



# Mexico City office market report

Q1 2023

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**AVISON  
YOUNG**

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# Overview

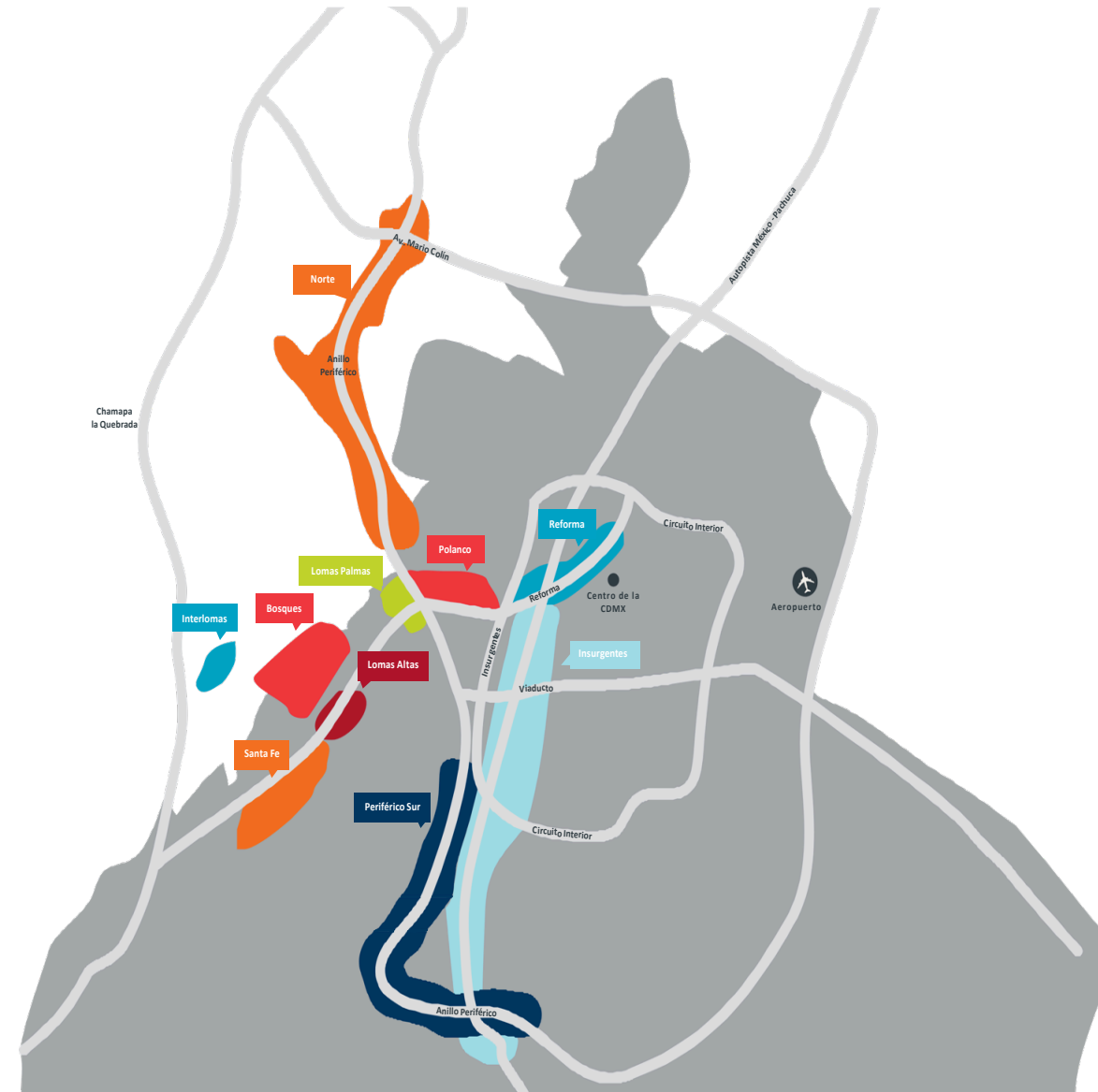
The start of the year for the national corporate sector clears doubts and is heading towards the recovery of demand throughout 2023.

