As of Q3 2023, the average size for new shopping centers was 45,000 Sq. m. vs 31,000 Sq. m. of GLA in 2019

▼ 0.7%
Stock growth

▼ 179,800
Completions (Sq. m.)

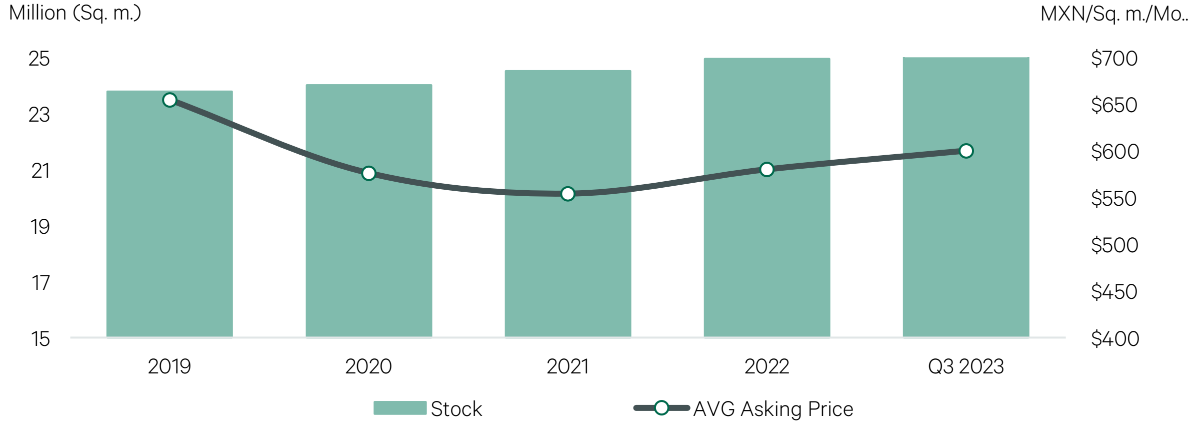
▼ 712,600
Under construction (Sq. m.)

Arrows indicate change respect end of 2022 figures

GENERAL OUTLOOK

- As of the close of August 2023, construction on four new shopping centers was completed and 179,800 Sq. m. were added to the stock. Grand Outlet Riviera Maya concentrates 34% of the new meters, with 61,782 Sq. m. of gross leasable space in a sector of more than 90,000 Sq. m. It is considered the largest luxury outlet in Latin America and in its second phase it is expected to incorporate attractions that comprise the "Malltertainment" concept (such as hot air balloon, artificial lake, etc.)
- As a result of the pandemic, some shopping centers that were under construction had to stop the work. Today, in order to drive economic growth, they are resuming work, as is the case with Plaza Sendero in Ensenada. As a result, the under construction activity closed at 712,000 Sq. m., a figure that is 30,000 Sq. m. below the activity level recorded at the end of 2022.
- The average rent asking price maintains its growth trajectory: at the end of Q3 2023, this indicator was at MXN$600.00 per Sq. m. per month (includes all types of shopping centers and regions of the country). Even in the best shopping centers in Mexico City, you can see prices in the MXN$1,500-$3,000 range for the ground floor, this is because new brands are looking for shopping centers that already have a reputation.

FIGURE 1: Stock growth* and asking price trend (MXN/Sq. m./Mo.)**, 2019 – Q3 2023



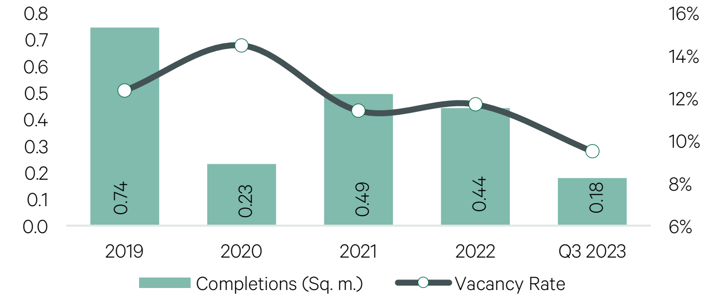
*Adjustments have been made to the stock of the gross profitable area.
**Estimated data for retail spaces inside shopping centers with GLA greater than 10,000 Sq. m. (including regional malls, fashion mall, power centers, outlets, etc.), Asking lease prices are estimated with prices in local currency (Mexican Pesos) using internal data and tracking of availability in the Market.

Source: CBRE Research, Q3 2023.

Vacancy

The vacancy rate closed at 9.5%, which is -2.2 percentage points compared to the end of 2022. Shopping centers that entered in 2021-2022, such as Peninsula Tijuana and La Perla, recorded occupation as of Q2 2023 of 90% and 87%, respectively, while in 2023 the openings of Grand Outlet Riviera Maya and Alaia Tapachula recorded 67% leased space and 80% occupation, respectively.

