

MARKETBEAT

RIO DE JANEIRO

Office Q3 2024



	YOY Chg	12-Mo Forecast
29.81% Vacancy Rate	▼	▼
-530 Net Absorption (sq.m)	▲	▲
BRL 77.65 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
1.4% 2024 Q2 GDP - Accumulated year	▲	▼
6.9% Unemployment Rate (2024Q2)	▼	▲
4.2% CPI Inflation June (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 Rio de Janeiro.

ECONOMIC SCENARIO

• GDP grew 1.4% in the second quarter of the year, totaling BRL 2.9 trillion. From the production perspective, Industry showed the greatest expansion, with 1.8%, followed by the Services sector with 1.0%, while Agriculture fell 2.3%. From the expenditure perspective, Government Consumption and Household Consumption both grew 1.3%. Investments (Gross Fixed Capital Formation), Exports of Goods and Services, and Imports of Goods and Services showed variations of 2.1%, 1.4% and 7.6%, respectively. • The IPCA (Broad National Consumer Price Index) has accumulated an increase of 4.24% in 12 months, reflecting an inflationary scenario aggravated by the intensification of free prices and new pressures on administered prices, which raise inflation expectations. • The labor market remains buoyant. According to the PNAD (Continuous National Household Sample Survey), unemployment was 6.6% in the quarter ending in August. • The Brazilian economy's basic interest rate (Selic) is at 10.75% after an increase made this quarter by the Monetary Policy Committee (Copom). • In the US, the FED (Federal Reserve), aiming to maintain price stability and promote economic growth, announced a 50-basis point reduction in the interest rate, which is now between 4.75% and 5%. This measure follows the recent drop in inflation, which reached 2.5%, approaching the 2% target.

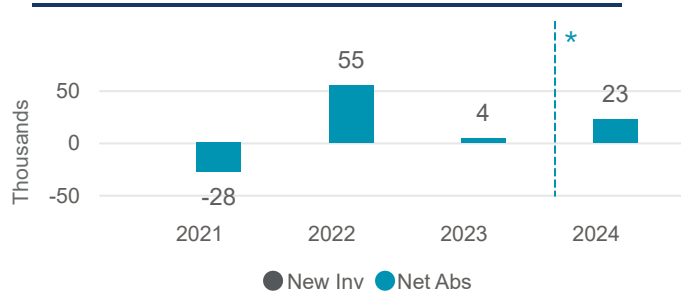
DEMAND

Rio de Janeiro's CBD class A office market recorded a net absorption of -530 sq.m in the third quarter of 2024, with Barra da Tijuca and Zona Sul contributing to this not-so-promising performance. On the other hand, Centro showed positive absorption of 1,902 sq.m, showing that there is still demand in specific areas/regions. Despite the negative result in this quarter, the city accumulates, in 2024, a net absorption of 22,547 sq.m, which represents almost 70% of the total recorded in 2023, signaling a trend of recovery and growth in the market.

