



11.6%

Vacancy Rate

YoY Chg 12-Mo. Forecast



40K

YOY Net Absorption, sqm



\$19.20

Asking Rent, per sqm



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q4 2019**

2,183M

Costa Rica
Employment

YoY Chg 12-Mo. Forecast



12.4%

Costa Rica
Unemployment



1,695M¹

Foreign Direct
Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q3 2019, Q4 2019 data currently not available

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

ECONOMY: Multinational companies under special regimes continue to boost country production

According to the Central Bank of Costa Rica (BCCR), the production measured by the Monthly Economic Activity Index (IMAE) recorded a YOY growth of 2.80% in December 2019, thus reaching six months of monthly acceleration since June 2019. Companies operating under special regimes maintained a double-digit growth rate, while those operating under the definitive regime registered, at the end of the year, a growth rate of just 1.60%, the highest since August 2018. In line with the monthly production indicators, the BCCR projects a gradual recovery of GDP for 2020.

MARKET OVERVIEW: Investments and reinvestments of companies under special regimes energize the market

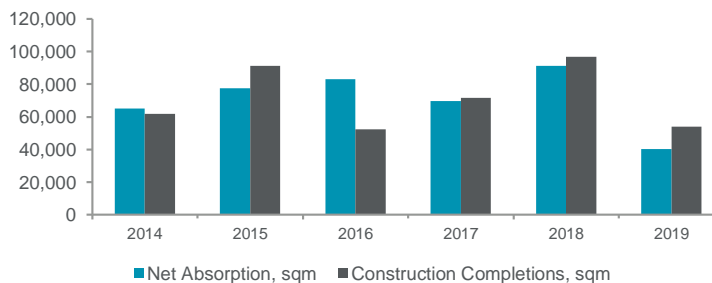
During 2019, the corporate office market reported a dynamic behavior, mainly guided by investments and reinvestments of companies under special regimes. Regarding the average vacancy rate, an 16% increase was observed at the end of 2019 compared to the first quarter of the same year. This increase has been due to multiple relocations and consolidations of companies towards modern, attractive and efficient projects, that meet their requirements. Several of these transactions will materialize throughout the year with the delivery of various relevant projects, which is expected to generate an upturn in absorption figures.

OUTLOOK: Premium buildings and coworking spaces will set the trend in 2020

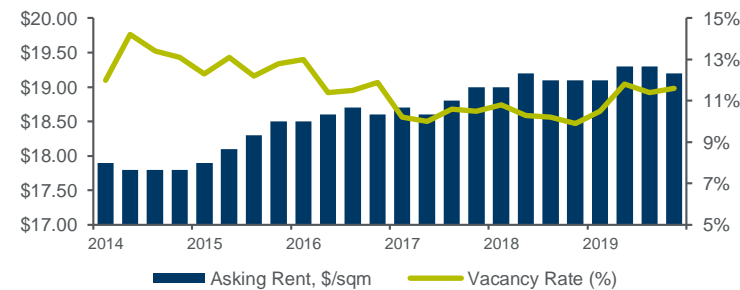
For the upcoming 12-24 months, the delivery of several relevant projects in Downtown San José submarket is expected, aimed to satisfy the demand for class A+ and A spaces in this area, attractive for its centric location, amenities, connectivity to main national routes and variety of public transport options. This sophistication of the inventory is expected to lead an increase in the average prices of the area, reported to date.

In the coming months, a consolidation of coworking spaces in the market is also expected, through the entry of recognized companies into the market. This alternative to traditional offices is being increasingly demanded by companies, as it grants agility, flexibility, low capital investments and allows them to establish test sites or proofs of concept prior to a definitive establishment of operations.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q4 2019



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AB Advisory

MARKET STATISTICS (BY SUBMARKET)

SUBMARKET	TOTAL BUILDINGS	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 AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT (CLASS A)
Alajuela	10	31,000	2,000	6.5%	200	5,700	6,400	1,200	\$16.90	\$17.50
Cartago	10	24,600	2,600	10.6%	-	4,200	4,600	9,000	\$17.20	\$18.50
Heredia	80	491,300	60,500	12.3%	3,500	11,600	39,500	13,200	\$19.20	\$20.20
Downtown San José	132	442,900	54,500	12.3%	(5,000)	2,500	26,600	42,700	\$18.10	\$20.00
East San José	84	299,600	22,100	7.4%	100	14,500	28,300	9,200	\$18.70	\$19.60
West San José	108	483,400	63,300	13.1%	2,900	1,900	23,100	48,300	\$21.00	\$20.80
COSTA RICA TOTALS	424	1,772,800	205,000	11.6%	1,700	40,400	128,500	123,600	\$19.20	\$20.40

MARKET STATISTICS (BY CLASS)

CLASS	TOTAL BUILDINGS	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 AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT (CLASS A)
Class A+	18	182,600	6,400	3.5%	600	(900)	3,900	-	N/A	\$23.80
Class A	133	896,900	102,500	11.4%	5,200	37,200	78,500	122,400	N/A	\$20.40
Class B	273	693,300	96,100	13.9%	(4,100)	4,100	46,100	1,200	N/A	\$16.50

KEY TRANSACTIONS 2019

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
ODM Building (Banco Central Barrio Tournón)	East San José	Superintendencias and Conassif	12,900	Lease
C3 Cariari Corporate Center	Heredia	WeWork	11,100	Lease
Centro Corporativo Internacional – Tower B	Downtown San José	Caja Costarricense de Seguro Social (CCSS)	6,000	Lease
Zona Franca del Este – Edificio B10	East San José	BAC Credomatic	4,800	Lease
Ultra Heredia – B2	Heredia	Cheetah Digital	4,300	Lease
America Free Zone – Building C11	Heredia	VMWare	3,400	Lease
La Lima Corporate Center – Building A	Cartago	Align Technology	3,000	Lease
Ultrapark Escazú (Zoso Building)	West San José	TE Connectivity	2,900	Lease
Stand Alone Building – San Pedro	East San José	Ministerio de Hacienda – Tributación	2,600	Lease
C3 Cariari Corporate Center	Heredia	Accenture	2,400	Lease

KEY CONSTRUCTION COMPLETIONS 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Ultra Heredia – B2	Heredia	Cheetah Digital	15,000	Ultra Development Group
El Cafetal Corporate Center – Building G	Heredia	Experian	13,200	Garnier
ODM Building – Central Bank of Costa Rica	East San José	Superintendencias	12,900	Banco Nacional – Development Fund

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

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