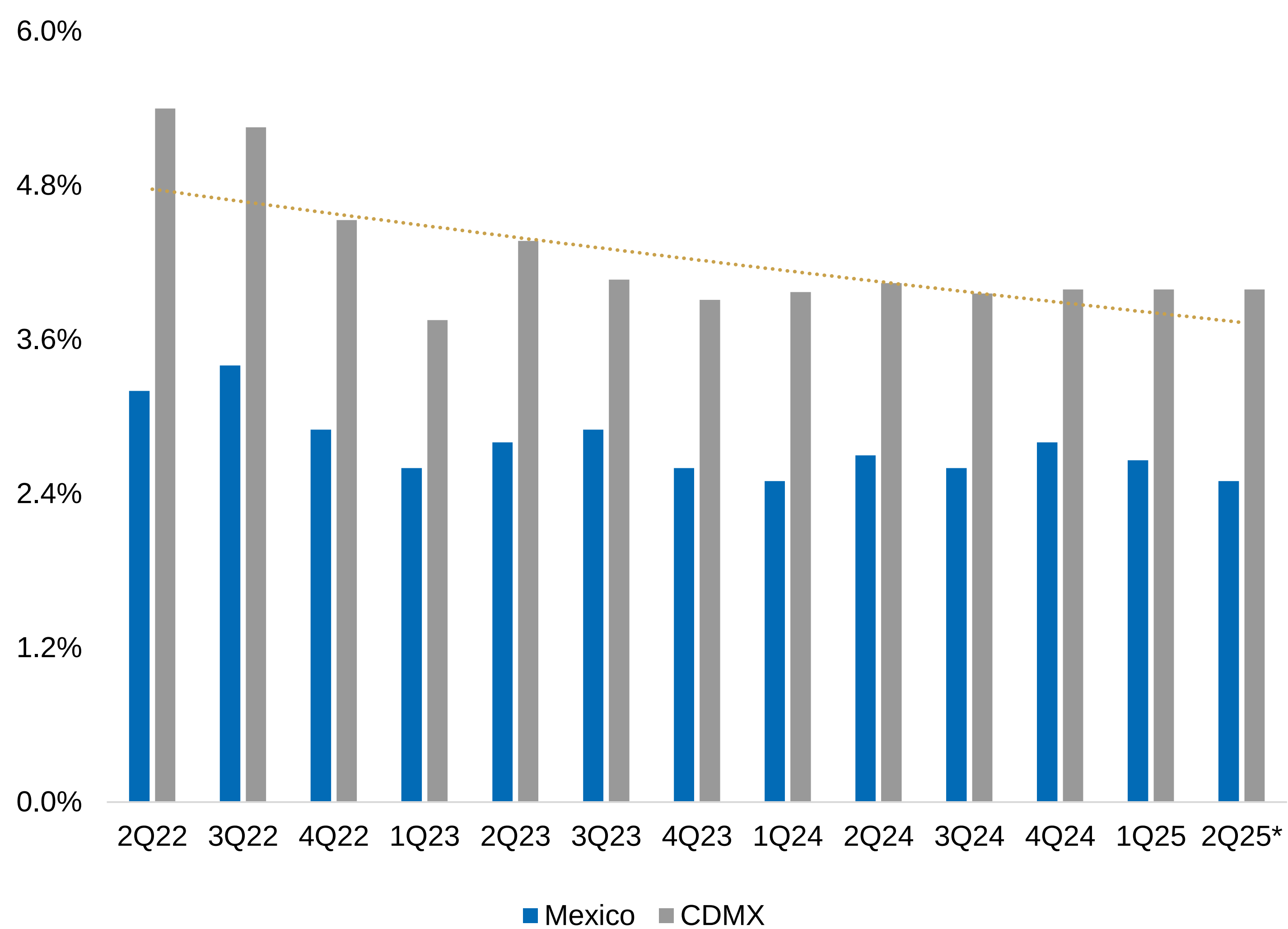
Economy

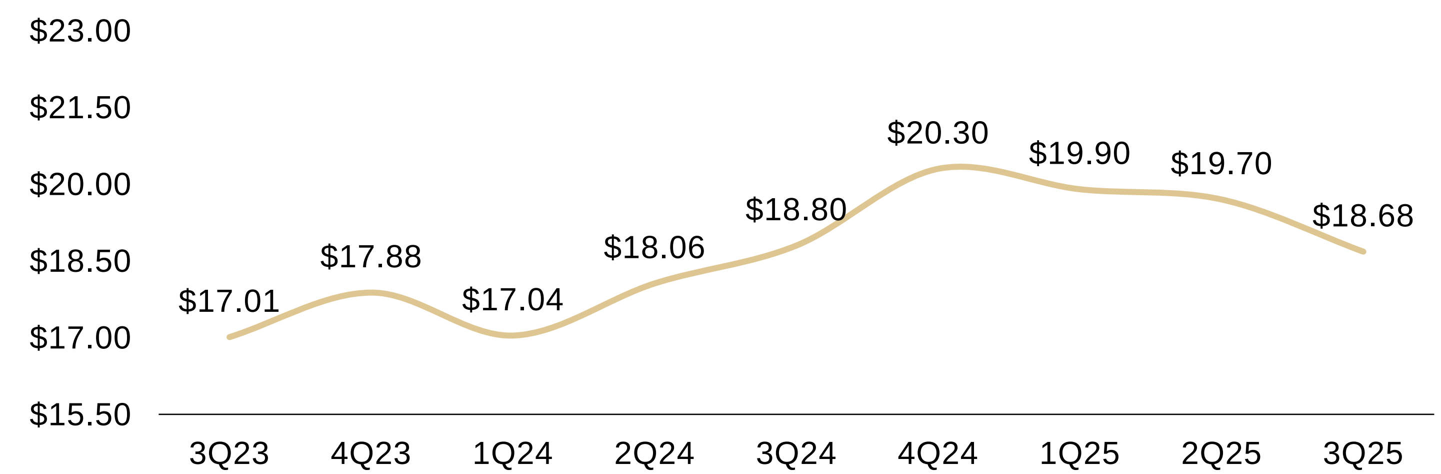
Economic outlook

Mexico City reached its highest historical rate of formal employment, with 2.76 million people in formal jobs, equivalent to 55.9% of the employed population. This progress reflects a structural shift toward