

# MARKETBEAT

# RIO DE JANEIRO

## Office Q1 2024



YOY Chg 12-Mo Forecast

**30.65%**  
Vacancy Rate



**5,683**  
Net Absorption (sq.m)



**BRL 84.30**  
Asking Rent (BRL sq.m)



*(CBD Class A) - From 2024 office buildings will be classified according to Cushman & Wakefield's new methodology*

### ECONOMIC INDICATORS

QOQ Chg 12-Mo Forecast

**2.9%**  
2023 Q4 GDP -  
Accumulated year



**7.4%**  
Unemployment Rate  
(2023Q4)



**4.5%**  
CPI Inflation Nov (12 months)



Source: LCA

### ECONOMIC SCENARIO

• In 2023, GDP increased 2.9% compared to 2022, maintained stability (0.0%) compared to the third quarter and increased by 2.1% compared to the fourth quarter of 2022. • The IPCA (Broad National Consumer Price Index) registered an increase of 0.83% in February, and accumulated an increase of 4.50% in 12 months. The result was above market expectations, but confirmed the downward trend in inflation. • The job market remains strong. According to PNAD (Continuous National Household Sample Survey), unemployment was 7.8% in the quarter ending in February. • The basic interest rate of the Brazilian economy (Selic), which had its flexibility cycle started in August 2023, is currently 10.75%. • In the USA, inflation data surprised upwards, and the FED signaled a more cautious stance in relation to the cycle of interest cuts, which should begin in mid-2024.

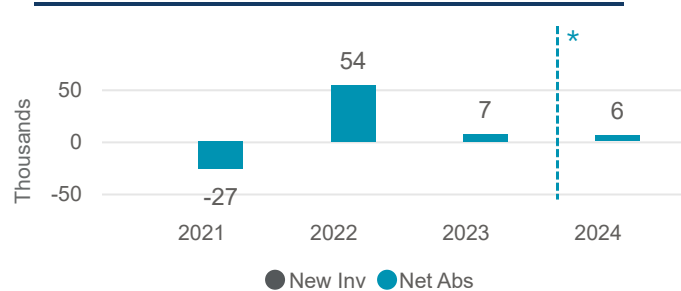
### DEMAND

The first quarter of 2024 ended with a net absorption of 5,683 sq.m in the city of Rio de Janeiro in class A and A+ buildings. Due to the lack of delivery of new developments since 2018, the vacancy rate has undergone slight changes according to natural market movements such as new leases or vacancies. The previous year recorded strong absorption coming mainly from the public sector. That said, the public sector, law, health, and oil and gas were in the last 5 years the ones that most sought office areas in the city, and nowadays, even though the amount of leasing is smaller, the sectors are more dispersed. On the other hand, the exits in the quarter occurred on a smaller scale, totaling 3,501 sq.m divided into Centro and Porto. Thus, analyzing only the occupancies, this value totals 9,184 sq.m, a demand that has a focus on newer and high-end buildings in the city. An example is the Orla region, which even with cheaper vacant areas, one of the most expensive buildings in the region was the one that received the most leases during the year 2023.

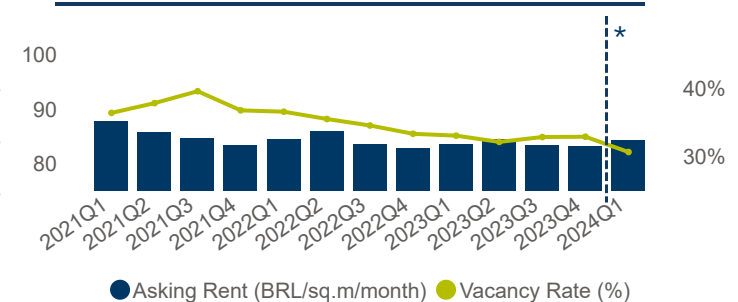
### PRICING

The average asking price was BRL 84.30/sq.m, an increase of 2.3% compared to the end of 2023, which denotes some stability after years of constant declines. Among the regions with the highest rental values are Zona Sul (BRL 160.00/sq.m) and Centro (BRL 89.03/sq.m). Those with values closer to or below the city's average are Orla (BRL 87.81/sq.m), Porto (BRL 84.92/sq.m), Cidade Nova (BRL 77.15/sq.m) and Barra da Tijuca (BRL 76.20/sq.m). The slight change in price was due to natural market movements, mainly large occupancies in buildings with lower prices and exits in buildings with higher rental values. It should be noted that these changes occurred mainly in Centro, region where there is a large difference in asking prices.

