

COSTA RICA OFFICE

Economic Indicators

	Q3 18	Q3 19	12-Month Forecast
CR Employment	2,138k	2,163k	■
CR Unemployment	10.2%	11.4%	■
Foreign Direct Investment ¹	\$1,543M	\$2,791M ²	■

¹ FDI reflects YOY data in US\$ ² Data reported for Q2 2019, Q3 2019 data still not available

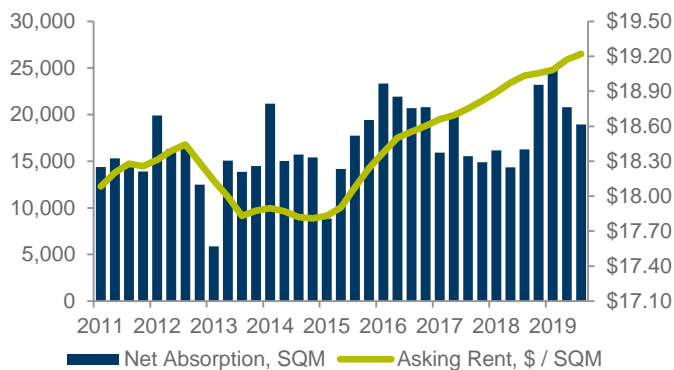
Market Indicators YOY (Overall, All Classes)

	Q3 18	Q3 19	12-Month Forecast
Vacancy	10.7%	11.4%	■
Net Absorption (sqm)	65k	76k	■
New Supply (sqm)	86k	90k	■
Average Asking Rent ³	\$19.10	\$19.30	▲

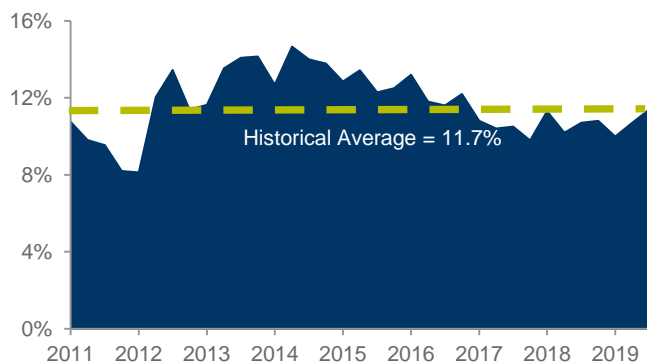
³ Rental rates reflect gross asking \$sqm/month for Class A+, A, B

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy*

According to the Central Bank of Costa Rica (BCCR), during Q3 2019, the Monthly Economic Activity Index (IMAE) reported an average YOY growth of 1.7%. This growth was mainly due to the performance of manufacturing and services companies under the Free Trade Zone Regime, which exports grew at double-digit rates. These activities are related to various Global Value Chains (GVC), where companies develop certain stages of their productive processes in the country, which are intensive in the use of highly-skilled labor.

The above is supported by various multinational companies' announcements of expansion and reinvestment projects, which come to support the good experiences obtained by these companies in the country.

For its part, the BCCR reported a decline in 2019 GDP growth projections and placed it at 2.2%, compared to the projected 3.2% at the beginning of the year. An increase in this variable is expected for 2020, for a projection of 2.6%.

Market Overview

During Q3 2019, the market reported a stable behavior, both from supply and demand points of view. For large spaces. From a supply perspective, the new buildings delivered during the reported high pre-lease levels. This led to the main market variables, such as vacancy and listing prices, not reporting significant changes compared to the previous periods.

From a demand perspective, several transactions of relevant corporate tenants in the country are currently active; however, they are expected to be executed during the upcoming months of 2019 and 2020. These transactions correspond both to new operations, as well as relocations, consolidations and expansions of companies already established in the country.

Outlook*

During the next 12-24 months, the delivery of new relevant developments located in different submarkets in the country is forecasted. These projects are expected to meet the existing demand of companies for efficient, modern and attractive spaces in Class A+ and A projects.

