



# Mexico City and Toluca Industrial Market

## Record Occupancies

Currently, the industrial market of Mexico City is going through one of its best moments. Market availability rates have reached historic lows. The most notable example of the above is that of the Tepotzotlan market, where availability is zero during the first half of 2022.

For the first half of the year, four of the nine industrial submarkets in the Metropolitan Area of Mexico City have 100% occupancies. This denotes the high levels of demand that the current situation makes from the market. The occupancy levels of the submarkets provide a guideline not only to increase the construction and accelerated planning of industrial parks, but also encourages the expansion of existing submarkets.

Because industry is the main source of real estate growth in the current environment, the positive impact of investment vehicles, as well as infrastructure projects in operation in the country, are significantly favored.

### Current Conditions Mexico City and Toluca

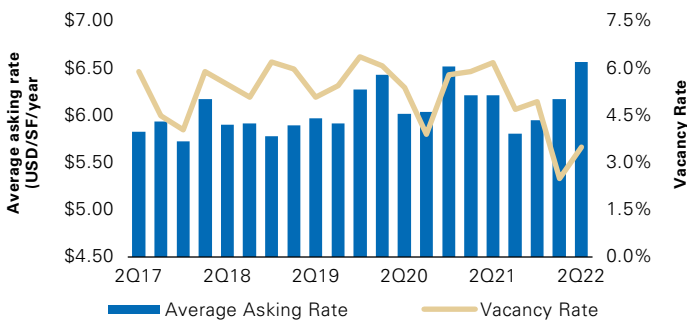
- Class A industrial inventory registered just over 13 million square meters in the second quarter of 2022.
- Construction decreased compared to Q1 2022, registering 485,000 Sq. m.
- The availability rate in Mexico City remained constant compared to the previous quarter.

### Market Summary

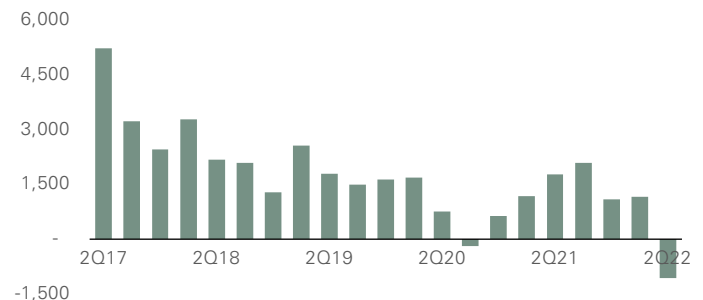
	Current Quarter	Prior Quarter	One year ago	12-month forecast
Total inventory (SF)	13.2M	140.5M	13.5M	↑
Vacancy rate	3.5%	3.5%	5.9%	→
Quarterly absorption (SF)	(1.0 M)	1.2M	1.2M	↑
Average asking rent (USD/SF/year)	\$6.57	\$6.18	\$6.22	↑
Under construction (SF)	5.2 M	6.1M	9.2 M	↑

### Market Analysis Mexico City and Toluca

#### AVERAGE LEASE RATE AND VACANCY RATE



#### NET ABSORPTION (Thousand SF)



**Real Estate: Engine of Investment Vehicles**

In the last decade in Mexico, due to globalization and advances in technology, the capital market had to make a significant leap in investment issues for the country. With the sophistication of its products, a new stage on investment processes began and, at this point, it is where the boom of investment vehicles is generated. An investment vehicle is said to refer to those financial assets that are used in order to generate a profit.

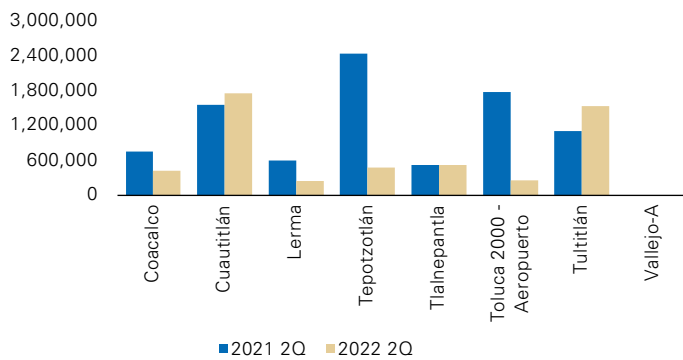
The importance of these investment instruments lies in the fact that 40% of the vehicles listed in Mexico correspond to the real estate sector, and of them, the industrial sector is the one whose performance stands out in the operations of some of these elements (especially Fibers and CKDs).