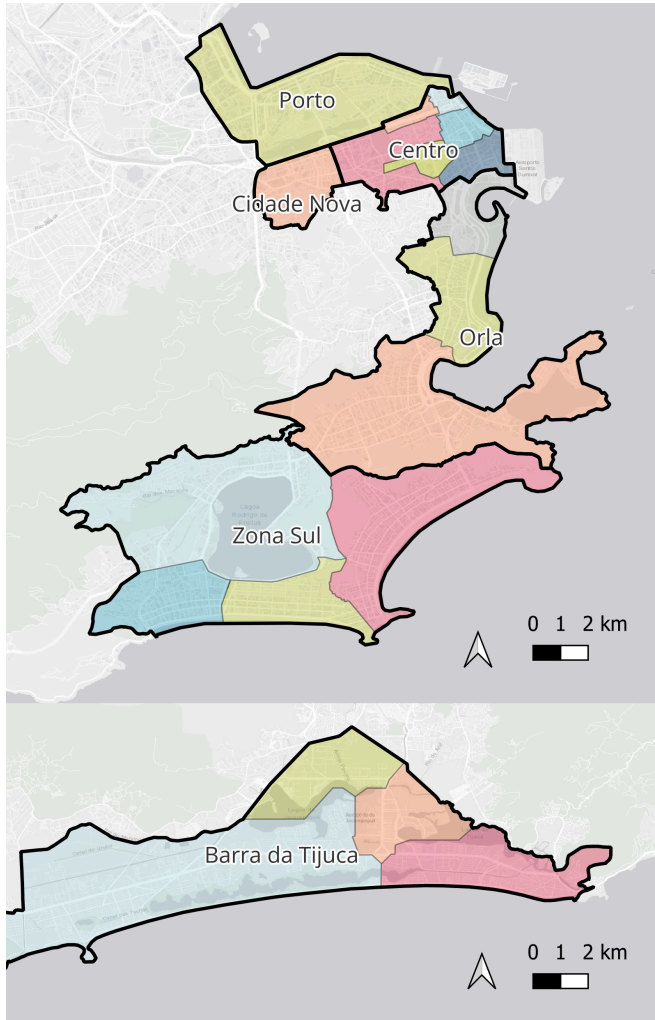
### SPACE DEMAND / DELIVERIES - CBD A



### ASKING RENT / VACANCY - CBD A



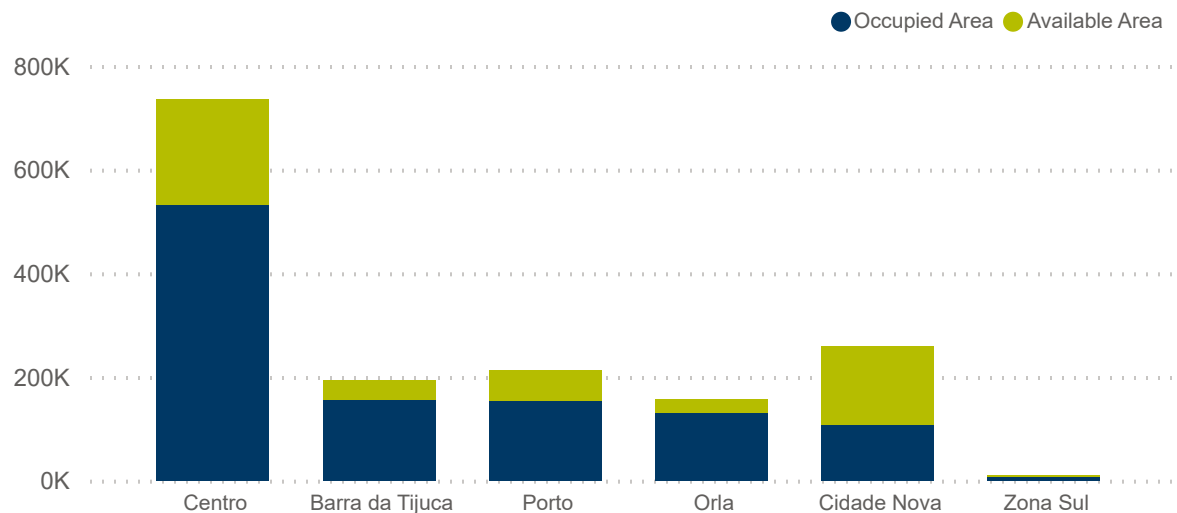
*\*To continue with assertive and updated market analyses. Cushman & Wakefield has reconfigured its mapping of regions and its absorption and vacancy methodology to better reflect the real estate evolution of Rio de Janeiro.*



