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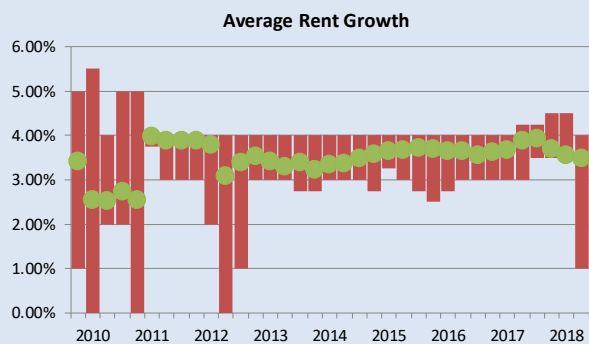
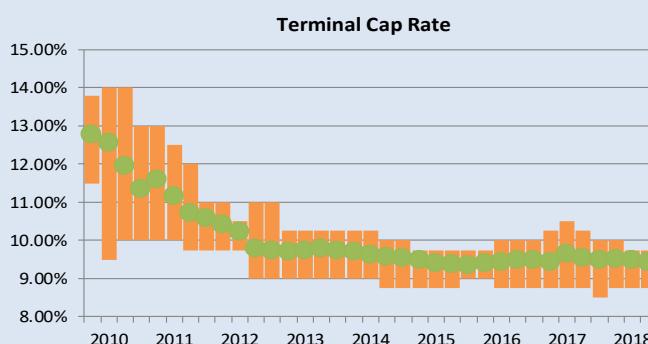
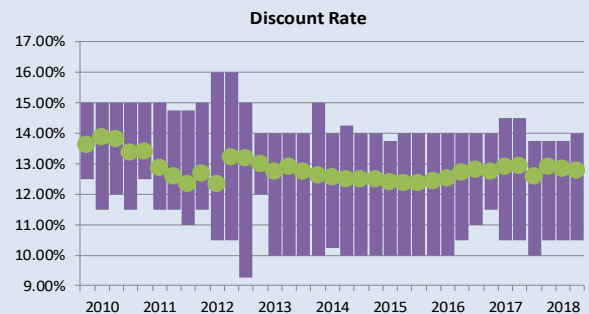
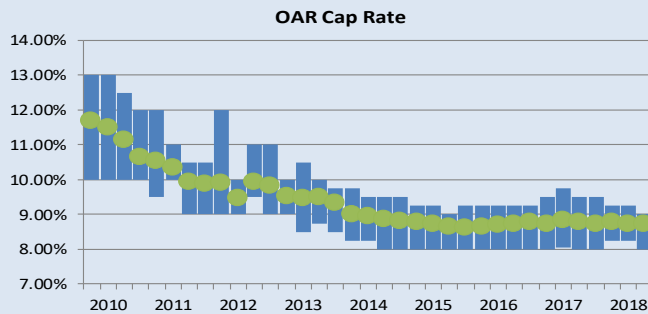
MEXICO REAL ESTATE INVESTOR SURVEY > RETAIL

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

The Mexican economy experienced modest growth in first quarter 2018, with GDP expanding 1.3% year-over-year. The modest economic growth was driven by the uncertainty surrounding the July 2018 presidential elections and the renegotiation of NAFTA. GDP growth is projected to range between 2.0% and 3.0% in 2018 and between 2.5% and 3.5% in 2019. GDP growth is expected to increase in second half of 2018 once political uncertainty fades. The Central Bank increased interest rates 25 basis points to 7.75%. The Central Bank has increased investment rates 450 basis points since December 2015. However, interest rates are projected to remain flat in second half 2018. The peso debilitated during second quarter of 2018, with a depreciation of around 12% against the US dollar. The currency has been affected by international commercial tensions in recent months. The peso is expected to continue fluctuating in the near term. Inflation reached 6.3% in second quarter 2018, led by higher food and energy costs that were affected by a weaker currency. The Central Bank projects inflation will remain higher than anticipated in the second half 2018. The Central Bank expects inflation to stabilize near 3.0% in 2019. 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. Market participants report consumer spending remains strong despite the currency fluctuation. Vacancy levels in the retail sector are expected to remain stable in the near term. Cap rates are expected to increase in second half 2018 and into 2019.