**Industrial Parks Under Construction and Planned**

Industrial Park	Submarket
Frontier Toluca	Toluca 2000-Aeropuerto
Vesta Toluca	Toluca 2000-Aeropuerto
Lerma Litos Parque Logístico	Lerma
Panorama Coacalco	Coacalco
Tepoz Park V	Tepotzotlán
Blue Park	Cuautitlán
Premium Park Tultepec II	Tultitlán
Prologis Vallejo DC	Vallejo-Azcapotzalco
Prologis Park Ladero II	Cuautitlán
Megapark	Tepotzotlán
O'Donnell Puente México	Cuautitlán
CPA Corregidora	Cuautitlán
Teolopark	Tepotzotlán

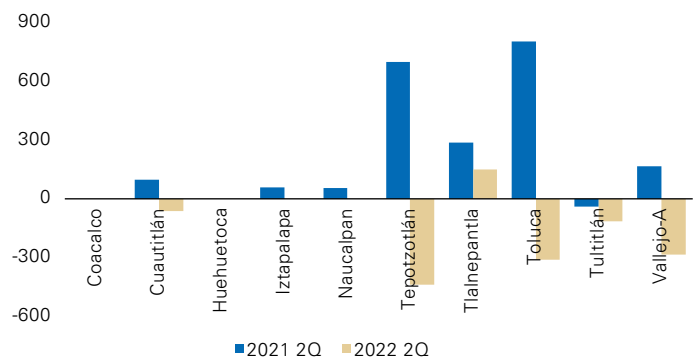
**Under Construction**

2Q 2021 – 2Q 2022 (THOUSAND SF)



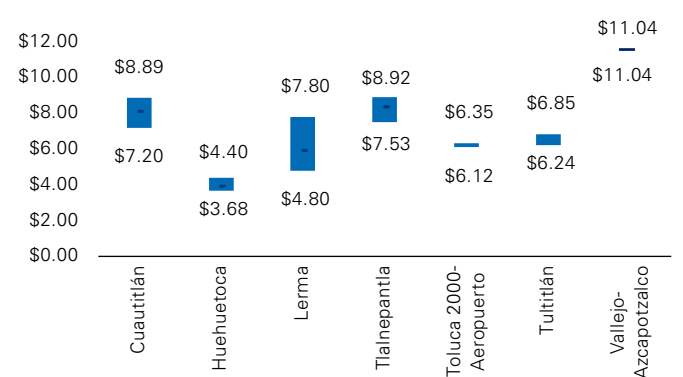
**Net Absorption**

2Q 2021 – 2Q 2022 (THOUSAND SF)



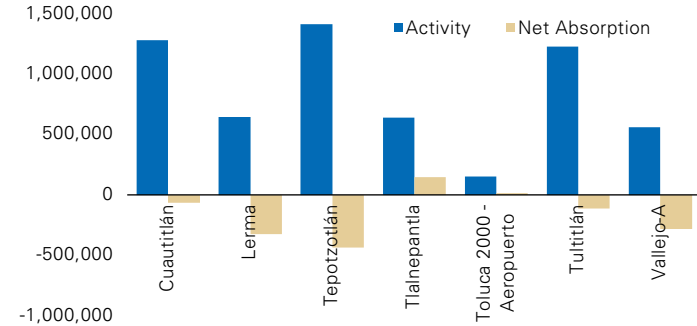
**Average Asking Rates Range**

AVERAGE ASKING RATES (USD /SF / Year)



**Net Absorption and Activity per Submarket**

NET ABSORPTION AND MARKET ACTIVITY (SF)