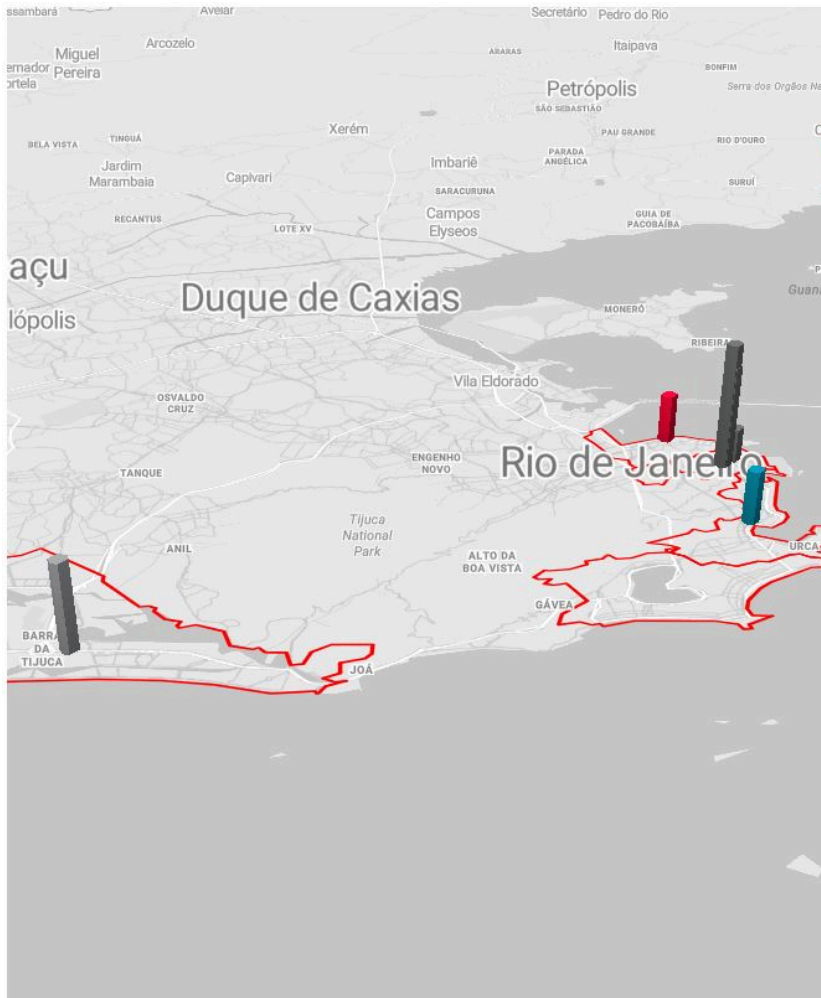
## Market Overview

Of the 11 movements that took place in the city, 6 of them are in Centro region. In total, net absorption in the first quarter of the year was 5,683 sq.m and 3,658 sq.m in Centro. As mentioned earlier, Rio de Janeiro has always had a greater focus on oil and gas companies, gradually expanding into the advocacy, education, health, and public sectors. In the current period, it has received company leases in the education, finance, transportation and business sectors. Thus, the vacancy rate in the city of Rio de Janeiro in classes A and A+ was 30.65%, remaining practically stable in relation to the previous quarter. Analyzing the departures from the Rio since 2022, it is noted that the sector that vacated the most was insurance, exceeding 5,000 sq.m in Centro, Barra da Tijuca and Porto. The energy sector was the second with the most outflows (2,400 sq.m), followed by legal services (2,300 sq.m) and transportation (2,070 sq.m). On the other hand, the segments with the highest number of occupations in the same period were the sectors of public administration with almost 21,000 sq.m, medical and health services with 3,400 sq.m, insurance (3,050 sq.m), oil and gas (2,900 sq.m), and energy (2,500 sq.m). In addition, the education, financial, legal and communication services, and technology sectors have also recorded occupations since 2022. Thus, it is noted that even with properties available for rent and affordable prices, Cidade Nova does not receive demands constantly, being the region with the highest vacancy rate in the city (58.6%) and the second with the largest stock of high-end offices. Next comes Porto, with a rate of 27.61% and 100% vacant properties with relatively low prices. Zona Sul and Orla have the lowest rates (19.7% and 17.2%, respectively), and Zona Sul have the highest asking price (BRL 160.00/sq.m).

