

MARKETBEAT

SÃO PAULO

Office Q1 2024



YOY Chg 12-Mo Forecast

19.20%
Vacancy Rate



51,756
Net Absorption (sq.m)



BRL 113.57
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

**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 São Paulo.*

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.

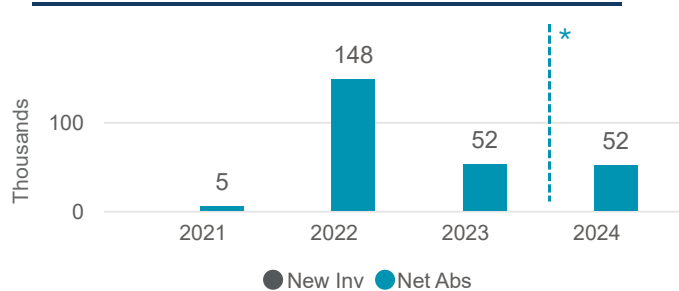
DEMAND

São Paulo's CBD class A office market showed significant activity in the first quarter of 2024, indicating a more heated market. It was recorded a net absorption of 51,756 sq.m, with Chucru Zaidan, Vila Olímpia and Rebouças being the main regions responsible for this result, with 21,224 sq.m, 12,739 sq.m and 6,981 sq.m, respectively. It is worth noting that no region recorded negative net absorption, indicating a decrease in office returns.

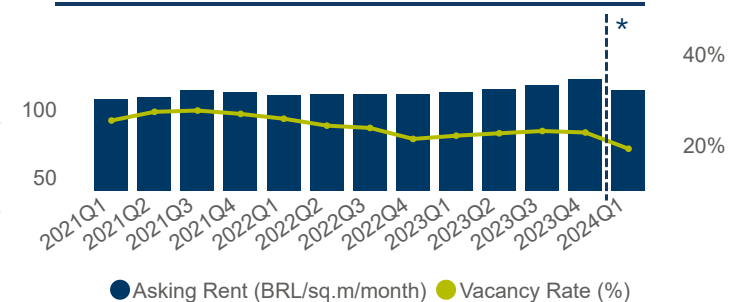
PRICING

The average asking price increased slightly by 0.74% compared to the same period of the previous year, ending at BRL 113.57/sq.m. On the other hand, compared to the last quarter of 2023, there was a drop of 3.40%, mainly due to leases in buildings with asking prices above the market average and departures in buildings with lower values. Paulista was the region that had the largest positive change (8.40%), closing at BRL 152.39/sq.m. Itaim closed with the highest asking price, BRL 291.57/sq.m, while Chácara Santo Antônio closed with the lowest price, BRL 85.33/sq.m.

