

# MARKETBEAT COSTA RICA



**CUSHMAN &  
WAKEFIELD**  
AB Advisory

## Industrial Q4 2019

**6.6%**

Vacancy Rate



**-6K**

Net Absorption, sqm



**\$7.20**

Asking Rent, per sqm



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q4 2019

**2,183M**

Costa Rica  
Employment



**12.4%**

Costa Rica  
Unemployment



**1,695M<sup>1</sup>**

Foreign Direct  
Investment (FDI)<sup>2</sup>



<sup>1</sup> FDI reflects YOY data in US\$

<sup>2</sup> Data reported for Q3 2019, Q4 2019 data still not available

Source: Central Bank of Costa Rica (BCCR) and National Institute of Statistics and Census (INEC)

### ECONOMY: Manufacturing companies and big retailers boost the industrial and logistics market

According to the Central Bank of Costa Rica (BCCR), during Q4 2019 most economic activities showed higher YOY variations than those reported in the same period of the previous year. This resulted in an overall 2.8% growth, one percentage point (p.p.) higher compared to Q4 2018 (1.8%). Stands out the 3.1% growth of the manufacturing sector, explained by a higher production of companies operating under the special regimes, mainly those of medical devices and food products. The manufacturing sector under definitive regime also stands out, showing a positive interannual variation for the first time in more than 18 months, partly due to the commerce stabilization in the Central American market and a recovery in the local sales. On the other hand, the construction sector decreased 11.9% in December 2019, reaching 13 months of contraction, with both a decrease in public-destination projects and private developments.

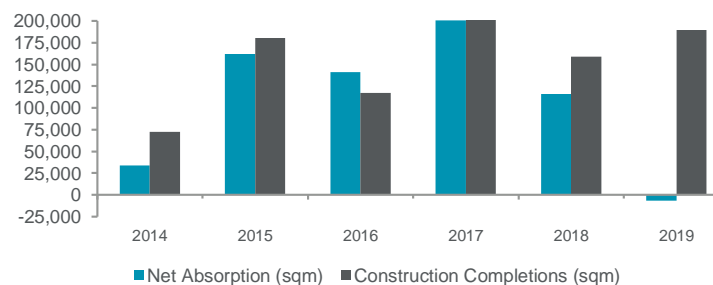
### MARKET OVERVIEW: Eagerness for better conditions and higher operational efficiencies drives requirements

During Q4 2019, the market continued to exhibit the vacancy trend of old and inefficient class B and C projects, reported during the last periods, which is supported by negative net absorption figures in these products. In general terms, these vacant spaces do not meet the efficiency, operability and functional requirements of companies, which may complicate its occupancy if the necessary reinvestments are not made. On the other hand, class A properties continue to be the most demanded, according to the high net and gross absorption figures reported; and supported by the under construction and proposed projects in the pipeline.

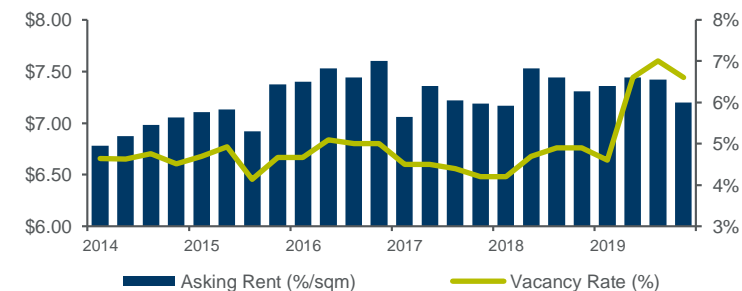
### OUTLOOK: Attractive and competitive future projects will energize the market

During the next months, the delivery of BTS developments and high-preleased projects in areas such as Alajuela, Cartago and Heredia is expected. Also, throughout the year, it is forecasted the construction kick-off of various relevant developments across the GMA, with competitive commercial conditions and qualitative characteristics that will stimulate the market. Finally, the development of strategic projects outside GMA is also expected to continue, mainly in areas such as Liberia, San Carlos, Grecia, Orotina and Limón, aligned with the country-purpose of promoting investments in these areas.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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### MARKET STATISTICS (BY SUBMARKET)

