

BRAZIL ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and Brazil into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

MEASURES TO SUPPORT HOUSEHOLDS AND SMALL BUSINESS

The restrictive isolation scenario implemented by the government against COVID-19 in March impacted the commercial activities of all cities in Brazil. Over the past few weeks, the government has been providing financial assistance to companies and individuals working in informal jobs as a stimulus to consumption and support for sustenance in this period of crisis. The government measures announced so far add up to R\$ 224.6 billion, which is equivalent to 2.97% of GDP. The main impact comes from the aid of R\$ 600 to informal and self-employed workers that represent an expected value of R\$ 98.2 billion (1.3% of GDP). On the other hand to aid companies, was allowed a workday reduction and contract suspension with government assistance in the payment of wages proportional to the reduction. The impact is R\$ 51.2 billion (0.68% of GDP). Another measure to combat COVID-19 and the possible recession will be the withdraw of the FGTS – pension fund. The government allows the withdrawal of a minimum wage, now at R\$ 1045.00, injecting a value of R\$ 36.2 billion into the economy.

According to government projections, the restrictive measures impact negatively the economy that was recovering from the last crisis, changing the positive scenario to a recession in 2020. According to the Focus report, the expected GDP will be -1.18% and inflation will end in December below the target, at 2.7%. Given this negative forecast along with the low demand for exports and interest rate in the lowest level, the economy might show signs of struggle about the recovery capacity given.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

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WEEKLY COVID-19 UPDATES

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Industrial Q1 2020

MARKET STATISTICS – CLASSES A AND A+

SUBMARKET	INVENTORY (SQ.M)	AVAILABLE SPACE (SQ.M)	VACANCY RATE	CURRENT QTR NET ABSORPTION (SQ.M)	YTD NET ABSORPTION (SQ.M)	YTD LEASING ACTIVITY (S.QM)	UNDER CNSTR (S.QM)	YTD CNSTR COMPLETIONS (S. QM)	AVG ASKING RENT (ALL CLASSES)*	AVG ASKING RENT (CLASS A and A+)
Amazonas	307,454	139,024	45.2%	-	-	-	-	-	R\$ 20.82	R\$ 21.21
Bahia	48,415	-	0.0%	1,434	1,434	1,434	56,113	-	R\$ 16.88	-
Paraná	642,246	74,062	11.5%	2,707	2,707	2,707	20,804	-	R\$ 16.54	R\$ 16.17
Pernambuco	756,994	86,256	11.4%	5,079	5,079	5,079	10,495	-	R\$ 17.40	R\$ 17.99
Rio Grande do Sul	253,805	57,102	22.5%	19,744	19,744	19,744	-	-	R\$ 13.98	R\$ 14.86
Minas Gerais	822,474	89,533	10.9%	55,325	55,325	68,373	127,057	66,125	R\$ 20.05	R\$ 20.05
Ceará	113,439	19,627	17.3%	-	-	-	-	-	R\$ 15.19	R\$ 15.19
Pará	53,995	-	0.0%	-	-	-	-	-	-	-
Santa Catarina	135,377	17,000	12.6%	-	-	-	-	-	R\$ 14.32	R\$ 12.00
Other Regions	3,134,198	482,604	15.4%	84,316	84,316	102,753	246,304	66,125	R\$ 17.67	R\$ 18.35
Campinas	1,318,427	205,451	15.6%	25,069	25,069	32,753	122,326	-	R\$ 15.94	R\$ 16.81
Jundiaí	1,562,482	326,420	20.9%	-27,393	-27,393	5,928	107,920	55,520	R\$ 18.28	R\$ 18.27
Cajamar	1,557,592	259,102	16.6%	41,970	41,970	49,500	201,812	203,475	R\$ 22.66	R\$ 22.66
Guarulhos	1,302,353	163,264	12.5%	2,523	2,523	4,643	54,200	-	R\$ 21.10	R\$ 21.15
Barueri	814,021	185,758	22.8%	2,758	2,758	7,560	32,813	-	R\$ 20.80	R\$ 20.07
Embu	759,335	115,917	15.3%	5,921	5,921	7,399	-	-	R\$ 21.29	R\$ 21.03
Capital - SP	107,082	-	0.0%	-	-	-	-	-	R\$ 23.45	-
Atibaia	361,529	48,322	13.4%	26,117	26,117	27,982	-	-	R\$ 18.94	R\$ 18.91
Vale do Paraíba	252,277	109,981	43.6%	-	-	-	-	-	R\$ 14.01	R\$ 13.00
Sorocaba	301,065	120,119	39.9%	7,909	7,909	7,909	-	-	R\$ 17.24	R\$ 17.68
Grande ABC	357,364	36,721	10.3%	7,212	7,212	7,212	-	-	R\$ 23.54	R\$ 23.60
Ribeirão Preto	138,677	4,168	3.0%	-2,672	-2,672	1,522	-	-	R\$ 15.51	R\$ 16.96
Piracicaba	143,313	68,996	48.1%	-	-	-	-	-	R\$ 16.73	R\$ 16.73
São Paulo	8,975,517	1,644,219	18.3%	89,414	89,414	152,408	519,071	258,995	R\$ 18.72	R\$ 18.78
Duque de Caxias	812,396	303,213	37.3%	4,030	4,030	4,030	100,000	-	R\$ 21.16	R\$ 21.16
Pavuna	308,512	35,032	11.4%	-	-	-	30,000	-	R\$ 23.12	R\$ 22.81
Queimados / Seropédica	240,975	99,128	41.1%	7,531	7,531	7,531	-	-	R\$ 18.21	R\$ 18.21
Santa Cruz / Campo Grande	327,311	-	0.0%	-	-	1,602	28,710	-	-	-
Belford Roxo / Nova Iguaçu	-	-	0.0%	-	-	-	-	-	R\$ 22.00	-
Vale do Paraíba Fluminense	211,395	8,101	3.8%	4,448	4,448	4,448	-	-	R\$ 16.00	R\$ 16.00
Campos	24,534	-	0.0%	-	-	-	12,185	-	R\$ 14.00	-
Avenida Brasil	34,580	-	0.0%	-	-	-	-	-	R\$ 38.00	-
Rio de Janeiro	1,959,702	445,474	22.7%	16,009	16,009	17,611	170,895	-	R\$ 21.73	R\$ 20.51
Brazil	14,069,418	2,572,297	18.3%	189,739	189,739	272,772	936,270	325,120	R\$ 19.01	R\$ 19.01

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	AREA (S.QM)	TYPE
Prologis Cajamar II	Cajamar	Grupo Big	49,500	Lease
BBP – Espaço Gaia Jarinu Terra	Atibaia	Mcassab	27,982	Lease
Distribution Park Dutra	Belford Roxo/Nova Iguaçu	M Dias	21,744	Lease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (S.QM)	PRICE/R\$ P S.QM
CL Duque	Duque de Caxias	BZLOG RDUC1 Empreendimentos / Banco Ourinvest	49,000	R\$159M / R\$3.2k
CD Cachoeirinha	Porto Alegre	BRL Trust / Vinci Logística FII	36,722	R\$ 78M / R\$2.1k
GLP - Jundiaí I; GLP - Jundiaí II; BBP - Espaço Gaia Jarinu Terra	Jundiaí; Atibaia	LPP III Empreendimentos e Participações / Vortex (XP FII)	134,929	R\$309M / R\$2.3k

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