employment with labor rights. The capital accounts for 17.4% of the national employed population, with an economically active population (EAP) of 5.14 million.

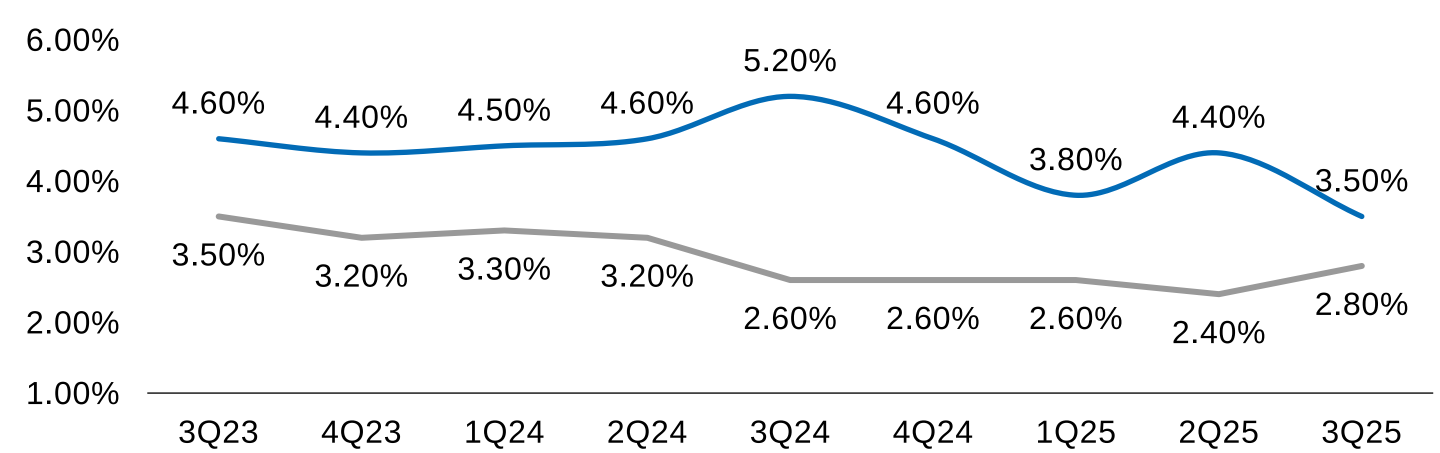
Unemployment Rate



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



Consumer Price Index (INPC)