FIGURE 2: Vacancy Rate & Completions

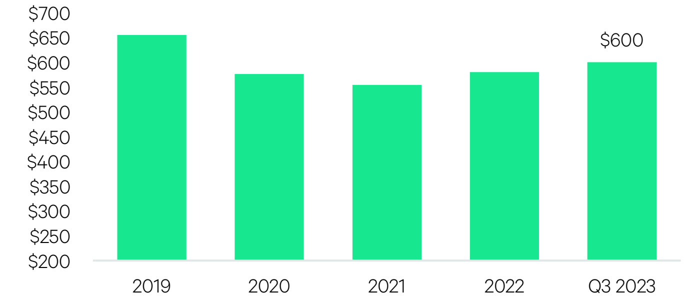


Source: CBRE Research, Q3 2023.

Asking Lease Rent

Driven by the increase in sales, the asking list price was at MXN$600 per Sq. m. per month (estimated average based on a sample of available properties that include all types of shopping centers in the Republic). The Investment Funds showed a Lease Spread of 6-8% during Q2 2023 and 80-85% of these contracts are in Mexican Pesos.

FIGURE 3: Asking Lease Rent

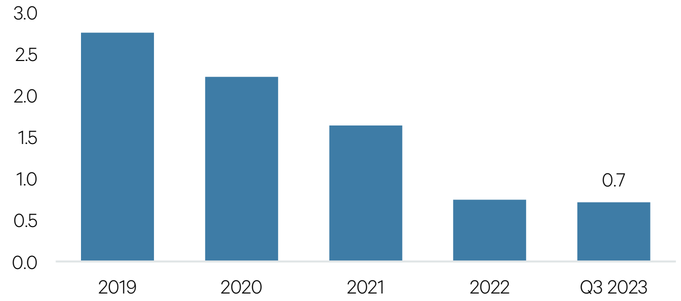


Source: CBRE Research, Q3 2023.

Construction Activity

Due to the addition of new supply to the stock, construction activity decreased by 4% compared to the close of 2022. It is expected that construction on more than 250,000 Sq. m. may be completed in Q4 2023, adding 101,800 Sq. m. in the central region, 71,100 Sq. m. in the southeast, and 66,800 Sq. m. in the metropolitan area. The mixed use concept could increase up to 138,000 Sq. m. by the end of the year.

FIGURE 4: Construction Activity



Source: CBRE Research, Q3 2023.

Indicator	Annual Variation	2022	2023
Interest rate // August	▲	8.5	11.3
Consumer confidence index // August	▲	40.7	46.6
Remittances (Million US$) // up to July	▲	32,817	35,895
Annual Inflation // August	▼	8.7	4.6
Formal Employment // August	▲	21,236,866	21,996,875
Retail sales growth (INEGI) // September	▲	-0.3	2.3
GDP (Million USD) // Up to Q1	▲	270,590	344,970
Automobile sales (units) // up to August	▲	694,010	857,803
ANTAD sales (Million MXN) // up to July	▲	769.0	846.9
Industrial Activity Index // June	▲	117.5	122.6

FIGURE 5: Main macro indicators

As of Q2 2023, some of the main participants, such as Fibra Danhos, Gicsa, and Planigrupo, reported growth versus Q2 2023 in the affluence of their shopping centers with 27%, 16%, and 5.1%, respectively. These figures drove the increase in sales even higher than the Mexican Consumer Price Index of 6% and food inflation of 9%. Those markets, driven by mobility and active credit card use, generated increases in excess of 11%. Grupo Sanborns saw an increase of 16.6% in cumulative sales, Palacio de Hierro with 16.3%, and Liverpool with 11.7%.