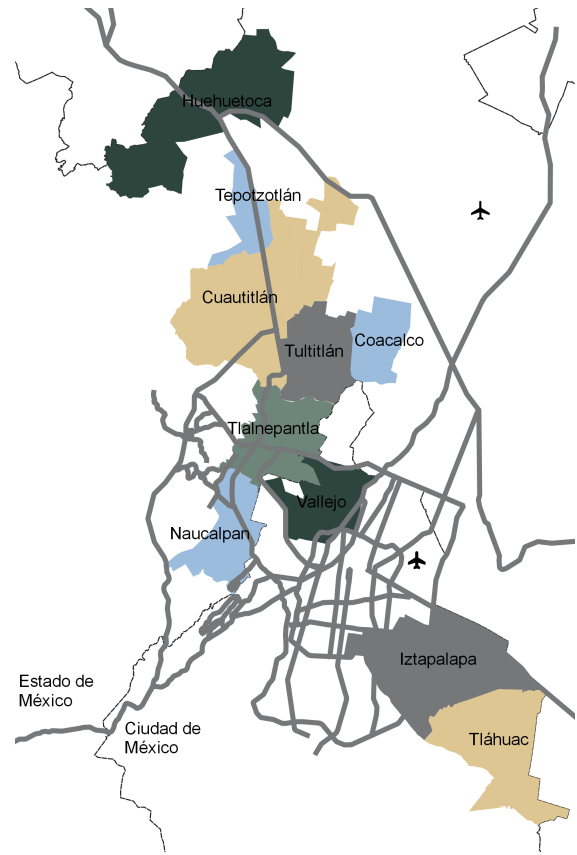
### Notable Indicators of the Valley of Mexico and Toluca Market

**Absorption.** The absorption indicator in the market throughout Q2 2022 was negative. However, rather than showing the decline of the market, it denotes the large number of additions that were reflected in the ZM (Metropolitan Area by its Spanish acronym) of the Valley of Mexico and Toluca to date.

**Activity.** Although the market absorption values are negative, the true reflection of the boom of the industrial market is perceived in market activity, whose values exceeded half a million square meters.

**Prices.** The quarter's average asking lease prices are compared to Q1 2022, due not only to the high inflationary levels that raised the cost of building materials, but also respond to the decline in market vacancy rates.

**Under Construction.** Construction decreased from the previous quarter due to additions to existing inventory. It is expected that in the third quarter of the year, construction levels will increase again, due to the large number of BTS and planned projects that currently exist in the market.



### Market Summary Mexico City

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy (SF)	Vacancy Rate	Activity (SF)	Absorption (SF)	Asking Rate (USD/SF/year)
Coacalco	1,643,157	424,123	-	-	-	-	
Cuautitlán	41,090,472	1,760,215	1,116,496	2.7%	1,281,669	- 63,443	\$8.13
Huehuetoca	9,046,249	-	552,828	6.1%	-	-	\$3.94
Iztapalapa	2,915,203	-	-	-	-	-	-
Naucalpan	981,063	-	-	-	-	-	-
Tepotzotlán	22,730,554	474,886	-	-	1,417,027	- 436,297	-
Tlalnepantla	12,896,036	522,129	643,698	5.0%	641,222	148,532	\$7.56
Tultitlán	21,229,654	1,540,598	438,805	2.1%	1,228,614	- 113,980	\$6.37
Vallejo - Azcapotzalco	5,785,273	-	80,192	1.4%	562,548	- 283,868	\$11.04
<b>Total</b>	<b>118,317,662</b>	<b>4,721,952</b>	<b>2,832,019</b>	<b>2.40%</b>	<b>5,131,080</b>	<b>- 749,056</b>	<b>\$6.57</b>



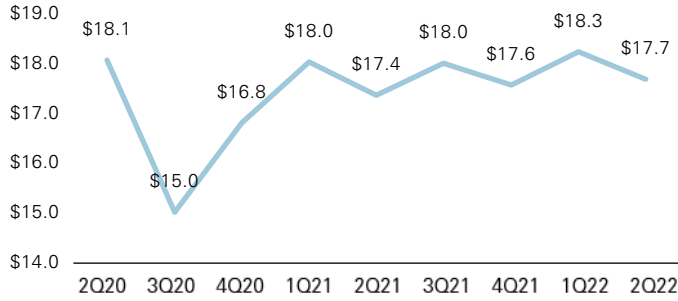
### Market Summary Toluca

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy (SF)	Vacancy Rate	Activity (SF)	Absorption (SF)	Asking Rate (USD/SF/year)
Lerma	10,004,966	243,245	1,405,466	14.0%	648,240 -	325,891	\$5.91
Ocoyoacac	1,171,435	-	-	-	-	-	-
Toluca 2000-Aeropuerto	8,578,090	253,557	740,671	8.6%	153,936	13,767	\$6.24
Toluca Centro	4,531,956	-	-	-	-	-	-
<b>Total</b>	<b>24,286,447</b>	<b>496,802</b>	<b>2,146,137</b>	<b>8.8%</b>	<b>802,176 -</b>	<b>312,124</b>	<b>\$6.02</b>