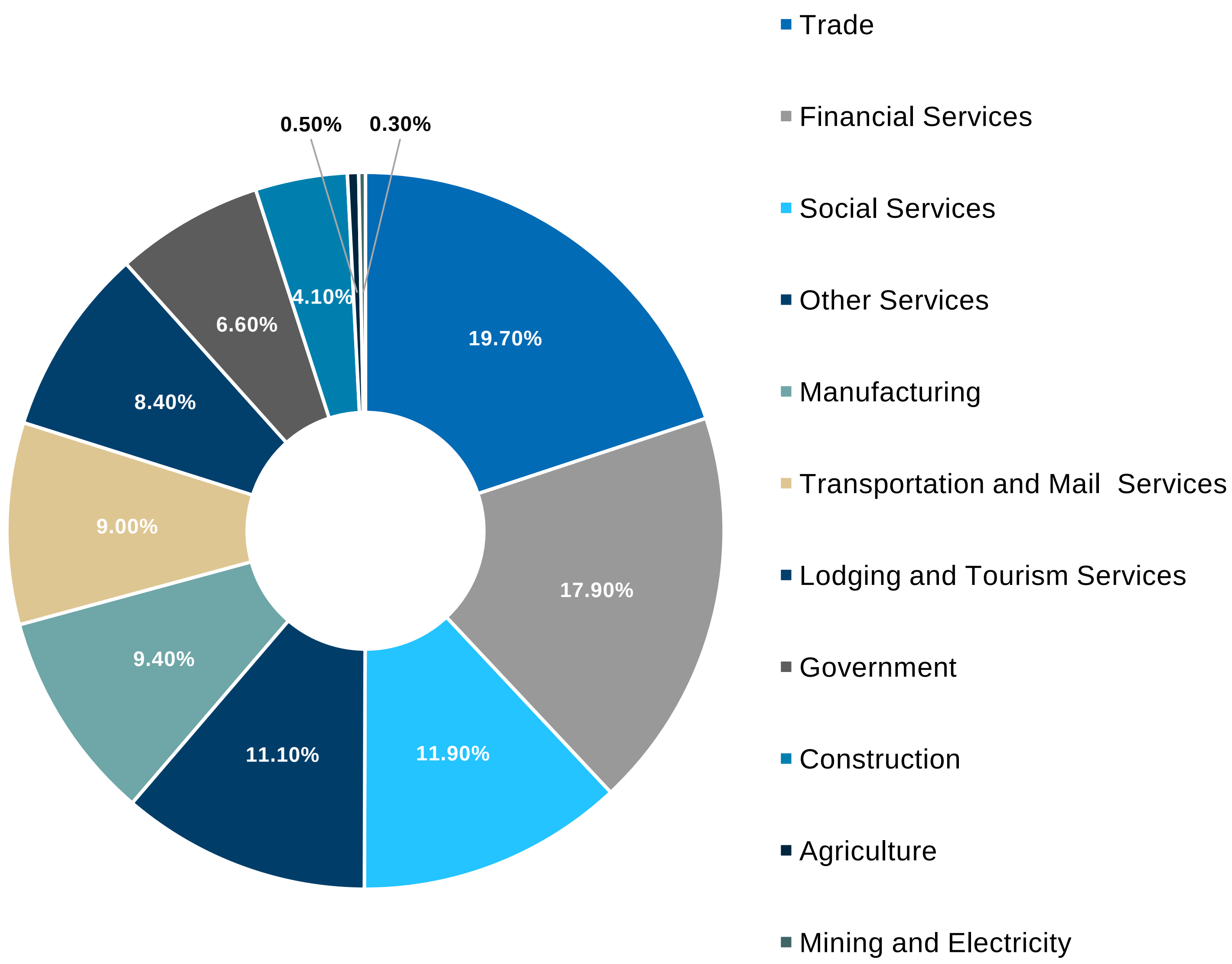
Source: Inegi, Banxico

*Note: Information available up to 2Q 2025

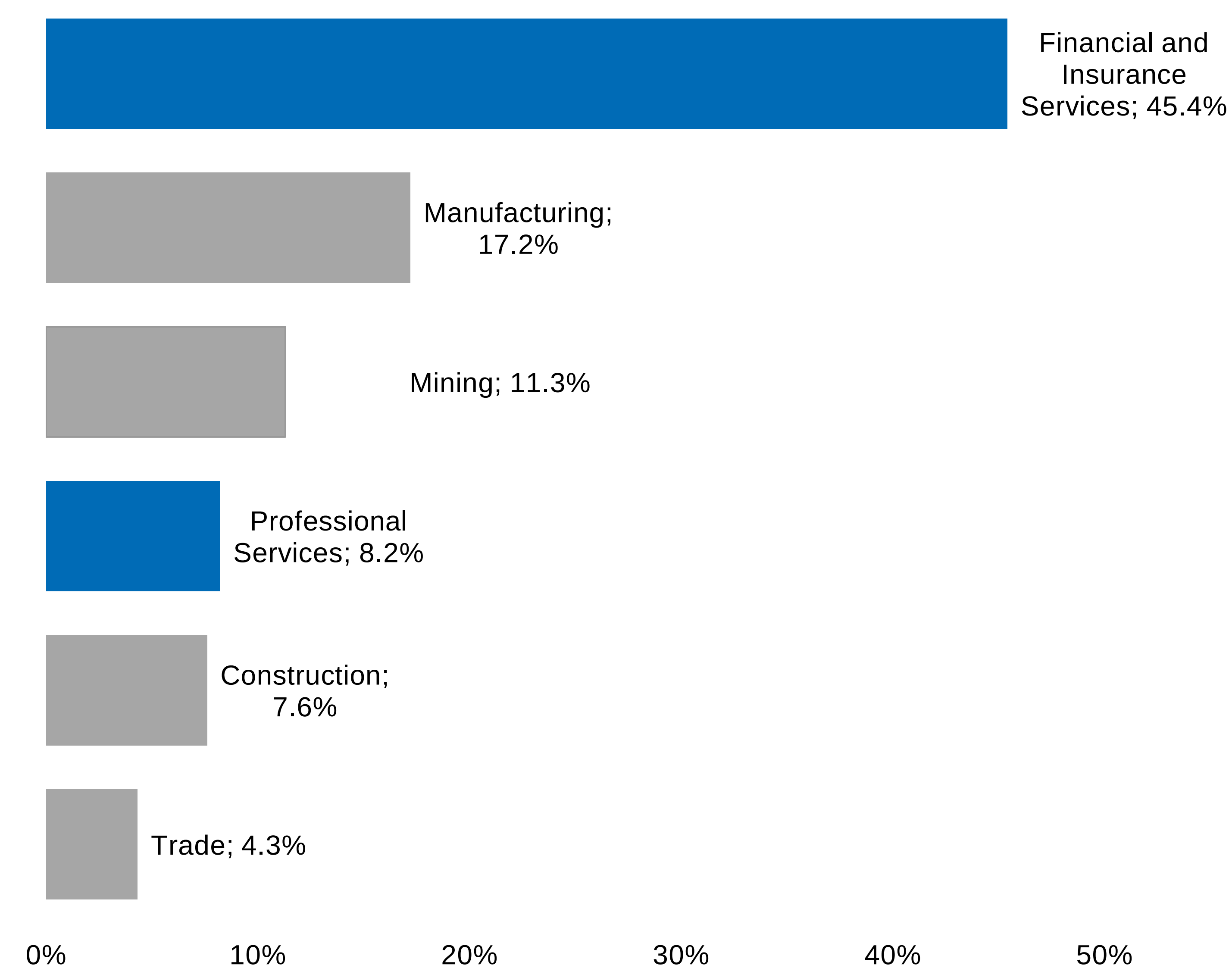
Economic sectors

The employed population in Mexico City grew by 37.2%, incorporating 1.34 million people, more than half of whom were women, and 748,000 gained formal employment. The sectors with the highest employment were commerce, professional services, and social services. The Mexico City Department of Labor is committed, for the end of this year, to labor formalization, female inclusion, and employability through training and employer engagement.