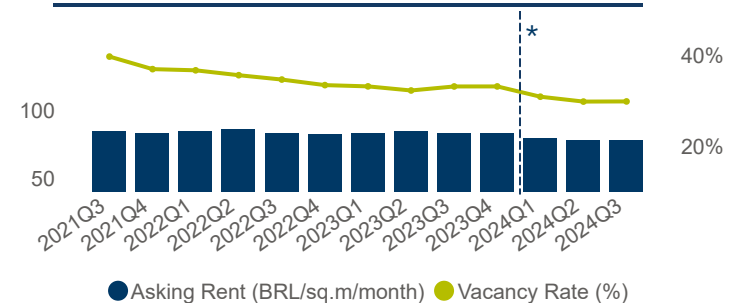
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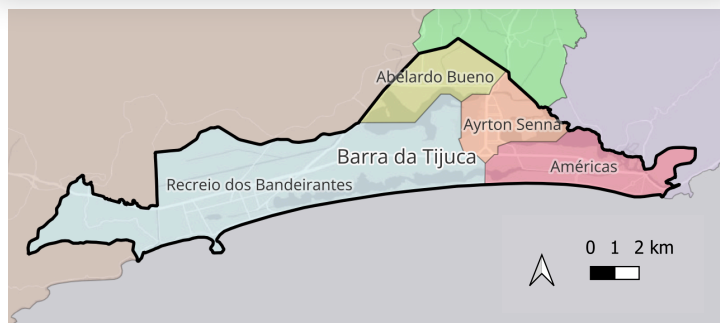
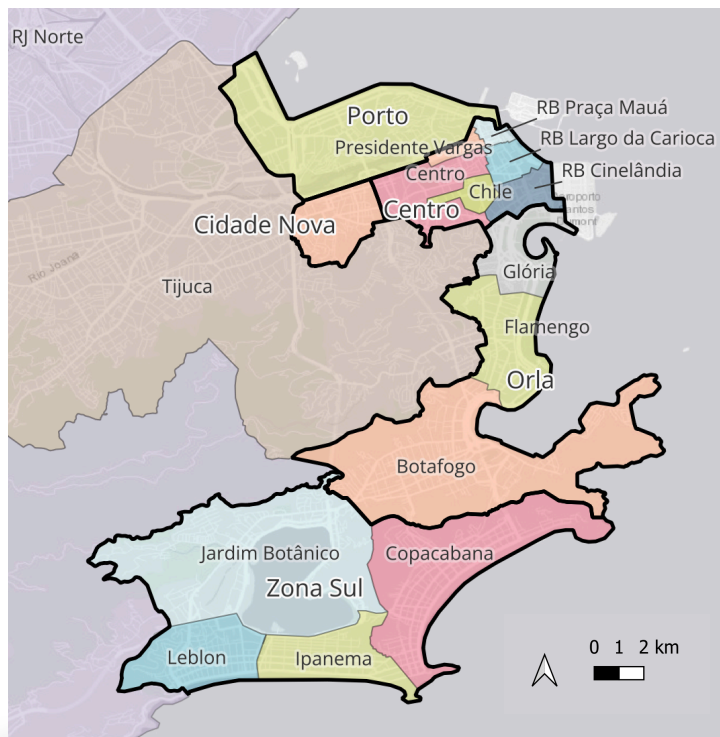
The average asking price ended the quarter at BRL 77.65 sq.m/month, a slight reduction of just 0.35% compared to the previous period, indicating stability in the market after years of constant declines. Zona Sul continues to be the most expensive region of the city, with an asking price of BRL 160.00 sq.m/month, which highlights the high demand and appreciation of this area. In contrast, Barra da Tijuca continues to have the lowest asking price, BRL 62.72 sq.m/month. It is worth noting that Cidade Nova and Barra da Tijuca are the only regions with prices below the average for the city of Rio de Janeiro.

