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MEXICO REAL ESTATE INVESTOR SURVEY > RETAIL

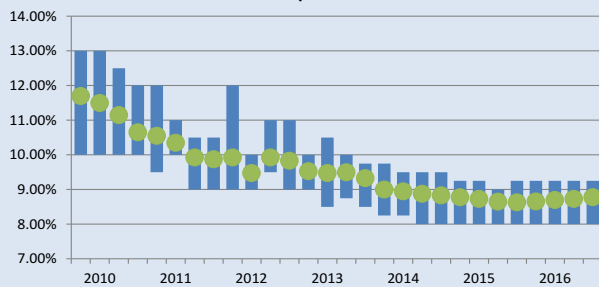
Survey respondents include 5 investment funds, 3 brokerage firms and 2 consulting firms

The Mexican economy experienced negative growth in second quarter 2016, with GDP contracting 0.2 percent quarter-over-quarter. This is the first contraction since second quarter 2013. Year-over-year, the GDP grew to 2.5% in the second quarter of 2016. Industrial and agricultural production decreased 1.5% and 0.3%, respectively, in second quarter 2016. The Central Bank increased interest rates to 4.75% in an effort to mitigate inflationary pressure. The Mexican Peso reached its lowest level against the US dollar during second quarter 2016. Uncertainty over the timing of the next US interest rate rise and the upcoming US presidential election are expected to further pressure the Peso. Inflation reached 2.9% in second quarter, near the estimated 3.0% for 2016. Economic growth forecasts for 2016 are expected to range between 2% and 4%. Strong demographics and the ongoing expansion of the middle class is expected to result in accelerated growth for the next three to five years in the retail sector. However, the volume of new inventory deliveries and projects in the pipeline worries some investors. The retail inventory in Mexico City, the largest retail market in the country, is expected to grow significantly in the near term. About a quarter of the country's proposed projected and retail assets under development are in Mexico City. An increasing number of mixed-use projects are entering the market and this trend is expected to continue at an accelerated pace. Vacancy levels in the retail sector are expected to remain stable in the near term. Cap rates are expected to remain stable in 2016. However, some investors consider the market has peaked and current pricing is not sustainable.

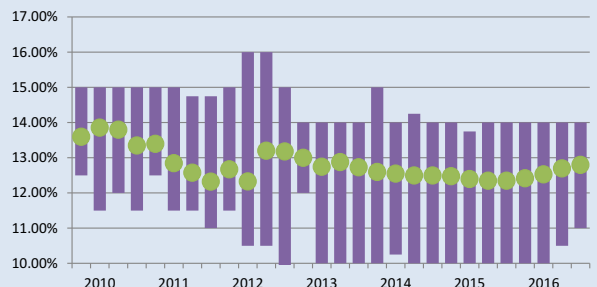
SURVEY OF MEXICAN REAL ESTATE INVESTORS > 3rd Quarter 2016 Retail Properties

RESPONDENT	OAR CAP RATE	TERMINAL CAP RATE	IRR DISCOUNT RATE	AVERAGE RENT GROWTH	MEXICAN PESO INFLATION	AVERAGE MARKETING PERIOD (MONTHS)
1	9.25%	10.00%	11.00%	3.00%	4.00%	12
2	8.50%	9.25%	14.00%	4.00%	3.25%	10
3	9.25%	10.00%	12.25%	4.00%	3.50%	12
4	8.00%	8.75%	13.00%	3.75%	3.50%	9
5	8.75%	9.50%	14.00%	3.00%	3.75%	8
6	8.75%	9.50%	12.50%	4.00%	4.25%	10
7	8.50%	9.25%	12.50%	3.50%	3.50%	8
8	9.00%	9.75%	12.25%	4.00%	3.75%	8
9	9.00%	9.50%	13.50%	3.00%	3.25%	10
10	8.75%	9.50%	13.00%	3.25%	3.25%	9
Range	8.00% - 9.25%	8.75% - 10.00%	11.00% - 14.00%	3.00% - 4.00%	3.00% - 4.25%	8 - 12
Average	8.78%	9.50%	12.80%	3.55%	3.60%	10
BP Change from 2Q16	+5	+2	+10	-10	+8	—