Those projects that incorporate technological facilities and the design of productive spaces for office teams will be those that manage to capture demand. Flexibility is another element of vital importance to promoting in tenants possibilities of various locations and packages of use that are not only associated with a particular space, which have managed to capitalize to a large extent the coworking spaces.

In general, the confidence of tenants is maintained, although based on a much more rational use than that registered before the pandemic, and increasingly inclusive projects will be present that promote mixed-uses and that allow attracting both the companies that demand the space and the workers who will be part of their workforces.

The scenario for the remainder of 2023 will continue to be marked by the relocations of companies on Mexican soil that will undoubtedly bring with them increases in demand, mainly in the capital of the country and in markets such as Monterrey and Guadalajara where it is anticipated more significant presence of technological activities that will require spaces with better facilities.

## Office submarkets



# Market Insights

## 01

### Economy

- 128 million National Population
- 9.2 million inhabitants CDMX
  - Unemployment rate 3%
    - GDP 3.7%
  - FDI \$35,292M USD
  - Inflation 6.85%

## 02

### Inventory and availability

Q1 2023 closed with 80 million square feet in inventory, while the vacancy ate is 23.3%, equivalent to 18 million square feet. Santa Fe, Norte, Polanco and Insurgentes exceed 70% of the available space (12.9 million square feet).

Net absorption increased by 22% compared to the same period of the previous year, which stood at negative numbers at the end of the first quarter of 2022 (-73 thousand square feet) compared to Q1 2023, which closed with 321 thousand square feet.