SPACE DEMAND / DELIVERIES - CBD A



ASKING RENT / VACANCY - CBD A



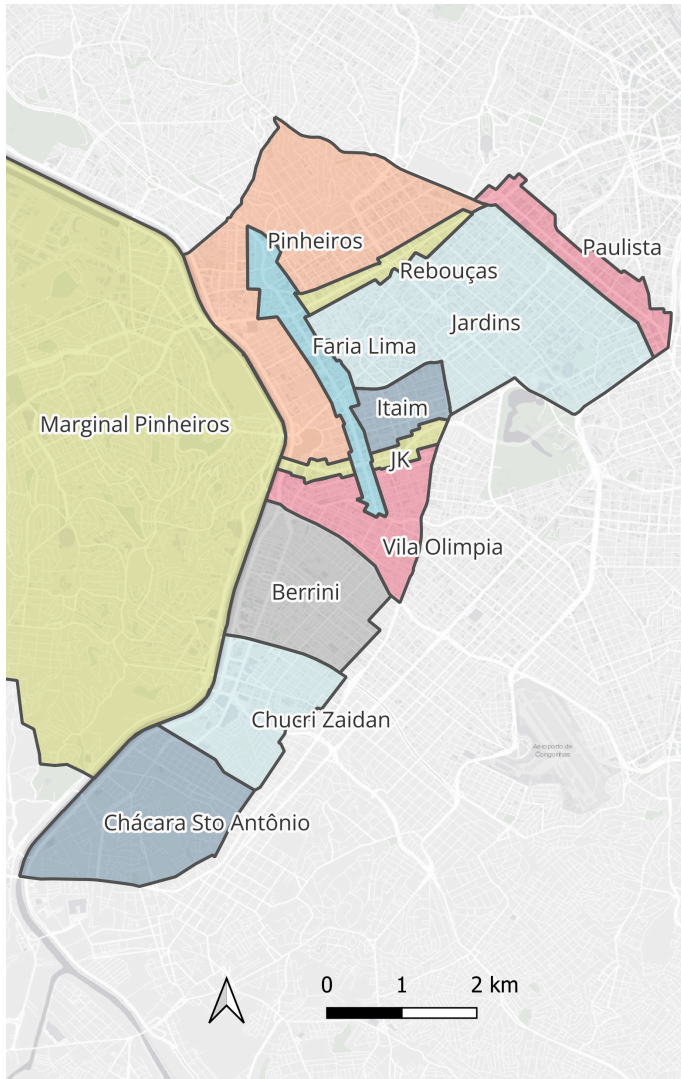
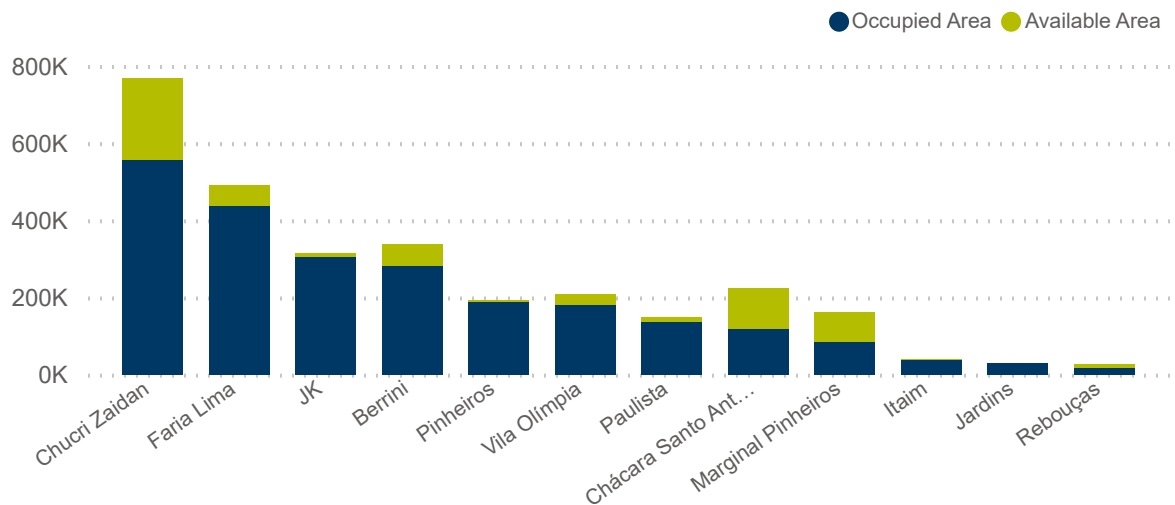
Market Overview

The period showed a significant number of leases, which exceeded the number of departures. The strong net absorption observed in the first quarter of the year resulted in a slight drop of 0.88 p.p. in the vacancy rate, which closed at 19.20%. In contrast, Marginal Pinheiros and Faria Lima increased by 3.96 p.p. and 3.02 p.p., respectively, mainly due to the delivery of new inventory in both regions. Chucru Zaidan was the highlight of the quarter, recording the highest volume of leases (37,915 sq.m), as well as departures (16,691 sq.m).