## CBD SUBMARKET COMPARISON



## Transactions - 2024Q1

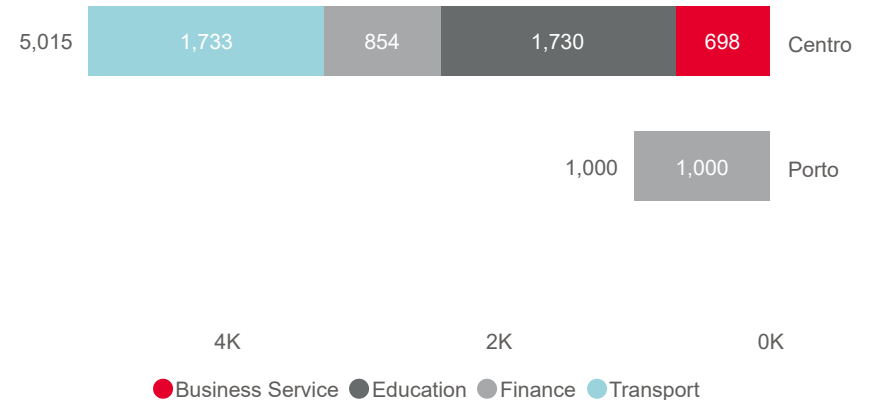


- Major Market**
- Centro
  - Barra da Tijuca
  - Orla
  - Porto

## Main Leased Segments - 2024Q1

Rio de Janeiro, despite not receiving high numbers of leases on a quarterly basis, has certain punctual and large leases in area, with a tendency for public administration companies. In the current quarter, leases and departures were recorded in the education, finance, insurance, transport and business sectors, and the focus remained in Centro region, with other regions appearing punctually, as in previous periods – such as Porto.

### Main Industry Classification Leases



## MARKET STATISTICS

SUBMARKET	NUMBER OF BUILDINGS	INVENTORY (SQ.M)	AVAILABLE AREA (SQ.M)	VACANCY RATE (%)	CURRENT QTR NET ABSORPTION (SQ.M)	CURRENT QTR GROSS ABSORPTION (SQ.M)	UNDER CONSTRUCTION (SQ.M)	AVG ASKING RENT (BRL/MONTH)
Centro	31	735.272	202.804	27,6%	3.658	5.391	0	89,03
Cidade Nova	7	259.619	152.080	58,6%	0	0	0	77,15
Orla	10	156.756	26.971	17,2%	1.083	1.083	0	87,81
Zona Sul	1	10.938	2.159	19,7%	0	0	0	160,00
Porto	8	213.798	59.033	27,6%	-768	1.000	0	84,92
Barra da Tijuca	22	193.877	38.294	19,8%	1.710	1.710	0	76,20
Total CBD A	79	1.570.261	481.341	30,7%	5.683	9.184	0	84,30

## KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)
Ventura Corporate Towers - Torre Leste	Centro	TAG	1.733
Ventura Corporate Towers – Torre Oeste	Centro	UFRJ - Universidade Federal do Rio de Janeiro	1.730
Aqwa Corporate - Torre 1	Porto	Jaé	1.000
Ventura Corporate Towers – Torre Oeste	Centro	Willis Towers Watson	854
City Tower	Centro	Rina Brasil	698

## DENNY S ANDRADE

Head of Market Research & Business Intelligence/South America

## RENATO PAGLARIN

Coordinator of Market Research & Business Intelligence

## CAMILA BUAZAR

Market Research & Business Intelligence Analyst

## JENIFER ALMEIDA

Office Transactions

## CUSMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com). ©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.