## 03

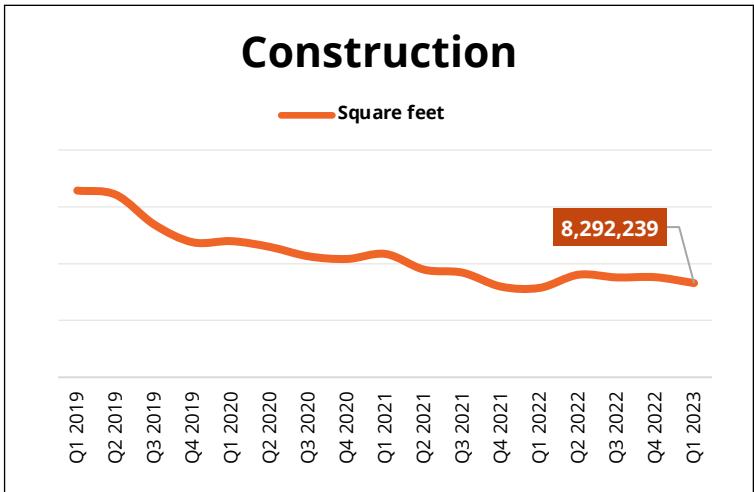
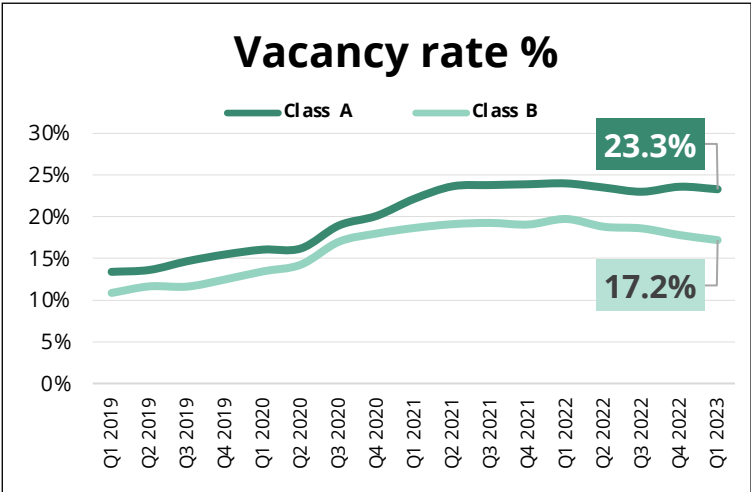
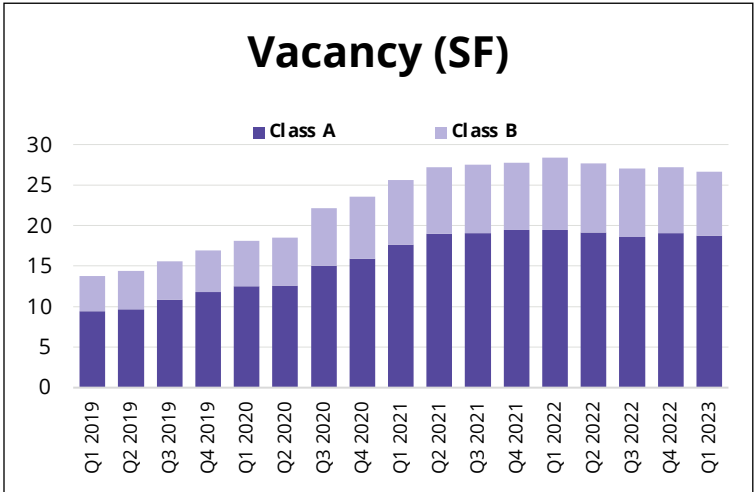
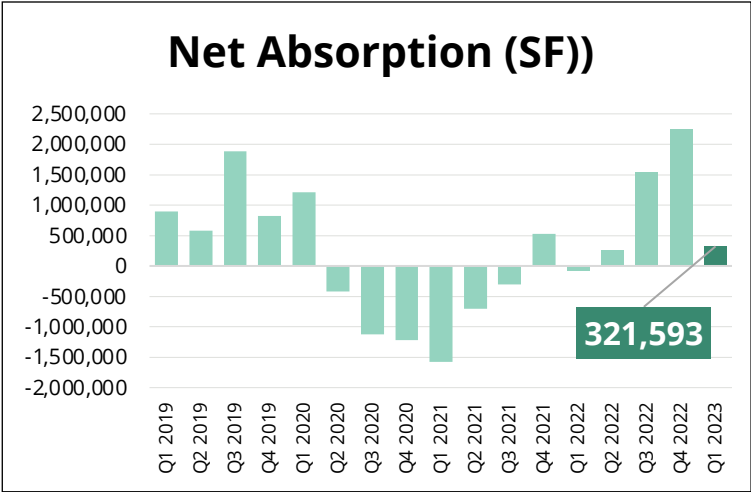
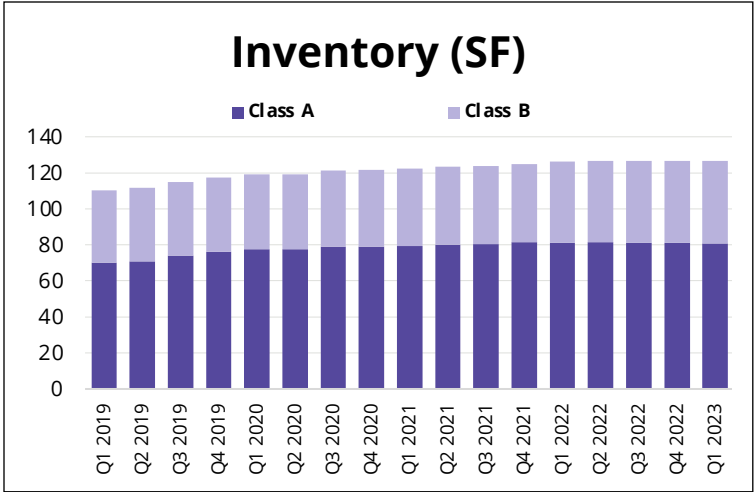
### Prices and Construction

Although the annual rent increase looks moderate in the country's capital, some submarkets exceed the average, where the most significant number of new projects that enter the market achieve the highest rents.

The average asking price is US 26.18 per square foot per year, while the average closing price stands at US 26.64 per square foot per year.