SURVEY OF MEXICAN REAL ESTATE INVESTORS > 2nd Quarter 2018 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%	13.00%	3.50%	4.00%	9
2	8.00%	8.75%	12.50%	1.00%	4.00%	9
3	9.00%	9.50%	14.00%	4.00%	4.00%	12
4	9.00%	9.75%	12.00%	4.00%	4.00%	12
5	8.50%	9.25%	10.50%	4.00%	4.00%	9
6	8.75%	9.25%	13.50%	4.00%	4.00%	6
7	8.75%	9.50%	13.50%	3.00%	3.75%	9
8	8.75%	9.50%	13.00%	4.50%	4.00%	8
9	9.00%	9.75%	13.75%	4.00%	4.00%	9
10	8.75%	9.50%	12.00%	4.00%	4.25%	9
Range	8.00% - 9.00%	8.75% - 9.75%	10.50% - 14.00%	1.00% - 4.00%	3.75% - 4.25%	6 - 12
Average	8.73%	9.43%	12.78%	3.50%	4.00%	9
BP Change from 1Q18	-3	-8	-5	-5	-5	—



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MEXICO REAL ESTATE INVESTOR SURVEY > INDUSTRIAL

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

Mexico City continues to experience an increase in speculative development. However, vacancy levels decreased driven by a decrease in asking rents to attract new tenants. The northern markets experienced inventory growth mainly driven by built-to-suit, with vacancy rates and rental growth at healthy levels. Vacancy is projected to remain near current levels in the northern markets as speculative development decreases and developers target built-to-suit projects. The Bajío region, which has grown at an accelerated pace in recent years, has not been able to reach 2017 record absorption levels. However, the region has seen an increase in speculative development, which suggest investor confidence in the market. In addition, despite the decrease in absorption, vacancy levels are near all-time lows. Overall, market fundamentals in the main industrial regions remain strong. The uncertainty surrounding the NAFTA negotiations has mainly affected the industrial manufacturing sector. However, the ongoing improvements in security and growing government infrastructure investments continue attracting foreign capital. The main drivers in the industrial sector continue to be the manufacturing, automotive and logistic industry. Following several years of cap rate compression, investors expect a slight increase in investment rates in second half 2018 and into 2019.

SURVEY OF MEXICAN REAL ESTATE INVESTORS > 2nd Quarter 2018 Industrial Properties

RESPONDENT	OAR CAP RATE	TERMINAL CAP RATE	IRR DISCOUNT RATE	AVERAGE RENT GROWTH	US DOLALR INFLATION	AVERAGE MARKETING PERIOD (MONTHS)
1	8.75%	9.50%	12.00%	3.00%	3.00%	8
2	8.25%	8.75%	11.00%	3.00%	3.00%	6
3	7.50%	8.00%	10.50%	3.00%	3.00%	8
4	8.25%	9.00%	11.75%	1.00%	2.00%	6
5	8.00%	8.75%	14.00%	2.00%	3.00%	6
6	8.50%	9.25%	12.00%	2.50%	2.50%	6
7	8.50%	9.00%	12.00%	3.00%	3.00%	9
8	8.25%	9.00%	12.50%	3.00%	3.00%	6
9	8.25%	9.00%	11.75%	3.00%	2.50%	8
10	8.50%	9.00%	11.75%	2.50%	3.00%	6
Range	7.50% - 8.75%	8.00% - 9.50%	10.50% - 14.00%	1.00% - 3.00%	2.00% - 3.00%	6 - 9
Average	8.28%	8.93%	11.93%	2.60%	2.80%	7
BP Change from 1Q18	-5	0	+3	-10	-10	—