Employment by Sector of Activity*



Foreign Direct Investment*



Source: Inegi, Banxico, Secretaría de Economía

*Note: Information available up to 2Q 2025

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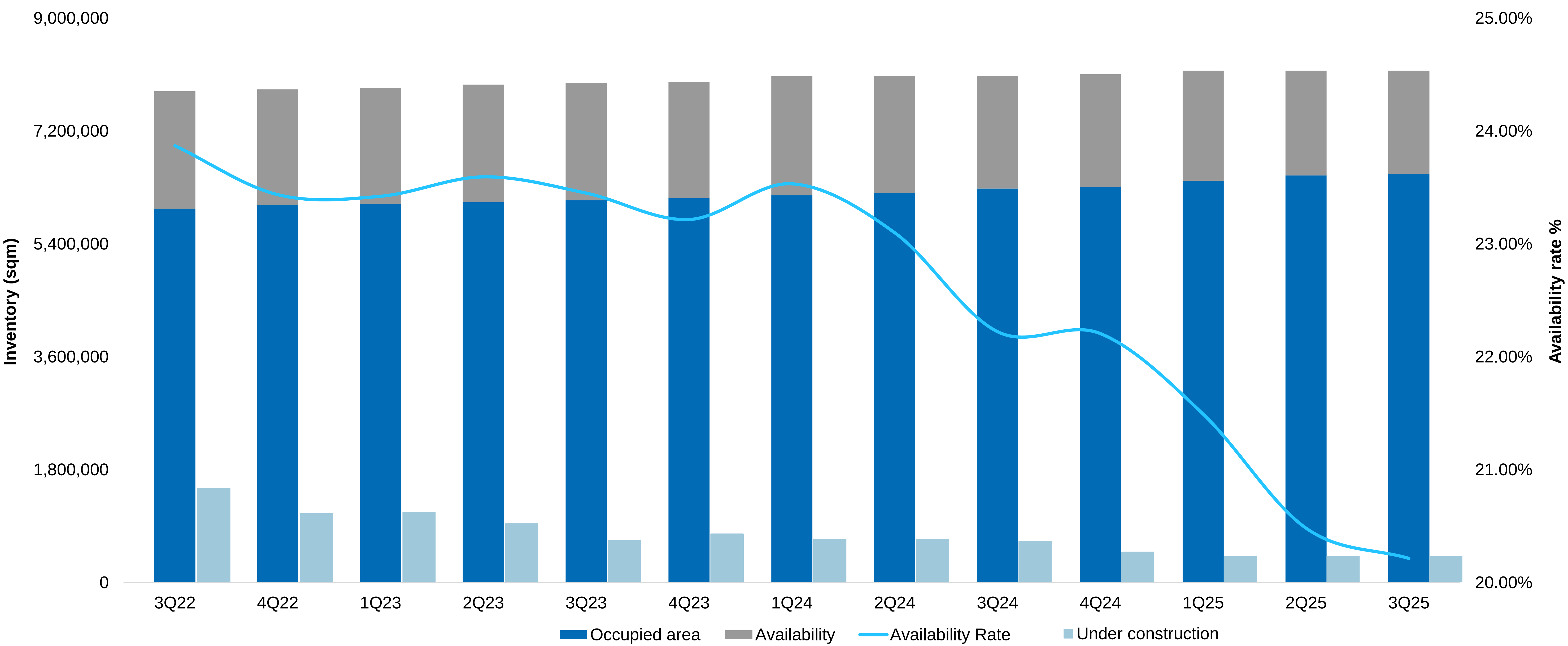
Market Fundamentals

Inventory

During the third quarter of 2025, no new projects were added to the inventory of Class A and A+ office spaces. The availability rate continues its downward trend, closing at 20.21%, reflecting sustained absorption of available space. The area under construction remained stable at 349,078 sqm, while the occupied area is gradually recovering in the market.