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (m <sup>2</sup> )	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Alajuela	233	1,575,500	118,400	7.5%	25,000	111,400	62,000	\$7.20	\$7.30	\$7.50
Cartago	153	703,100	13,800	2.0%	(8,700)	6,100	21,400	\$6.70	N/A	\$5.60
Heredia	272	1,432,200	88,900	6.2%	(3,500)	19,700	22,800	\$7.80	\$8.50	\$6.80
Downtown San José	295	1,166,700	86,900	7.4%	(18,200)	15,400	2,500	\$7.10	\$8.70	\$6.40
East San José	192	674,000	57,700	8.6%	(6,800)	13,200	-	\$7.50	N/A	\$7.20
West San José	119	594,100	42,000	7.1%	5,900	23,800	-	\$6.40	\$8.70	\$6.40
<b>COSTA RICA TOTALS</b>	<b>1,264</b>	<b>6,145,600</b>	<b>407,700</b>	<b>6.6%</b>	<b>(6,300)</b>	<b>189,600</b>	<b>108,700</b>	<b>\$7.20</b>	<b>\$8.40</b>	<b>\$7.10</b>

### MARKET STATISTICS (BY CLASS)

HT = High Tech/Flex OS = Office Service/Flex W/D = Warehouse/Distribution

CLASS	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (m <sup>2</sup> )	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Class A	260	2,518,100	76,400	3.0%	94,100	121,700	79,800	\$8.50	\$8.70	\$7.40
Class B	749	3,139,400	269,200	8.6%	(98,000)	55,400	28,900	\$6.80	\$8.30	\$6.50
Class C	255	488,100	62,100	12.7%	(2,400)	12,500	-	\$3.80	N/A	\$5.60

### KEY TRANSACTIONS 2019

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

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Walmart Distribution Center – Coyoil	Alajuela	Walmart	44,000	Own Development
LatAm Parque Logístico Coyoil II	Alajuela	Pequeño Mundo	25,000	Lease
Parque Industrial Zeta Cartago	Cartago	Corrugados Altavista	20,000	Buy
Multiplex Coyoil	Alajuela	Grupo Vargas	8,500	Lease
Parque Logístico Aeropuerto	Alajuela	DHL	8,000	Lease
Condal Pavas	San José Centro	Keith & Ramírez	6,500	Lease
Coyoil Free Zone	Alajuela	St. Jude – Abbott	6,000	Buy
Parque Industrial BES	Alajuela	PAINSA	6,000	Lease
Coyoil Free Zone	Alajuela	Philips	5,700	Buy
LatAm Parque Logístico Coyoil	Alajuela	Rex Cargo	5,700	Lease

### KEY CONSTRUCTION COMPLETIONS 2019

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
Walmart Distribution Center – Coyoil	Alajuela	Walmart	44,000	Own Development
LatAm Parque Logístico Coyoil II	Alajuela	Pequeño Mundo	25,000	LatAm Logistic Properties
Coyoil Free Zone – Pad 37	Alajuela	Philips	5,700	Coyoil Free Zone

Daniel Alvarez, CCIM  
**Managing Principal**  
[daniel.alvarez@ab-latam.com](mailto:daniel.alvarez@ab-latam.com)

Cushman & Wakefield | AB Advisory  
 Plaza Tempo, 4<sup>th</sup> Floor, Module B  
 Escazú, San José, Costa Rica  
**+506 4031-1040**

Bernal Rodríguez  
**Director – Logistics and Industrial Serv.**  
[bernal.rodriguez@ab-latam.com](mailto:bernal.rodriguez@ab-latam.com)

[www.ab-latam.com](http://www.ab-latam.com)  
[www.cushwake.com](http://www.cushwake.com)

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