SPACE DEMAND / DELIVERIES - CBD A



ASKING RENT / VACANCY - CBD A

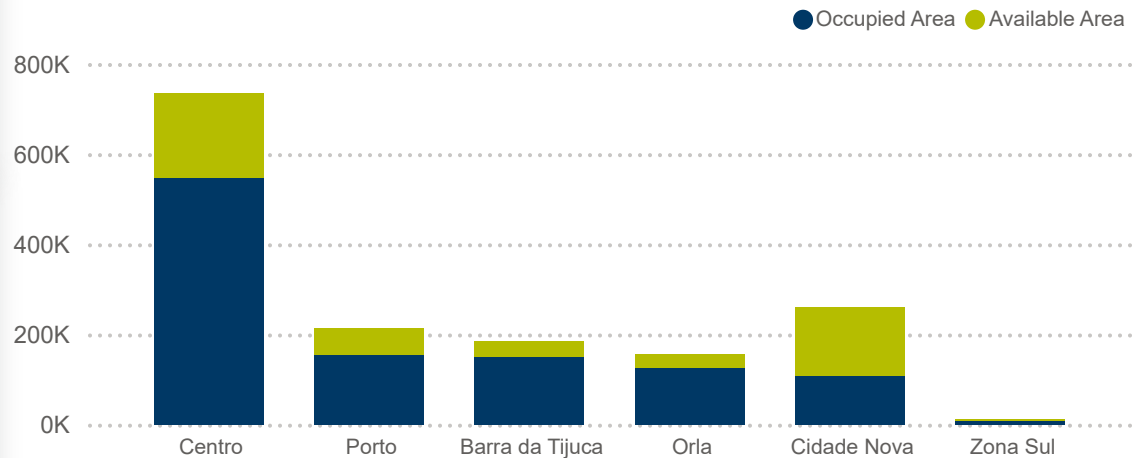




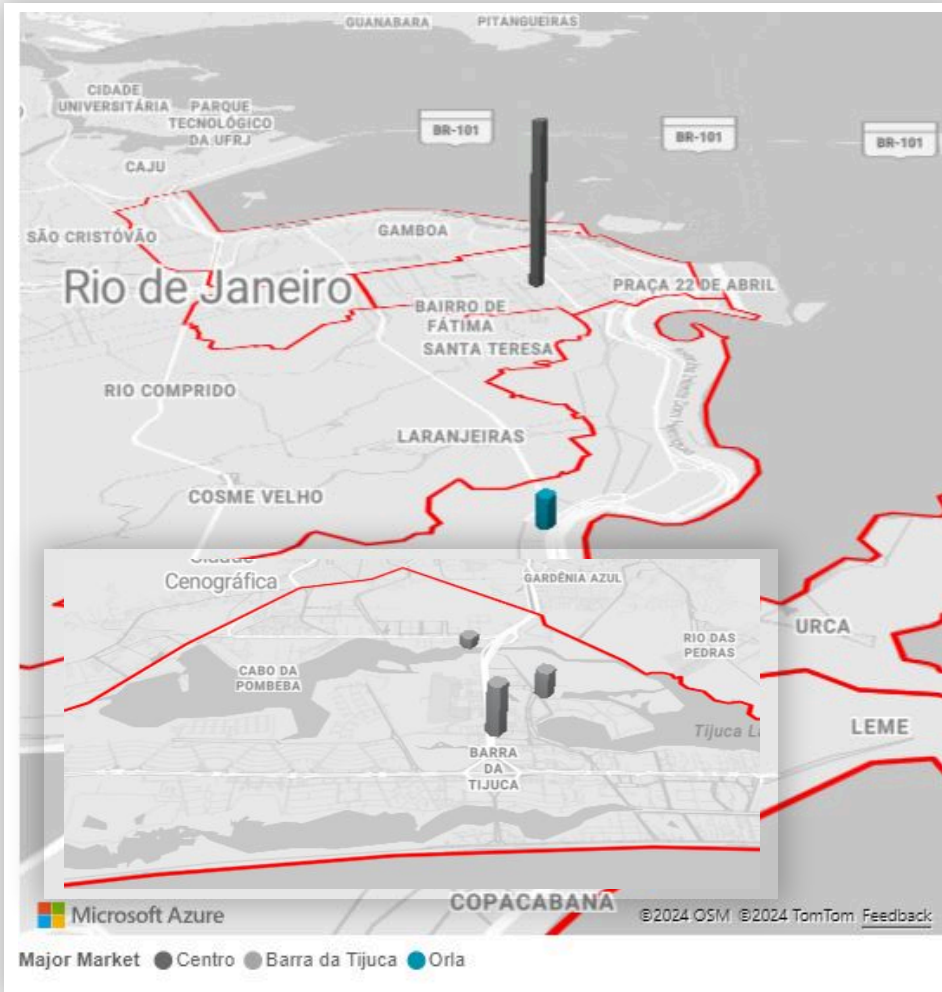
Market Overview

The third quarter of 2024 showed insignificant net absorption, but throughout the year the market has shown relatively solid performance. The vacancy rate closed at 29.81%, which represents a slight increase of 0.04 p.p. compared to the last period. However, compared to the same period of the last year, there was a significant drop of 3.29 p.p., indicating the improving trend. Cidade Nova, despite offering affordable prices, does not attract as much demand and continues to record the highest vacancy rate in Rio de Janeiro, set at 58.58%. On the other hand, Barra da Tijuca continues to have the lowest rate, at 18.89%, which demonstrates demand for spaces in this area over the last years, even though in this quarter the net absorption was -1,520 sq.m. On the other hand, the regions of Zona Sul, Porto, Centro, and Orla had vacancy rates below the city average.

CBD SUBMARKET COMPARISON



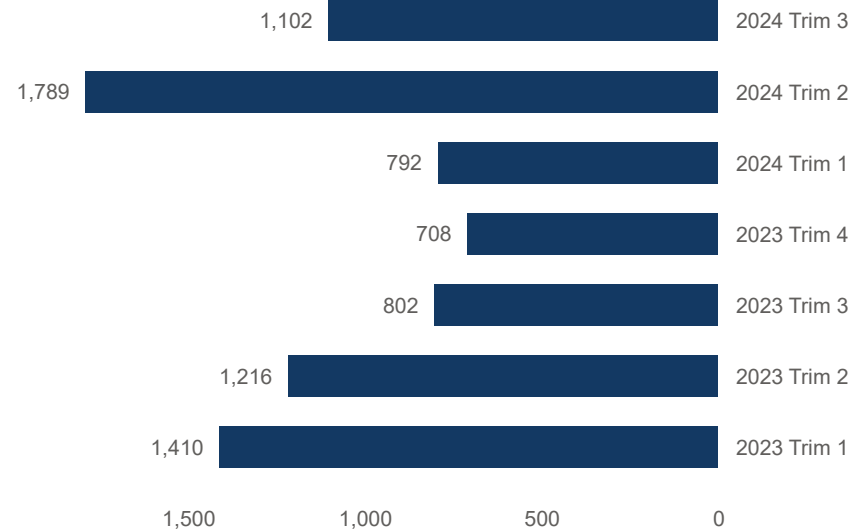
Transactions - 2024Q3



Main Leased Segments - 2024Q3