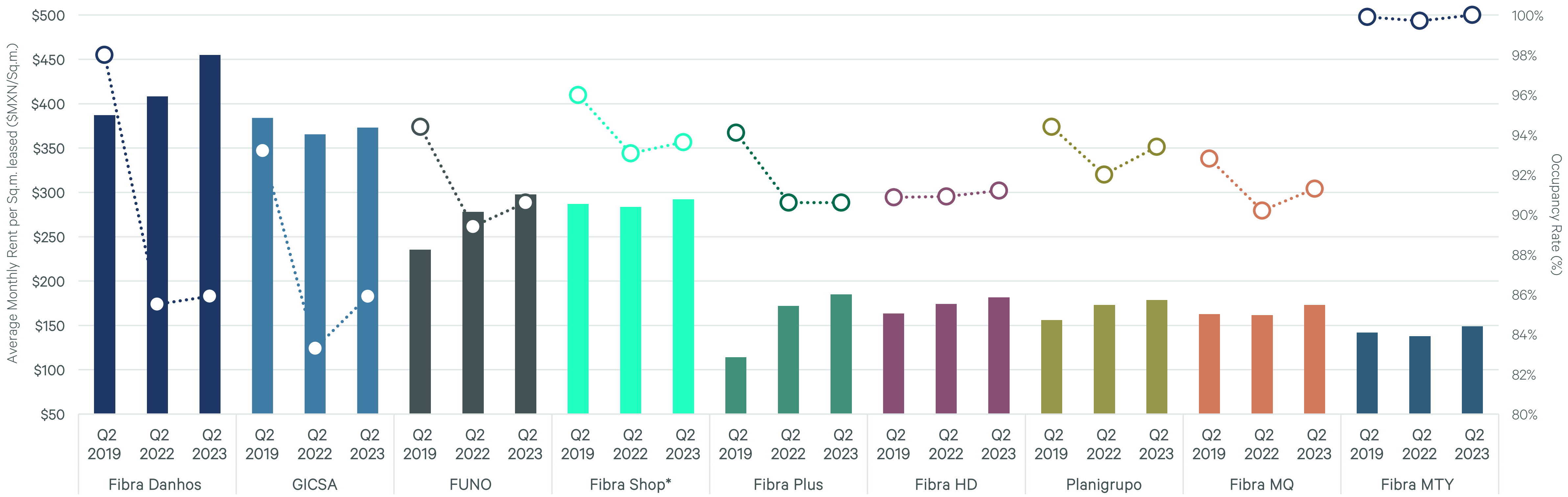
Automobile sales in cumulative data through August reached an annual increase of 24%, driving department store chains to create a new line of business focused on automobile financing and installing showrooms in stores that will allow people to experience owning a new vehicle.

In terms of e-commerce, as of the close of Q1 2023, 230 million transactions were recorded, which is 6.2% above the number of transactions in same period in 2022 (217 million). It should be emphasized that 70% of those transactions were made with a debit card, according to data from CONDUSEF*; however, the amount was 87.901 billion pesos versus 92.329 billion pesos cumulative on credit cards, reflecting the fact that for relatively small purchases, the use of debit cards is preferable with their own funds, reserving credit cards for major purchases.

*CONDUSEF: National Commission for the Protection and Defense of Financial Services Users.

Performance of the Main Investment Trusts in the Retail Market in Mexico

FIGURE 5: Occupancy Rate (%) and Average Monthly Rent per Sq.m. leased ($MXN/Sq.m.), Q2 2019 – Q2 2023