All new buildings have yet to be incorporated into the inventory; however, some have changed their use from land to hospital, hotel or housing. Just over 8.2 million square feet are under construction.

# Office market indicators



# Statistics by submarket

Submarkets	Inventory SF	Vancancy rate %	Vacancy SF	Gross Absorption SF	Net Absorption SF	Asking prices USD / SF / Year	Closing prices USD / SF / Year	Construction SF
Bosques	3,546,877	18%	652,583	6,803	8,374	\$26.98	\$25.64	368,125
Insurgentes	12,326,872	19%	2,306,908	431,923	80,734	\$27.20	\$25.64	1,827,398
Interlomas	1,834,187	34%	630,646	14,305	8,113	\$22.85	\$25.64	418,500
Lomas Altas	960,613	26%	252,661	4,962	10,936	\$24.53	\$21.18	-
Lomas Palmas	7,340,043	19%	1,414,398	113,419	66,015	\$32.22	\$32.33	124,861
Norte	7,770,416	49%	3,844,714	79,922	55,854	\$20.51	\$18.95	205,956
Periférico Sur	6,968,108	17%	1,184,578	131,632	68,417	\$26.76	\$28.98	314,306
Polanco	15,256,752	20%	3,042,546	70,144	40,997	\$27.65	\$25.64	1,300,171
Reforma	9,375,766	15%	1,411,815	39,902	19,784	\$30.10	\$36.79	3,048,573
Santa Fe	15,239,203	27%	4,044,040	157,982	15,761	\$23.02	\$25.64	684,347
<b>Total</b>	<b>80,618,838</b>	<b>23.3%</b>	<b>18,784,889</b>	<b>1,050,994</b>	<b>321,591</b>	<b>\$26.18</b>	<b>\$26.64</b>	<b>8,292,239</b>

## Statistics by class

Class	Inventory	Availability	Gross absoption	Net absorption	Construction
A	80,618,845	23.3%	1,050,994	321,591	8,292,239
B	45,899,821	17.2%	910,088	518,163	316,922
<b>Total</b>	<b>126,518,665</b>	<b>21.6%</b>	<b>1,961,082</b>	<b>839,754</b>	<b>8,609,161</b>

## Top lease negotiations

Tenant	Building	Submarket	GLA
TELEPERFORMANCE	One Tower del Valle	Insurgentes	11,424
HDI SEGUROS	Insurgentes 1431	Insurgentes	3,469
MERCADOLIBRE	Llevel Polanco	Polanco	3,322
ALORICA	Tecnoparque Edificio F	Norte	3,218
COMEGO	Montes Urales III	Lomas Palmas	1,353

# Market trends

## 01

### Consolidation of the hybrid work model

The corporate sector saw the need to establish the remote or hybrid work model, which has led companies to evaluate the actual office size they need, the locations, the design of the space and their collaboration guidelines so that the values are preserved. The culture continues to be cultivated in every one of the collaborators. There is a tendency to better the quality and well-being of the employee.

## 02

### Sustainability in the workplace

Not only is it about reducing the number of resources used and discarded, but it is also necessary to use natural elements in the office that favour being more sustainable.

This trend will be marked by the introduction of new alternative building materials, energy-saving systems, water reuse and even the location in green places with access to traditional and alternative public transport such as bicycles or skates.

## 03

### Digitalization of the workplace

Technology enables everything, and a dynamic, interconnected ecosystem of partners and technologies is essential to the business. Some elements that make up this trend are the devices provided to the collaborator, robust and efficient network infrastructure, cloud services, automation tools, investment in cybersecurity and training plans for new platforms.



For more market information,  
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**Laura Baranda**

Head of marketing & research  
+ 1 52 55 4123 7575  
laura.baranda@avisonyoung.com

**Christian Cuevas**

Corporate services director  
+1 52 55 4123 7574  
christian.cuevas@avisonyoung.com

**Emile Sarraf**

Principal & managing director  
+ 1 52 55 4123 7500  
emile.sarraf@avisonyoung.com