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

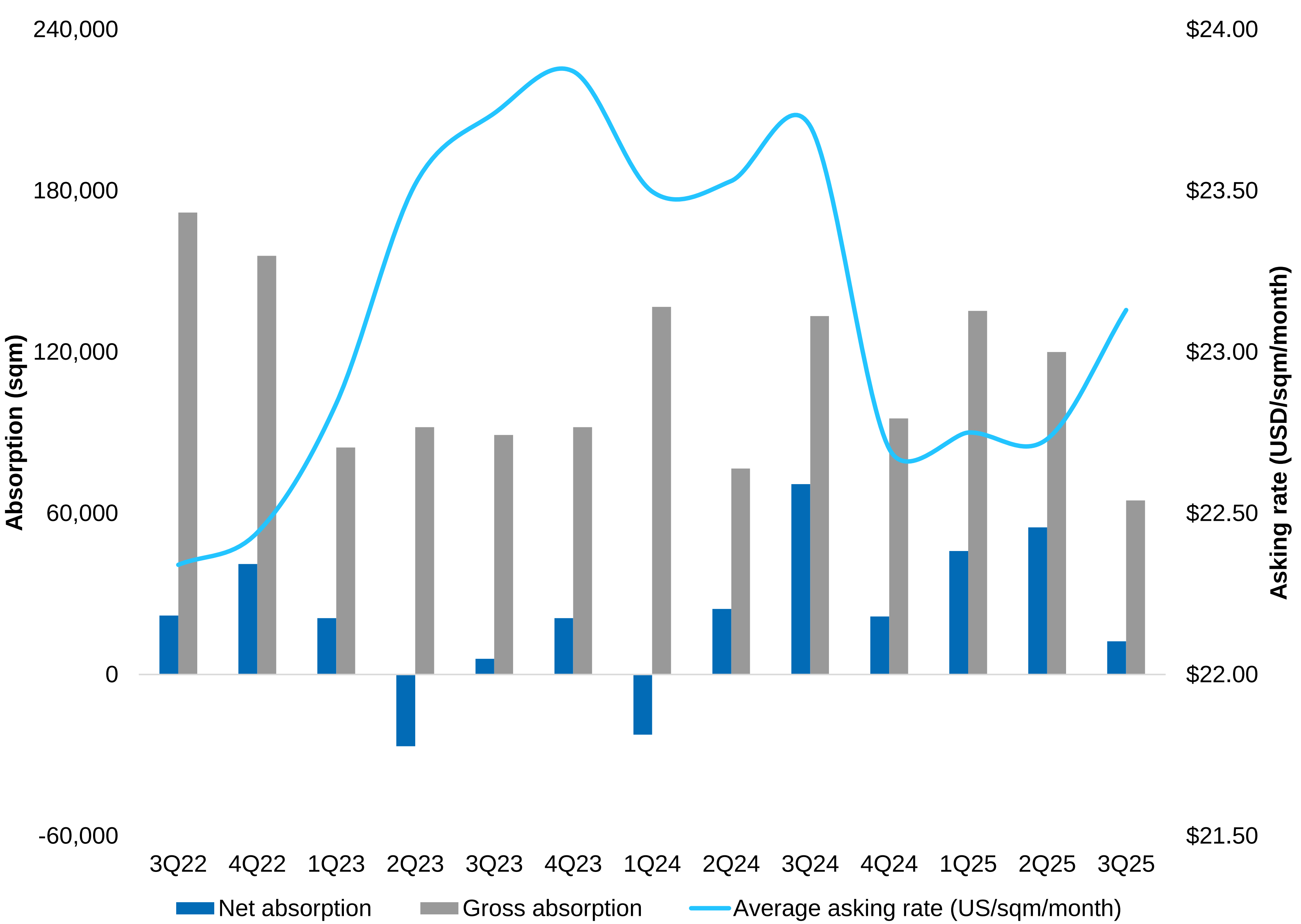


Source: Newmark Research

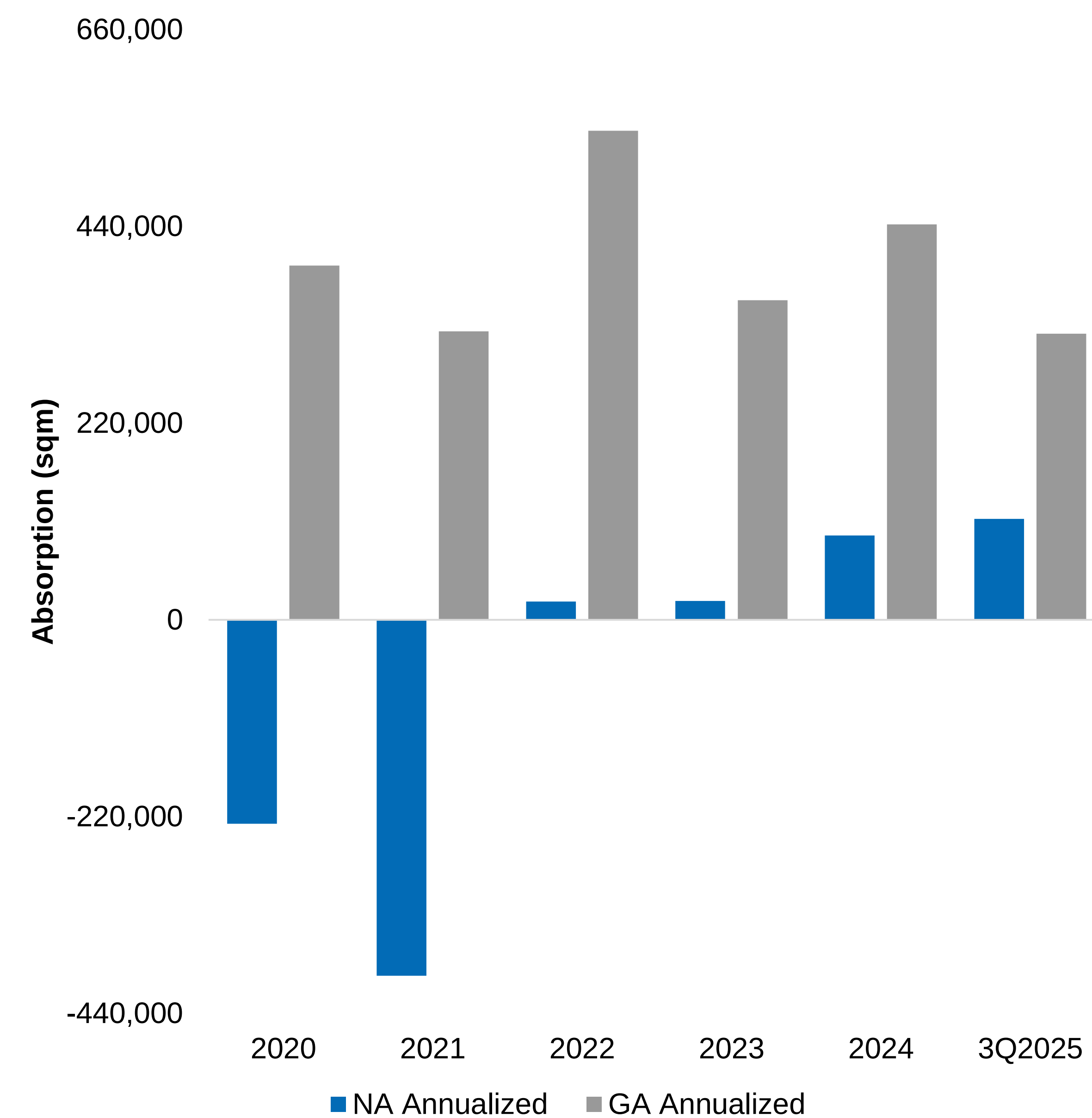
Absorptions

In Q3 2025, gross absorption reached 64,776 sqm, while net absorption stood at 12,308 sqm, representing a 22% decrease compared to the previous quarter. The average asking price increased by 1.8%, closing at $23.13 USD/sqm/month, suggesting a certain stability in rental conditions.

Price (USD/sqm/month), Net Absorption (sqm), and Quarterly Gross Absorption (sqm)



