

CB Richard Ellis

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México retail investment rebounds

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Money is pouring into Mexico's retail real estate sector, reflecting a renewed confidence in that country's economy. Over the course of this year, Mexico will see some \$2.04 billion invested in retail real estate, \$266 million more than last year. That makes this year the best of the past four, says Luis Llaca, vice president of retail at CB Richard Ellis Mexico.

Opportunities abound in Mexico's smaller cities in particular, where informal retail still reigns and land prices remain reasonable, says Llaca, who was addressing ICSC's RECon Latin America conference, in Panama City. "The reality is that formal retailing is still scarce in Mexico, where less than 30 percent of retail sales take place in shopping centers. And retail accounts for 14 percent of the country's GDP," Llaca said. "This offers formal retailing an opportunity to inch into the informal retail market."

Forty-five new malls, each with at least 10,000 square meters (about 108,000 square feet) of gross leasable area, have opened in Mexico this year, pushing the national total to 545. A decade ago there were 302.

The Mexican population of 106.6 million is largely concentrated in seven main cities. Of the total, 30.6 percent are younger than 15, a world demographic second only to India's 30.8 percent.

Foreign investment and modern lease language have drawn international retailers to Mexico, Llaca said. "This year-end will be atypical," Llaca said, "with a drop in consumption, but we expect a retail recovery during the second half of 2010."