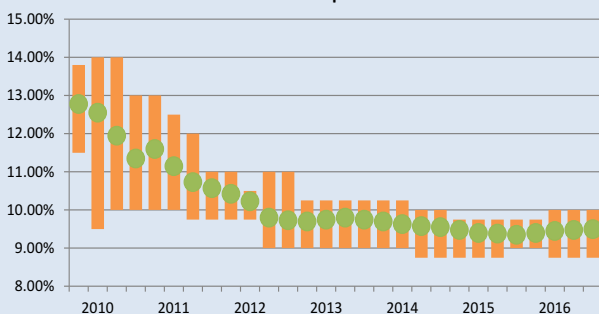
OAR Cap Rate



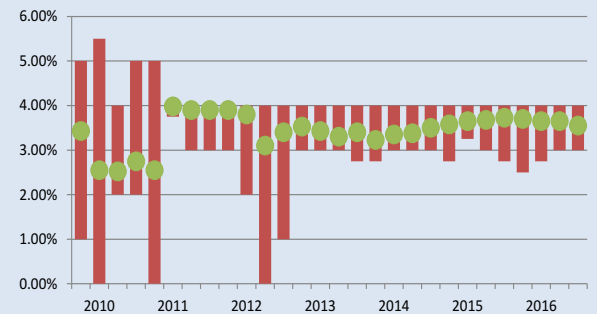
Discount Rate



Terminal Cap Rate



Average Rent Growth



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MEXICO REAL ESTATE INVESTOR SURVEY > INDUSTRIAL

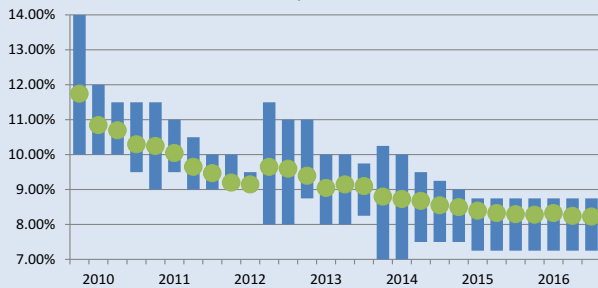
Survey respondents include 5 investment funds, 3 brokerage firms, 1 developer and 1 consulting firms

The depreciation of the Peso increased the external competitiveness of local exporters. The auto industry continues to lead the way in the industrial sector with sustained growth in the Bajío region. Mexico City and other interior markets continue showing positive rent growth as vacancy levels remain low, despite significant inventory growth. In second quarter 2016, Mexico City and Monterrey recorded the lowest vacancy in more than five years. Over 80% of new inventory delivered in the Interior region is build-to-suit. However, given the rapid absorption in some of the main industrial markets, developers are planning an increasing number of speculative projects. The ongoing improvements in security and increasing government infrastructure investments are attracting foreign capital. Growing demand is expected to continue driving rents upward with the greatest increase recorded in Queretaro. Pricing for industrial assets in the Interior region is becoming more aggressive. In the northern markets, absorption has not been able to keep up with new inventory deliveries. However, investors are confident vacancy levels will remain below recent highs and rents growth will increase in the near term. The outlook for the main northern markets is positive. However, the smaller northern markets continue to struggle as the primary markets recapture market share. Overall, pricing in the industrial sector is expected to remain stable in the near term with potential compression in the Interior region.

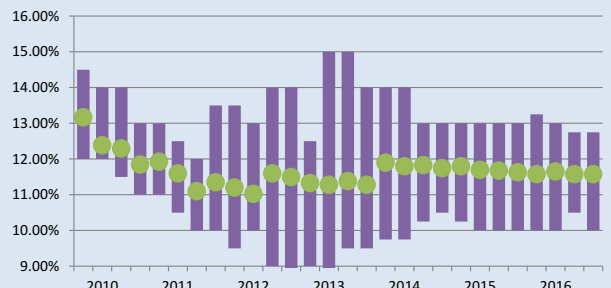
SURVEY OF MEXICAN REAL ESTATE INVESTORS > 3rd Quarter 2016 Industrial Properties

RESPONDENT	OAR CAP RATE	TERMINAL CAP RATE	IRR DISCOUNT RATE	AVERAGE RENT GROWTH	US DOLALR INFLATION	AVERAGE MARKETING PERIOD (MONTHS)
1	8.50%	9.25%	11.50%	2.00%	3.00%	6
2	8.25%	9.00%	10.50%	3.00%	3.00%	6
3	8.50%	9.25%	10.75%	2.75%	3.00%	6
4	7.25%	8.00%	11.00%	3.00%	3.00%	4
5	8.00%	8.75%	11.00%	3.00%	2.50%	6
6	8.00%	8.50%	12.75%	3.00%	2.50%	6
7	8.50%	9.25%	12.75%	3.00%	2.75%	6
8	8.25%	9.00%	11.00%	3.00%	3.00%	8
9	8.75%	9.50%	12.00%	3.00%	3.00%	8
10	8.25%	9.00%	12.50%	3.00%	3.00%	6
Range	7.25% - 8.75%	8.00% - 9.50%	10.50% - 12.75%	2.00% - 3.25%	2.50% - 3.00%	4 - 8
Average	8.23%	8.95%	11.58%	2.88%	2.88%	6
BP Change from 2Q16	-2	-3	0	0	0	—

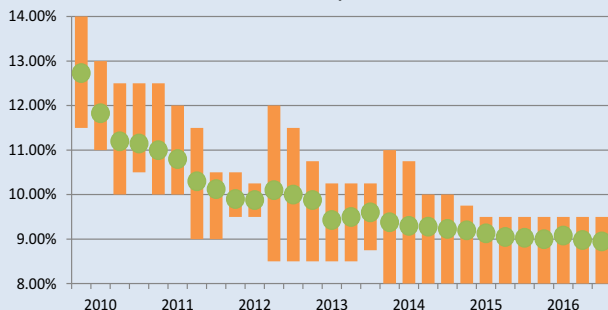
OAR Cap Rate



Discount Rate



Terminal Cap Rate



Average Rent Growth