Net Absorption (sqm) and Gross Absorption (sqm)

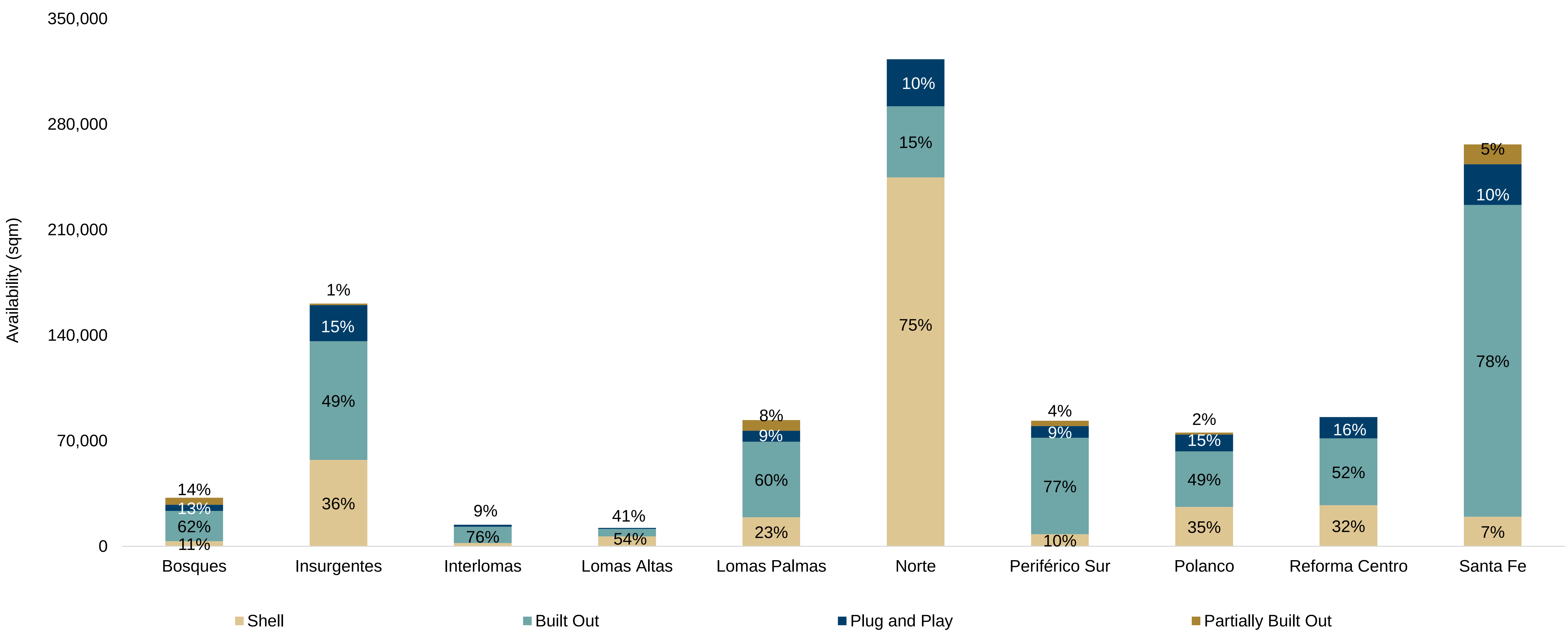


Source: Newmark Research

Delivery Condition

36% of the available leasable area is delivered as shell space, while 50% corresponds to fitted-out spaces. The remainder is distributed between furnished and semi-fitted spaces. Notable submarkets include Bosques, Insurgentes, Lomas Altas, Lomas Palmas, Periférico Sur, and Santa Fe, where 50% of the available square meters are delivered fitted-out, reflecting a preference for move-in ready spaces.

