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**MEXICO REAL ESTATE INVESTOR SURVEY > RETAIL**

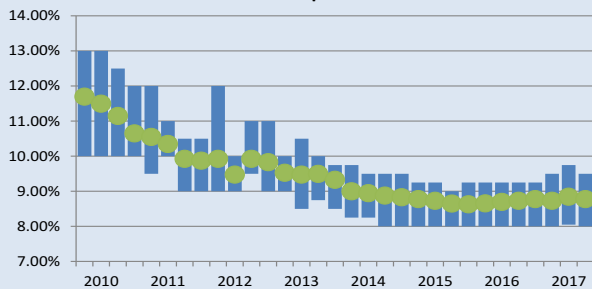
Survey respondents include 5 investment funds, 3 brokerage firms and 2 consulting firms

The Mexican economy experienced positive growth in first half 2017, with GDP expanding 0.6 percent quarter-over-quarter. Year-over-year, the GDP grew 1.8% in the second quarter of 2017, a decrease from 2.6% and 2.5% in 2015 and 2016, respectively. GDP growth is projected to slow down in the second half of the year driven by higher inflation and increasing interest rates. The Central Bank increased interest rates for the third time this year to 6.75%. The Mexican Peso experienced a slight rebound against the US dollar during second quarter 2017. The peso strengthened significantly during the first half of the year, appreciating approximately 9.0 percent since January 2017. Although the peso remains well above historical lows and is expected to continue fluctuating in the near term, it appears the fears of economic consequences from the November US election has started to dilute. Inflation reached 6.4% in second quarter, near the revised estimate of 6.5% for 2017. The Central Bank projects inflation is near a peak and will decrease into 2018 as the peso continues to strengthen and the effect of the higher fuel prices wears-off. Strong demographics and the ongoing growth of the middle class is expected to result in further growth for the next three to five years in the retail sector. However, there is no consensus among market participants as to how the fluctuation of the peso will impact the retail sector in the near term as consumer spending remains strong. Vacancy levels in the retail sector are expected to remain stable in the near term. Local investors continue on a holding pattern until the outlook becomes clearer. FIBRAS and large capital investors that do not need liquidity are expected to hold retail assets as a long term play. Cap rates are expected to remain stable in the near term following fluctuation during the first half of the year.

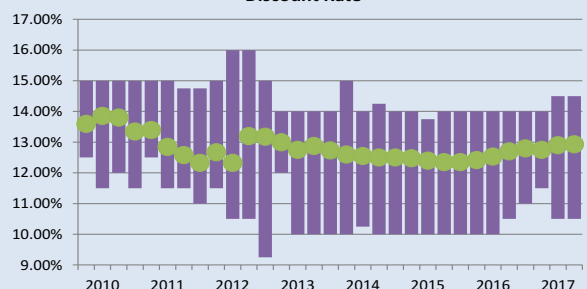
**SURVEY OF MEXICAN REAL ESTATE INVESTORS > 2<sup>nd</sup> Quarter 2017 Retail Properties**

RESPONDENT	OAR CAP RATE	TERMINAL CAP RATE	IRR DISCOUNT RATE	AVERAGE RENT GROWTH	MEXICAN PESO INFLATION	AVERAGE MARKETING PERIOD (MONTHS)
1	8.75%	9.50%	12.50%	4.00%	4.25%	10
2	9.00%	9.75%	12.75%	4.00%	3.50%	12
3	8.00%	8.75%	13.50%	4.50%	4.00%	9
4	8.75%	9.50%	13.00%	3.25%	4.25%	9
5	9.00%	9.75%	12.50%	3.50%	3.50%	8
6	8.75%	9.50%	13.00%	3.00%	4.00%	10
7	8.50%	9.25%	13.50%	3.00%	4.00%	6
8	9.50%	10.25%	10.50%	4.00%	3.75%	12
9	8.75%	9.75%	14.50%	4.00%	4.00%	10
10	8.75%	9.50%	13.50%	4.00%	3.75%	8
<b>Range</b>	<b>8.00% - 9.50%</b>	<b>8.75% - 10.25%</b>	<b>10.50% - 14.50%</b>	<b>3.00% - 4.00%</b>	<b>3.50% - 4.25%</b>	<b>6 - 12</b>
<b>Average</b>	<b>8.78%</b>	<b>9.55%</b>	<b>12.93%</b>	<b>3.73%</b>	<b>3.90%</b>	<b>9</b>
<b>BP Change from 3Q16</b>	<b>-8</b>	<b>-11</b>	<b>+3</b>	<b>+4</b>	<b>+18</b>	<b>—</b>

