

GLOBAL SPOTLIGHT

Mexico City, Mexico



Mexico City is often seen as the first stop for foreign investors in Mexico.

- Mexico City, capital of Mexico, is one of the world's largest cities. It hosts most of the major corporate headquarters from various global sectors represented in the country.
- Returns on investments, vary from 9-14% depending on the tenant risk factor and property quality. Returns on industrial investments are generally in the 9-11% range and the riskier retail properties are in the 10-14% range.
- An increasing supply of new industrial space and increasing competition between the main industrial developers is likely to lead to a slight decrease in Class A lease rates by the end of the year.
- Mexicans are consumer oriented, and with the rising economy the retail sector is hot. Recognized fast food chains such as McDonalds, Starbucks etc. each plan over 100 new sites in 2007.
- Retail rents range from \$17-\$45 per square foot per month, varying by location. Rents have risen sharply from 2004 through 2006 due to influx of new retailers and lack of available space
- The Mexico City office market continues to be strong as constant demand and increasing lease rates fuel investments.
- The entry of FIBRAS (Mexican version of US REITS) into the market will increase the demand of properties and spur the development of new commercial spaces by adding liquidity to the market. The FIBRA instrument contains a set of fiscal incentives and tax treatment that make it the most attractive vehicle for investment on rental properties.

For further information on doing business in this market, please contact Patricia Faulkner, VP Global Solutions, by email at pfaulkner@naiglobal.com or call 732-238-3322.

Mexico City At A Glance

Population	8 million
Location	Capital of Mexico, located in the federal zone (D.F.), South-Central Mexico
GDP USD	203.257 (in millions)
Inflation	3.8%
Interest	7%
Unemployment	3.58%

Property	Rent/M2/Month		Rent/SF/Year	
	Low	High	Low	High
Downtown Office Class A (Prime)	\$19	\$24	\$21.18	\$26.76
Suburban Office Class A (Prime)	\$18	\$25	\$20.07	\$27.87
Industrial Bulk Warehouse	\$3.50	\$6.00	\$3.90	\$6.80
Retail Downtown	\$12	\$25	\$13.38	\$27.87

NAI has 9 offices in Mexico:

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Mexicali	Mexico City	Monterrey

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NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

350	Offices
45	Countries
5,000	Professionals
\$40 billion	Annual Transaction Volume
200 MSF	of Property Management

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