Available Space by Condition.

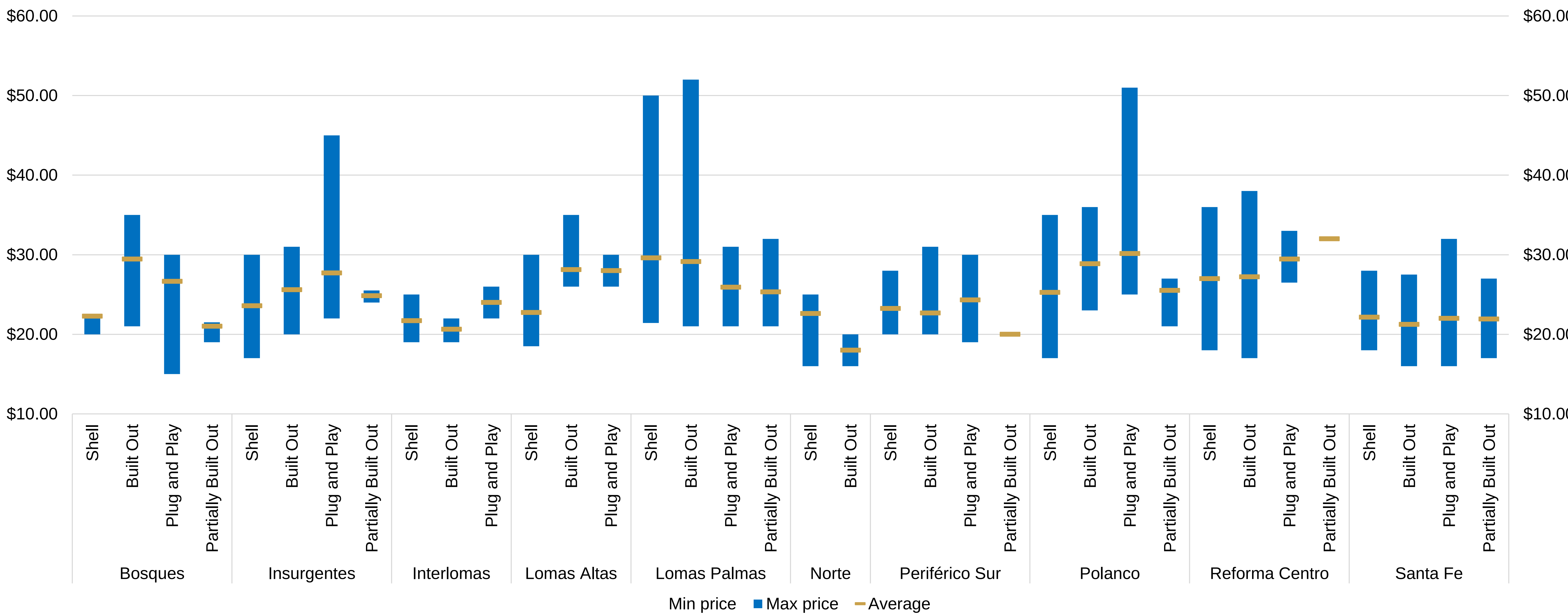


Source: Newmark Research

Asking Prices

Shell spaces are priced between $16.00 and $50.00 USD/sqm, while fitted-out spaces range from $16.00 to $52.00 USD/sqm. Pricing depends on factors such as finishes, infrastructure, included services, and layout. In general, furnished and semi-fitted spaces tend to fall within higher price ranges due to their level of equipment, ranging from $17.00 to $51.00 USD/sqm