Rio de Janeiro's CBD region recorded a total of 9,916 sq.m in leases. Centro was responsible for the largest volume, reaching 5,862 sq.m, followed by Barra da Tijuca with 3,118 sq.m and Orla with 936 sq.m leased. In this quarter, the education and health sectors stood out as the main drivers of this demand.

Average of Leased Area (sq.m)



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	186,527	25.4%	1,902	5,862	0	80.41
Cidade Nova	7	259,620	152,081	58.6%	0	0	0	71.60
Orla	10	156,756	30,393	19.4%	0	936	0	83.55
Zona Sul	1	10,938	3,071	28.1%	-912	0	0	160.00
Porto	8	213,799	58,439	27.3%	0	0	0	86.17
Barra da Tijuca	21	185,417	35,032	18.9%	-1,520	3,118	0	62.72
Total CBD A	78	1,561,802	465,543	29.8%	-530	9,916	0	77.65

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)
Ventura Corporate Towers - Torre Oeste	Centro	Undisclosed	5,862
Barra da Tijuca Corporate	Barra da Tijuca	Afya Educacional	1,791
Centro Empresarial Botafogo	Orla	Undisclosed	936
CEO - Corporate Executive Offices -North	Barra da Tijuca	Undisclosed	919
Rio Office Park - Bloco 4	Barra da Tijuca	Endorj	249
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Office Transactions

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