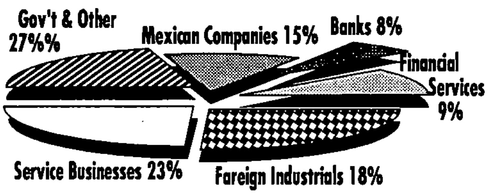
CONSUMERS OF OFFICE SPACE IN MEXICO CITY



Source: Joel Russel. *Real Estate Report Card, Business Mexico*, March 1994, p. 17.

The company will spend between $400 and $500 million on the first project which is a mixed business and residential development. Rebuilding of the 20-block plaza, damaged by the 1985 earthquake, was held up by a battle between city authorities and advocates of low-income housing. The company plans to observe the norms and traditions of the city while providing high quality business environments to meet the demands of an increasingly sophisticated, international business community.

There are opportunities for building management and maintenance services in Mexico. Traditionally Mexican builders have not managed buildings once they are completed. But tenants are now demonstrating a preference for buildings that are well administered. Security, cleaning, and administration services for commercial property are in high demand.

Though Mexico City is currently the prime location for new office space, there are also office construction opportunities in the growing satellite cities. There is a determined move by many companies and by the government to decentralize activities. The neighbouring states of Querétaro, Puebla, Hidalgo and Morelos are starting to see increased commercial construction. Considerable commercial development is also taking place in Monterrey.

THE CANADIAN EXPERIENCE

An interview with one of the largest commercial developers in Mexico revealed that the company had recently imported Canadian steel beams for use in one of their large shopping centre developments. They were so pleased with the quality that they will attempt to use Canadian steel beams wherever possible in upcoming projects.

THE RETAIL SECTOR

Mexico has seen an explosion in shopping centre development over the past few years. The growth of franchising is one of the major driving forces behind this growth. Many U.S. department stores and franchise chains have moved into Mexico. Typically, the U.S. offices of these companies contract with Mexican builders but construction is based on designs and specifications provided by the owner.

INDUSTRIAL PLANTS

Mexico has about 100 large industrial parks located throughout the country. They range from basic to world class. Many of these parks have developed because of the activities of foreign manufacturers, particularly in the northern *maquiladora* regions. Further construction and upgrading of parks is expected as a result of the NAFTA. The Private Industrial Park Association, *Asociación Mexicana de Parques Industriales (AMPIP)* has announced 75 new projects totaling U.S. $358 million for 1994.

International corporations investing in Mexico have high standards for plant construction, which often cannot be met by Mexican suppliers. Opportunities will emerge for Canadian industrial design and construction technologies, pollution control equipment, and private electricity generation plants.