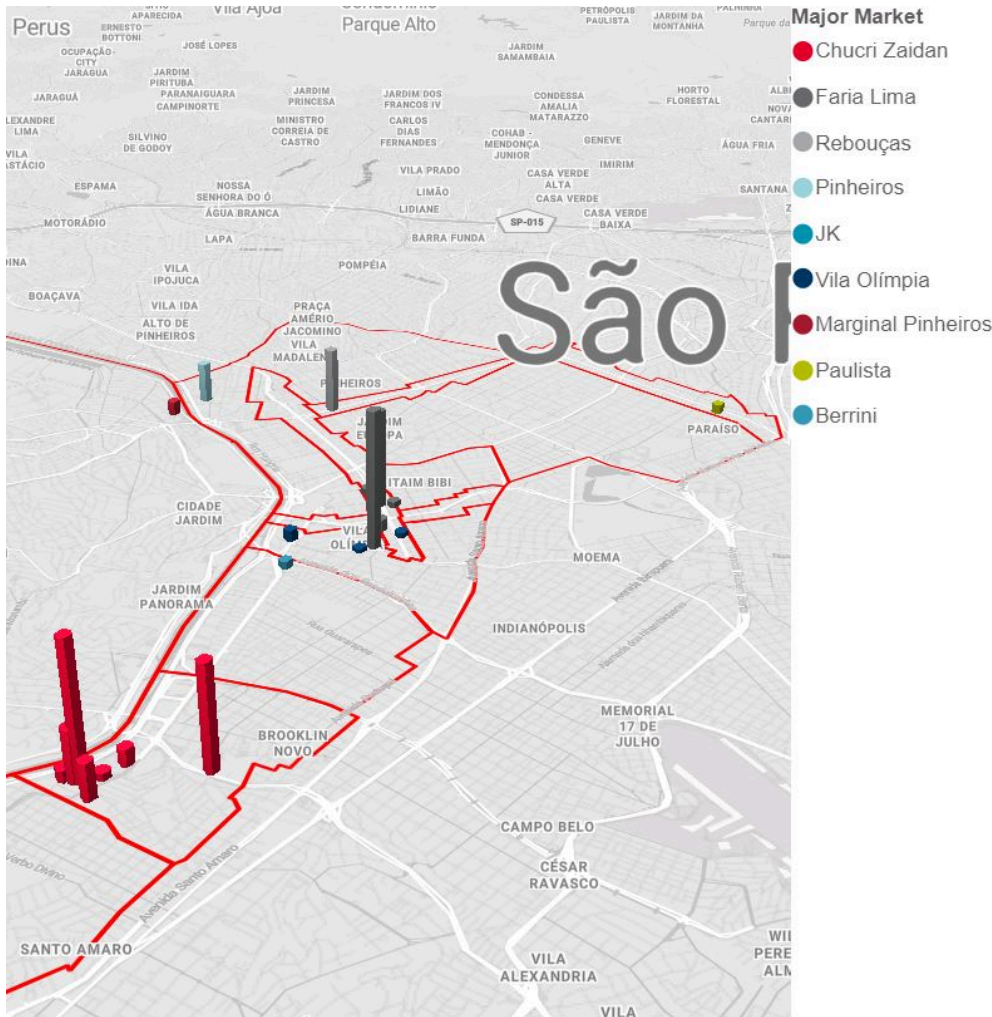
Pipeline

The first quarter of 2024 presented a considerable volume of new deliveries, totaling 32,458 sq.m. In Faria Lima, 18,701 sq.m were delivered, coming from Corporativo Faria Lima, and in Marginal Pinheiros, 13,757 sq.m, coming from Estaiada Corporate. The expectation is that the four quarters of 2024 combined will have 130,751 sq.m of new inventory.

