

**Overview**

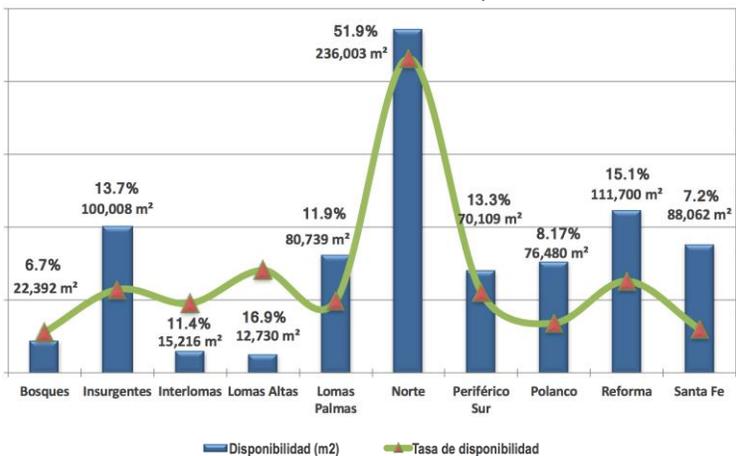
The first trimester of the year closed with a total office inventory of 5.8 million Sq.M in class A+ and A offices. This means an increase of 339 thousand Sq.M.

**Supply**

During the 1T2017 there was an increase of inventory of 6% in comparison to last year's same trimester, which translates to a stable availability rate of 13.95%.

Santa Fe's inventory remains as the highest at 1.2M Sq.M with one of the lowest vacancy rates of 7.2%. Reforma and Insurgentes also have a high inventory, the former with 741,000 Sq.M. (15.1% vacancy rate) and the latter with 729,000 Sq.M (13.7%). The northern submarket keeps its vacancy rate above all other submarkets at a 52%, followed by Lomas Altas and Reforma.

Office Class A+ and A availability 1T2017



**Demand**

Absorption rate this trimester was 56% lower than last year's (1T2016 219,910 Sq.M vs 1T2017 97,453 Sq.M). The submarket with the highest activity was Insurgentes with a 26% absorption rate, followed by Lomas Palmas (31%) and Polanco (15%).

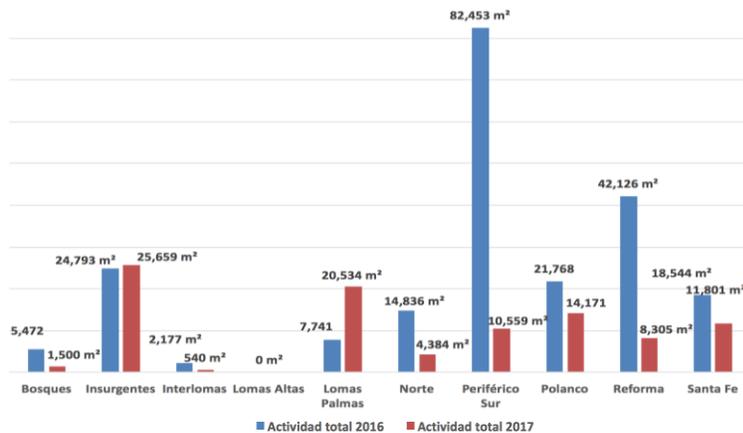


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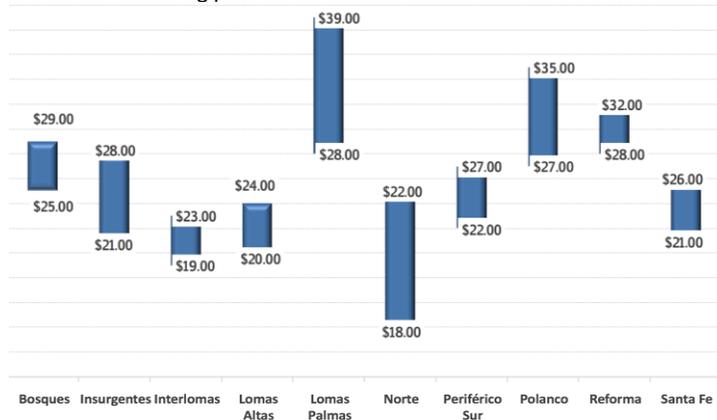
Activity Office Class A+ and A 1T2017



**Prices**

Lomas Palmas, Polanco and Reforma remain as three submarkets with the highest base rent. Most submarkets presented a decrease, and even Reforma presented a significant decrease from a range of \$40 to \$30 USD per Sq.M (last trimester of 2016) to a range of \$32 to \$28 USD per Sq.M in this first trimester of 2017 because of the rent currency switching to MXN.

Asking prices Offices Class A+ and A 1T2017



**Outlook**

Because of the increase in supply and the instability of the exchange rate between USD and MXN, several developers have switched their base rent to pesos. However it is clear that price and improved conditions will be a decisive factor for the absorption rate percentage.

Although demand is low in this first trimester, many projects are still being developed and it is likely that in this year they will exceed the six million square meters mark.