Average Asking Rates Range

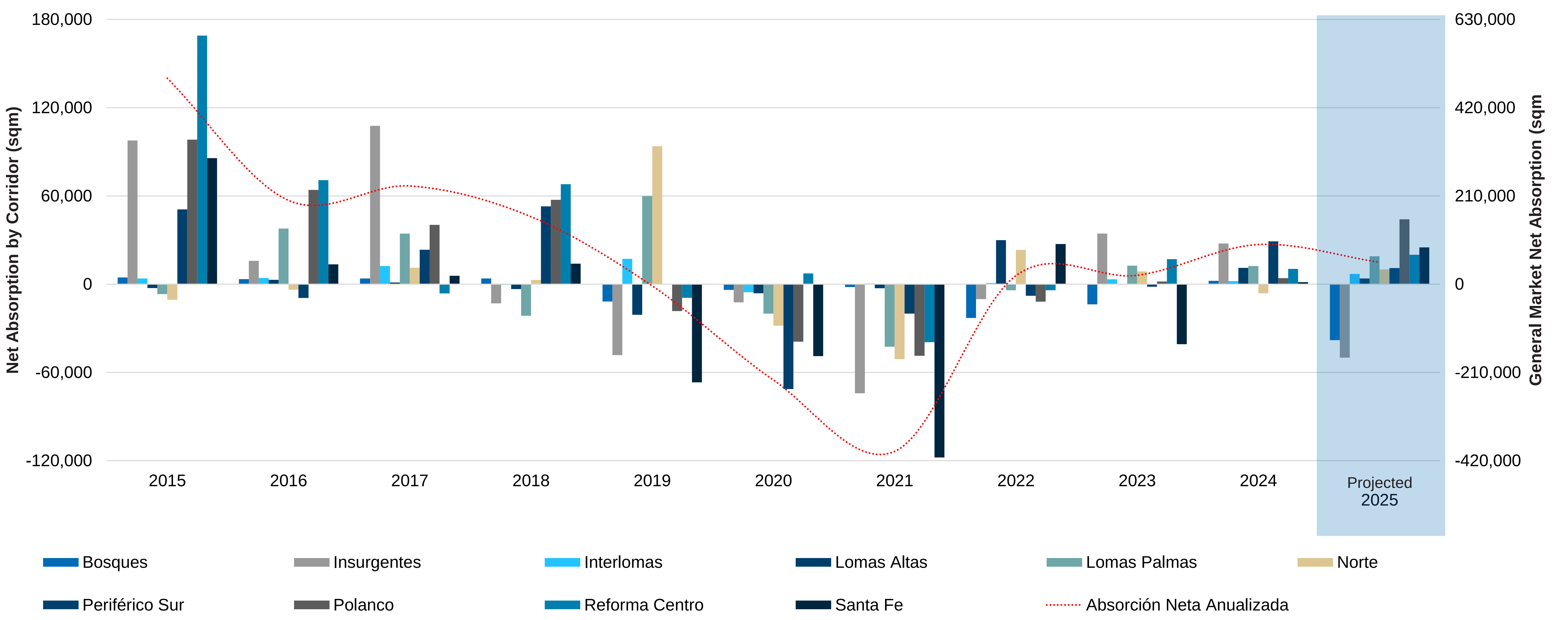


Source: Newmark Research

Net Absorptions by corridor

During the third quarter of 2025, the office market in Mexico City continued to show signs of recovery, with a cumulative net absorption of 112,933 sqm. The trend indicates a gradual market stabilization, with expectations to close the year with over 450,000 sqm occupied, if the pace observed through the third quarter continues.

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)	Gross Absorption YTD (sqm)	Net Absorption (sqm)	Net Absorption YTD (sqm)	Avg. Asking Price (USD/sqm/month)
Bosques	**319,133**		**41,100**	**72,386**	**22.68%**	**1,337**	**4,737**	**-332**	**1,742**	**$26.45**
Insurgentes	**1,265,702**		**112,869**	**217,741**	**17.20%**	**14,139**	**53,524**	**-988**	**-17,681**	**$25.09**
Avenida Insurgentes Principal	654,733		62,646	107,225	16.38%	8,790	29,197	4,229	12,713	$24.95
Insurgentes Oriente	154,194			28,278	18.34%	760	6,429	-1,196	3,710	$25.91
Insurgentes Revolución	207,087			42,803	20.67%	1,126	5,438	-7,484	-44,840	$25.89
Insurgentes Roma-Condesa	96,266		50,223	15,910	16.53%	343	4,853	343	3,129	$25.58
Insurgentes San Ángel	153,422			23,525	15.33%	3,120	7,607	3,120	7,607	$22.88
Interlomas	**194,965**		**22,418**	**44,222**	**22.68%**	**2,815**	**6,484**	**2,618**	**6,169**	**$21.35**
Lomas Altas	**120,586**			**14,031**	**11.64%**	**0**	**3,775**	**-329**	**3,430**	**$22.13**
Lomas Palmas	**754,651**			**90,746**	**12.02%**	**13,812**	**37,589**	**7,465**	**21,944**	**$28.83**
Norte	**830,822**			**345,473**	**41.58%**	**1,479**	**26,700**	**-2,601**	**6,139**	**$18.45**
Norte Atizapán	46,657			24,032	51.51%	0	623	0	623	$16.17
Norte Azcapotzalco	233,666			93,730	40.11%	0	1,414	0	-3,461	$18.46
Norte Naucalpan	352,565			141,364	40.10%	1,479	16,030	1,479	5,179	$19.96
Norte Tlalnepantla	197,935			86,347	43.62%	0	8,633	-4,080	3,798	$16.34
Periférico Sur	**731,419**		**49,834**	**101,407**	**13.86%**	**2,715**	**14,928**	**810**	**5,270**	**$21.81**
Polanco	**1,477,722**		**60,911**	**189,610**	**12.83%**	**11,026**	**86,554**	**332**	**56,638**	**$26.21**
Polanco Anzures	85,680		30,911	28,715	33.51%	0	675	-1209	-1478	$24.29
Polanco Granadas	780,468			99,266	12.72%	7,801	48,225	4,648	38,952	$27.19
Polanco Lagos	205,505			35,384	17.22%	0	11,324	0	4,790	$23.48
Polanco Tradicional	406,069		30,000	26,245	6.46%	3,225	26,330	-3,107	14,374	$28.32
Reforma Centro	**979,830**		**61,946**	**139,770**	**14.26%**	**6,864**	**30,671**	**4,709**	**13,795**	**$28.12**
Santa Fe	**1,487,856**			**434,658**	**29.21%**	**10,589**	**55,044**	**624**	**15,487**	**$21.71**
Total	**8,162,687**		**349,078**	**1,650,044**	**20.21%**	**64,776**	**320,011**	**12,308**	**112,933**	**$23.13**

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