CBD SUBMARKET COMPARISON



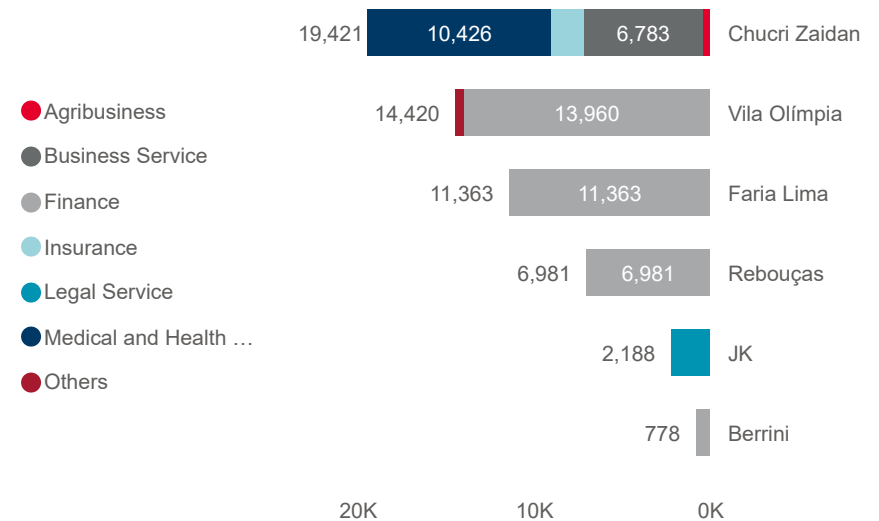
Transactions - 2024Q1



Main Leased Segments - 2024Q1

São Paulo's CBD region received a high number of leases, totaling 84,505 sq.m. Chucri Zaidan, following the trend of previous periods, was the region that received the highest number of transactions, totaling 37,915 sq.m. Next, Vila Olímpia with 16,131 sq.m, and then Faria Lima with 12,657 sq.m leased. The financial and medical-hospital sectors, respectively, were the most prominent in the quarter, followed by the services sector. In addition to the high number of leases, it is worth highlighting that a large part of the lease activity were transactions above 1,000 sq.m, some of the most relevant being the total leases of Auri Plaza Faria Lima and White 2880.

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)
Berrini	13	339,264	55,818	16.5%	778	778	0	94.90
Chácara Santo Antonio	9	223,754	105,007	46.9%	0	0	85,178	85.33
Chucri Zaidan	23	768,236	212,047	27.6%	21,224	37,915	112,077	99.18
Faria Lima	24	477,658	54,104	11.3%	2,717	12,657	0	246.48
Itaim	2	40,429	2,156	5.3%	0	0	30,000	291.57
JK	9	314,877	8,572	2.7%	1,046	3,234	7,414	221.35
Marginal Pinheiros	9	160,809	75,533	47.0%	1,470	1,470	0	96.72
Paulista	9	149,445	11,561	7.7%	1,032	1,032	0	152.39
Pinheiros	9	193,446	4,685	2.4%	3,769	4,307	0	129.37
Rebouças	3	26,063	8,755	33.6%	6,981	6,981	59,251	150.00
Jardins	2	29,566	0	0.0%	0	0	0	
Vila Olímpia	13	221,300	27,057	12.2%	12,739	16,131	0	154.98
São Paulo CBD AA+	127	2,944,849	565,296	19.2%	51,756	84,505	293,920	113.57

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)
Auri Plaza Faria Lima	Vila Olímpia	Banco Master	13,960
Birmann 32	Faria Lima	Banco Master	10,143
O Parque - Torre Orvalho	Chucri Zaidan	Hospital Sírio-Libanês	10,051
White 2880	Rebouças	Stone	6,981
Parque da Cidade Corporate - Torre B2	Chucri Zaidan	Accenture	6,783
The City - JK 1455	JK	Simpson Thacher & Bartlett	2,188
EZ Towers - Torre A	Chucri Zaidan	Webhelp	1,752

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE(BRL)/SQ.M
Faria Lima 3500	Faria Lima	Brookfield / Itáu BBA	22,786	64,024.85
Condomínio Edifício São Luiz	Itaim	TEPP11 / KNHF11	13,179	16,314.15
E-Tower	Vila Olimpia	BRPR E-Tower FII / BRPR Corporate FII	8,944	24,150.27

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