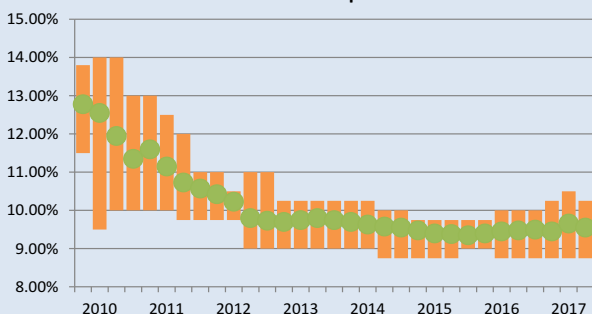
OAR Cap Rate



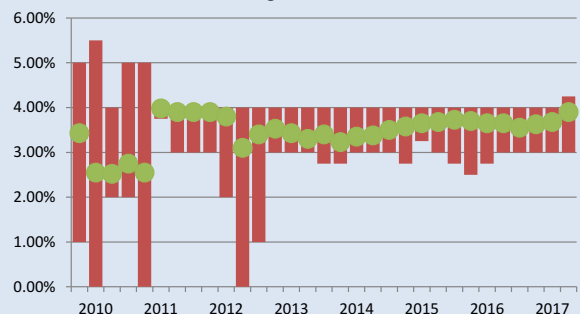
Discount Rate



Terminal Cap Rate



Average Rent Growth



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**MEXICO REAL ESTATE INVESTOR SURVEY > INDUSTRIAL**

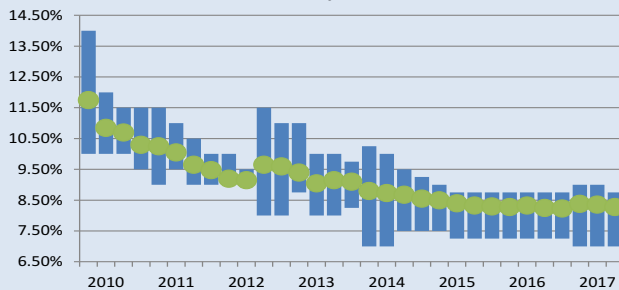
Survey respondents include 4 investment funds, 2 brokerage firms, 2 developer and 2 consulting firms

Despite the ongoing recovery of the Peso in the first half of the year, the external competitiveness of local exporters is on the rise. Mexico City and other interior markets continue showing positive rent growth as vacancy levels remain low despite significant inventory growth. Over 85% of new inventory delivered in the interior of the country is build-to-suit. The number of deliveries has steadily increased driven by the manufacturing sector in the Bajío region. The economic concerns surrounding the region in the first months of 2017 have faded and the market continues to strengthen with an increasing number of build-to-suit projections. The ongoing improvements in security and growing government infrastructure investments are attracting foreign capital. In addition, the FIBRAs are showing a growing interest in infrastructure investments. Buyers continue to be bullish on the pricing of industrial assets in the interior region as they look to secure dollar denominated leases. In the northern markets, absorption has not been able to keep up with new inventory deliveries. However, vacancy levels remain lower than over the past three years and rents are projected to continue growing near inflation. The outlook for the main northern markets is positive. However, the smaller northern markets continue to struggle. With the projected rent growth in the primary northern markets, the rents in smaller markets are expected to stay flat and vacancy levels to increase as new Class A inventory enters the market. Overall, pricing in the industrial sector is expected to remain stable in the near term with potential compression in the interior markets.

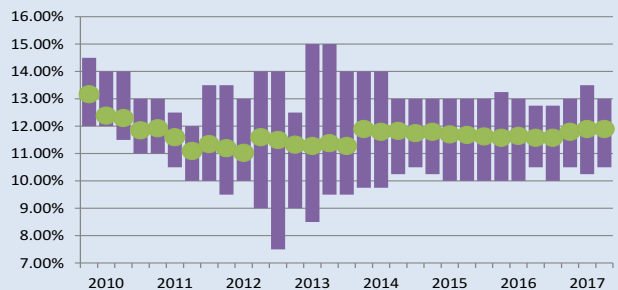
**SURVEY OF MEXICAN REAL ESTATE INVESTORS > 2<sup>nd</sup> Quarter 2017 Industrial Properties**

RESPONDENT	OAR CAP RATE	TERMINAL CAP RATE	IRR DISCOUNT RATE	AVERAGE RENT GROWTH	US DOLALR INFLATION	AVERAGE MARKETING PERIOD (MONTHS)
1	8.25%	9.00%	10.50%	3.00%	3.00%	6
2	8.25%	8.50%	13.00%	2.00%	3.00%	6
3	7.00%	7.50%	11.00%	3.00%	3.00%	4
4	8.75%	9.25%	12.50%	2.00%	3.00%	6
5	8.25%	9.00%	12.00%	3.00%	2.50%	8
6	8.25%	9.00%	11.75%	2.50%	3.00%	8
7	8.50%	9.00%	10.75%	2.75%	3.00%	6
8	8.75%	9.50%	12.00%	3.00%	3.00%	6
9	8.50%	9.00%	13.00%	3.00%	3.00%	4
10	8.25%	9.00%	12.50%	3.00%	2.75%	6
<b>Range</b>	<b>7.00% - 8.75%</b>	<b>7.50% - 9.50%</b>	<b>10.50% - 13.00%</b>	<b>2.00% - 3.00%</b>	<b>2.50% - 3.00%</b>	<b>4 - 8</b>
<b>Average</b>	<b>8.28%</b>	<b>8.88%</b>	<b>11.90%</b>	<b>2.73%</b>	<b>2.93%</b>	<b>6</b>
<b>BP Change from 3Q16</b>	<b>-8</b>	<b>-13</b>	<b>0</b>	<b>+2</b>	<b>+3</b>	<b>—</b>

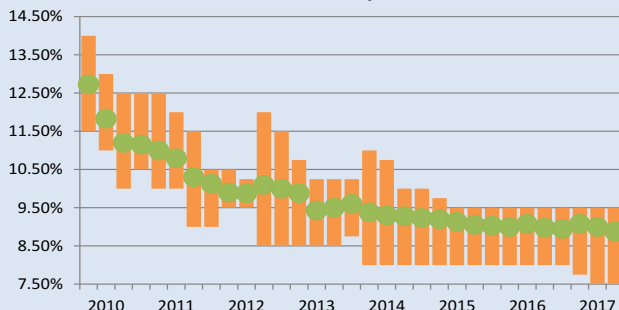
OAR Cap Rate



Discount Rate



Terminal Cap Rate



Average Rent Growth

