

Cofece notifies a statement of probable responsibility for possible collusion in the non-residential real estate leasing market

- *The Investigative Authority concluded its inquiry and issued a statement of probable responsibility that indicates the probable existence of absolute monopolistic practices.*
- *This notification marks the beginning of the trial-like procedure, in which the economic agents and individuals may defend themselves against the accusations against them.*

México City, January 30, 2024.- The Federal Economic Competition Commission (Cofece or Commission) notified companies and natural persons with a statement of probable responsibility for allegedly manipulating prices in the market of leasing of non-residential real estate spaces in the national territory. These conducts are known as absolute monopolistic practices, and are prohibited in accordance with article 53 of the Federal Economic Competition Law (LFCE by its initials in Spanish), for which they were charged in the statement of probable responsibility issued by the Investigative Authority of Cofece (file IO-004-2020).

This notification marks the beginning of the trial-like procedure stage, in which those alleged responsible may manifest what is within their right, offer evidence related to the alleged accusations made against them, and present arguments. Once this procedure is finished, the Board of Commissioners of Cofece will resolve in accordance with the Law. If it is proven that an absolute monopolistic practice was carried out, the Commission may impose sanctions in accordance with the applicable Federal Economic Competition Law.

Most of the businesses in Mexico establish their stores in non-residential properties that they lease depending on their needs, in this way they can offer their goods and services to people in different areas and compete for consumer preference. In addition, in many cases, they are an important source of employment for Mexicans. When there are anticompetitive conducts in the real estate sector, their effects could be reflected not only in the impact on businesses that lease non-commercial real estate spaces, but also in the employment of thousands of Mexicans and in the prices of the goods and services they offer.

For this reason, the real estate sector is one of the priority sectors on which Cofece continues to focus its efforts due to its growing relevance in the economy and the benefits it represents for Mexicans. According to the National Institute of Statistics and Geography (INEGI by its initials in Spanish), in 2018, the leasing sector of non-residential real estate spaces represented close to 36 billion pesos for the Mexican economy.

Cofece will continue detecting and prosecuting anticompetitive conducts that allegedly affect real estate markets, with the purpose of accelerating the recovery of this sector, which was one of the most affected by the COVID-19 pandemic. Likewise, it reaffirms its invitation to any person who has information on illegal practices in competition matters to file a complaint before this Commission.

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission safeguards competition and free market access.

Through its work, it seeks better conditions for consumers, that more services are supplied with higher quality, and that there is a "level playing field" for companies.