

# GLOBAL SPOTLIGHT

## Mexico City, Mexico



## Mexico City Economy Grows With Focus on International Trade and Increased Domestic Consumption

- The nation's capital, Mexico City is home to major corporate headquarters of local, national and multinational companies like Coca Cola, Pepsi, Honeywell, HP, Citibank, ING, GM, Ford, Nissan, Honda, Grupo Modelo, Telmex, CFE, BIMBO and PEMEX. As one of the top 12 economies in the world and the eighth largest world exporter, Mexico is the second fastest growing economy in Latin America, fueled by foreign trade and growing domestic consumption.
- Excessive industrial demand in the northern sector of Mexico City caused developers to seek new markets in 2008. With a total 16.6 million SM in industrial land across the metro area, Mexico City's Cuautitlan submarket registered a 24% vacancy, the largest in the city, with 377,000 SM of property currently under construction.
- The retail sector, once very hot, is cooling off. Amway, Costco, Wal-Mart, Home Depot and other big box retailers entered the Mexican market and are experiencing growth. Investors are now looking for bargain stand-alone sites, strip and anchored centers. Retail submarkets have slowed expansion dramatically. Retail space on Presidente Masaryk Avenue (Mexico City's Rodeo Drive), once quoted at \$55/SM and considered to be recession proof, has experienced a demand decline.
- The Mexico City office market is very strong and in high demand, and should remain so through 2010. The Santa Fe district, home to the largest mall in Latin America, has become the favorite office real estate area. Office market vacancies were under 10% at the end of 2008 due to the number of new companies seeking office space and the lack of newly completed buildings. New construction has been delayed and only those buildings with over 80% completion are being finished as developers seek new financing sources. Class A lease rates are running from \$24 to \$40/SM per month.
- Investment opportunities abound in underground and multiple story parking facilities across the city. A new hot trend is joint ventures in housing funds, and land banks are entering the market as well.

## Mexico City At A Glance

|            |                                   |
|------------|-----------------------------------|
| Population | 23 million                        |
| Location   | South-central Mexico              |
| GDP        | \$1 Trillion (Mexico)             |
| GDP Growth | 0.25% (2009 projection)           |
| Inflation  | 6.28% (January 2009)              |
| Conversion | 1 USD = 14 MXN Pesos (March 2009) |

| Property                  | Rent/SF/Year |         | Vacancy Rate |
|---------------------------|--------------|---------|--------------|
|                           | Low          | High    |              |
| Class A Office (Downtown) | \$19.80      | \$26.40 | 15%          |
| Suburban Office Class A   | \$16.65      | \$22.20 | 35%          |
| Industrial Bulk/Warehouse | \$4.45       | \$6.65  | 16%          |
| Retail Downtown           | \$13.32      | \$55.00 | 15%          |

NAI Mexico offers local market expertise in Mexico City and in eight markets across the country, including Ciudad Juarez, Guadalajara, Matamoros, Mexicali and Monterrey.

## About NAI Global

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### At A Glance

|              |                            |
|--------------|----------------------------|
| 325          | Offices                    |
| 55           | Countries                  |
| 5,000        | Professionals              |
| \$45 billion | Annual Transaction Volume  |
| 200          | MSF of Property Management |

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