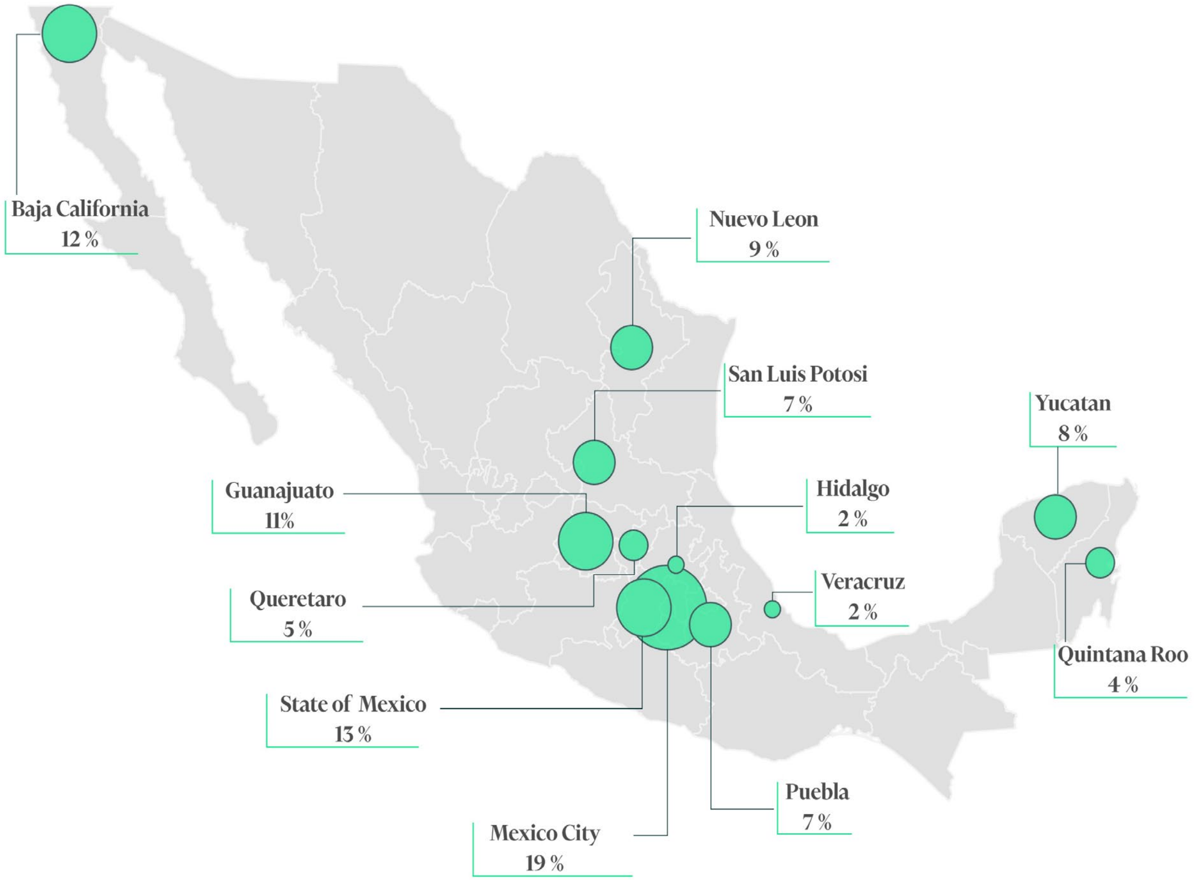


	Fibra Danhos	GICSA	FUNO	Fibra Shop*	Fibra Plus	Fibra HD	Planigrupo	Fibra MQ	Fibra MTY
Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term	Average Remaining Term
Q2 2023	Q2 2023: 5 years	Q2 2023: 3.54 years	Q2 2023: 4 years	Q2 2023: 5 years	Q2 2023: 2.71 years	Q2 2023: 3.16 years	Q2 2023: 2.6 years	Q2 2023: 3.4 years	Q2 2023: 5.8 years
Q2 2019	Q2 2019: 5 years	Q2 2019: 3.17 years	Q2 2019: 5.3 years	Q2 2019: 5 years	Q2 2019: 5.8 years	Q2 2019: 4.14 years	Q2 2019: 3.7 years	Q2 2019: 4.3 years	Q2 2019: 5.4 years

*The price of Fashion Mall was included in the average monthly rental price over the 3 years of Fibra Shop.

Source: CBRE Research 2023, with information from Investment Trusts' quarterly reports.

Percentage of construction of shopping centers by State



Source: CBRE Research, Q3 2023.

Analysis Criteria

This report includes shopping centers with areas greater tan 10,000 Sq. m. in Mexico.
Mexico´s Zones are classified:
Center: Aguascalientes, Estado de Mexico, Guanajuato, Hidalgo, Morelos, Puebla, Queretaro, San Luis Potosi, Tlaxcala, Zacatecas.
Mexico City: Mexico City and its Metropolitan Area
Northeast: Chihuahua, Coahuila, Durango, Nuevo Leon, Tamaulipas.
Northwest: Baja California, Baja California Sur, Sinaloa, Sonora.
West: Colima, Jalisco, Michoacan, Nayarit.
Southeast: Campeche, Quintana Roo, Tabasco, Veracruz, Yucatan.
Southwest: Chiapas Guerrero, Oaxaca.

Types of shopping centers are classified by:
Regional Mall: Are large enclosed shopping centers, with at least two anchor tenants (usually department stores), a cinema or entertainment center and large food court. Services a large catchment area.
Fashion Mall: Often centrally located, or within an affluent neighborhood, fashion malls generally would not be anchored by a food or superstore anchor and have a tenant mix that consists for the most part of clothing and accessories stores.
Community Centers: typically offers a wider range of apparel and other soft goods than the neighborhood center does. Among the more common anchors are supermarkets, super drugstores, and discount department stores. Tenants sometimes contain off-price retailers selling such items as apparel, home improvement/furnishings, toys, electronics or sporting goods.
Power Center: Anchored by one or more Big Box retailers with adjacent strip malls, most common tenants are food and services.
Outlet: Usually in peripheral locations, outlet malls offer brand good at discount prices.
Lifestyle Center: Lifestyle centers have become an alternative to the traditional town square and are characterized by a large proportion of entertainment retail such as restaurants, cafes and specialty store. These centers are often open-air malls but can also be enclosed and usually feature ample atriums for visibility.
Mixed Uses: Developments that combine different land uses in various modalities; they can usually have combinations of residential, commercial, hospitality and office land uses.

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