Economic Trends 2Q2022

GDP National

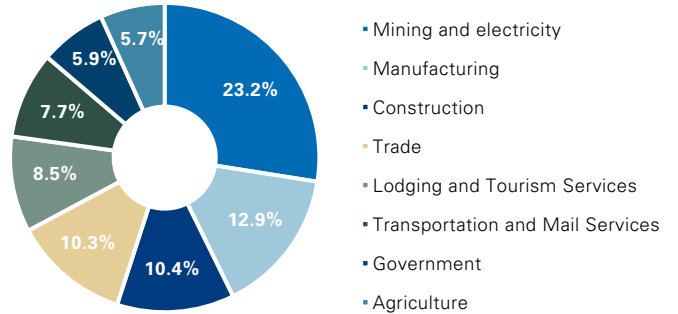
BASE YEAR 1993



Source : Banxico

Employment per Economic Sector

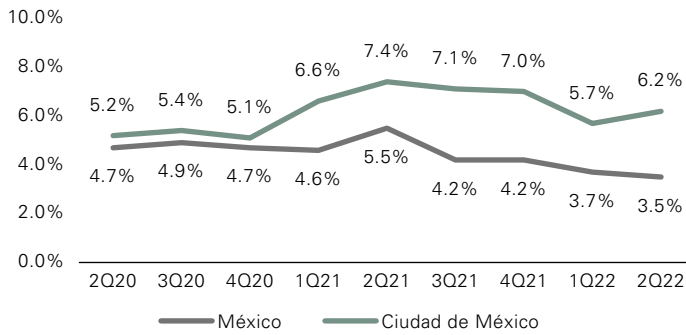
MEXICO CITY AND METROPOLITAN AREA, JUNE 2022



Fuente: INEGI, ENOE

Unemployment Rate

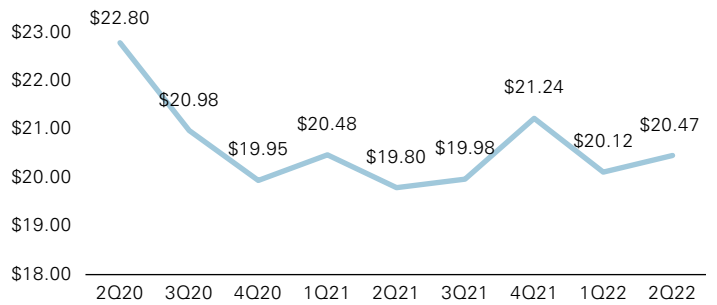
ANNUAL INDICATOR



Source: INEGI, ENOE

Exchange Rate

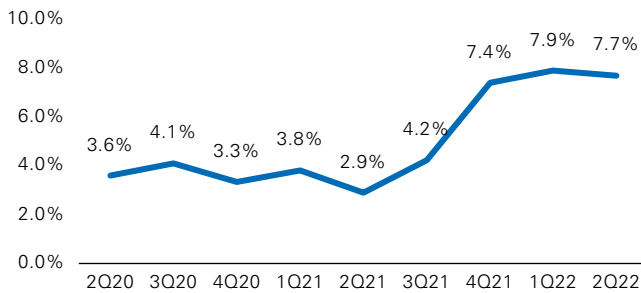
MEXICAN PESOS (MXN) PER U.S DOLLAR (USD)



Source : Banxico

Consumer Price Index (CPI)

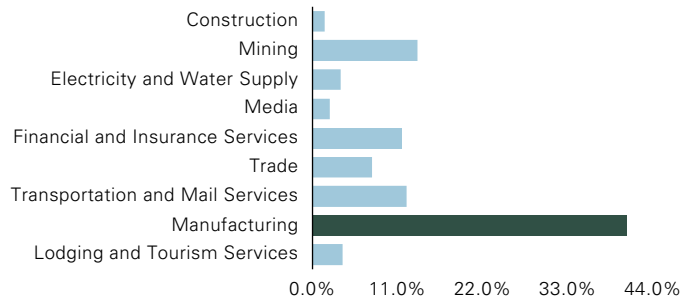
ANNUAL INDICATOR



Source : Banxico

Foreign Direct Investment

PERCENTAGE



Source: CEFP

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