For the upcoming months, it is projected an increase in the vacancy rates of old and inefficient Class B projects, that no longer meet market standards and requirements. For its part, the delivery of new coworking spaces to the market is expected to offer new work formats for multinational companies, as well as to provide options for temp and flex space requirements.

* Data source: Central Bank of Costa Rica (BCCR) and National Institute of Statistics and Census (INEC)

MARKETBEAT

Costa Rica

Office Q3 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SQM)	YTD OVERALL NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (SQM)	OVERALL AVERAGE ASKING RENT (ALL CLASSES) *	OVERALL AVERAGE ASKING RENT (CLASS A) *
Alajuela	10	31,000	2,200	7.1%	400	5,500	6,200	1,200	\$16.80	\$17.00
Cartago	10	24,600	3,300	13.4%	1,600	4,200	4,600	9,000	\$17.40	\$18.50
Heredia	80	491,300	60,300	12.3%	3,000	8,100	33,600	13,200	\$19.30	\$20.40
Downtown San José	133	443,300	46,600	10.5%	(1,300)	7,500	25,400	41,300	\$17.90	\$20.00
East San José	83	298,000	23,400	7.9%	4,900	14,400	27,400	7,800	\$18.60	\$19.60
West San José	109	485,700	66,000	13.6%	(4,900)	(1,000)	17,200	48,700	\$21.20	\$20.90
COSTA RICA TOTALS	425	1,773,900	201,800	11.4%	3,700	38,700	114,400	121,200	\$19.30	\$20.40

*Rental rates reflect gross asking US\$/sqm/month

	TOTAL BLDGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SQM)	YTD OVERALL NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (SQM)	DIRECT AVERAGE ASKING RENT*	OVERALL AVERAGE ASKING RENT*
Class A+	16	163,400	2,100	1.3%	(400)	(1,100)	1,200	-	N/A	\$23.90
Class A	135	916,500	100,600	11.0%	4,200	31,700	69,300	120,000	N/A	\$20.40
Class B	274	694,000	99,100	14.3%	(100)	8,100	43,900	1,200	N/A	\$16.50

*Rental rates reflect gross asking US\$/sqm/month

Key Transactions 2019

PROPERTY	SQM	TENANT	TRANSACTION TYPE	SUBMARKET
ODM Building (Banco Central Barrio Tournón)	12,900	Superintendencias and Conassif	Lease	East San José
C3 Cariari Corporate Center	11,100	WeWork	Lease	Heredia
Centro Corporativo Internacional – Tower B	6,000	Caja Costarricense de Seguro Social (CCSS)	Lease	Downtown San José
Zona Franca del Este – Edificio B10	4,800	BAC Credomatic	Lease	East San José
Ultra Heredia – B2	4,300	Cheetah Digital	Lease	Heredia
America Free Zone – Building C11	3,400	VMWare	Lease	Heredia
La Lima Corporate Center – Building A	3,000	Align Technology	Lease	Cartago
Ultrapark Escazú (Zoso Building)	2,900	TE Connectivity	Lease	West San José
Stand Alone Building – San Pedro	2,600	Ministerio de Hacienda – Dirección General de Tributación	Lease	East San José
C3 Cariari Corporate Center	2,400	Accenture	Lease	Heredia
Stand Alone Building – Granadilla (Former INAMU)	1,800	Growth Acceleration Partners (GAP)	Lease	East San José
Plaza Real Alajuela – Phase IV	1,700	Instituto Tecnológico de Costa Rica (TEC)	Lease	Alajuela
Centro Corporativo El Cafetal – Building E	1,500	Bill Gosling Outsourcing	Lease	Heredia
Ultrapark II – Building I	1,200	Hellmann Service Center	Lease	Heredia
Lindora Park – Building A	1,100	Dentsply Sirona	Lease	West San José
Escazú Village	1,000	Swarovski	Lease	West San José
EBC Corporate Center	900	Inversiones Los Cedros	Lease	West San José

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