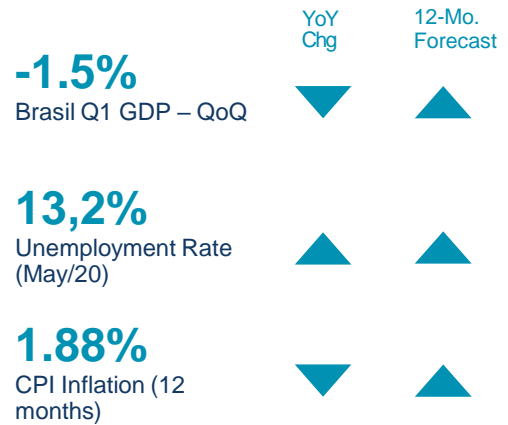


**ECONOMIC INDICATORS 2020**



Source: Tesouro Direto

**ECONOMIC SCENARIO**

Regional economic indicators fell sharply during the second quarter. The labor market increased by 0.7 percentage points between April and May, the consumer confidence index registered its worst historical performance in April – (59.3), but recovered 20% in June. In turn, prices accumulated during the year registered a deflation of 0.16% and the forecast for second-quarter GDP is a drop of approximately 10% compared to the first quarter of the year.

As noted, the COVID-19 pandemic struck Brazil in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the Brazilian economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

**DEMAND: Leasing Diminishes After Strong First Quarter.**

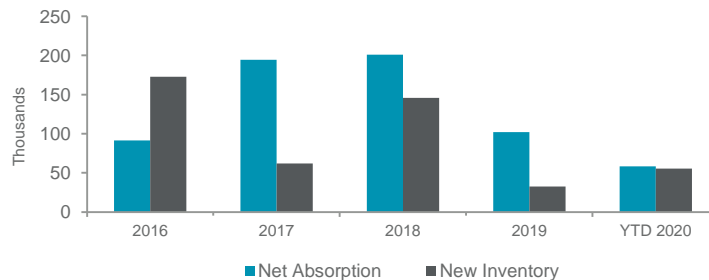
In the second quarter of 2020, despite significant departures in June, the São Paulo CBD market registered a positive net absorption of 5.1 thousand sq.m (k sq.m). It is important to note that the space absorbed in April and May – which add up to 15.1k sq.m – maintained this positive quarterly indicator.

Among the CBD regions, those with the highest net absorption rates were: Paulista, and Chácara Santo Antônio. Paulista ended the quarter with 6.5k sq.m, due to occupations in the Panorama Paulista Corporate and São Luís Gonzaga buildings, while Chácara Santo Antônio, totaled 6.4k sq.m, registering occupations in the 17007 Nações – Torre Sigma building. The net absorption indicator presented the lowest results in the Chucuri Zaidan region, which registered a negative figure of 6k sq.m, and in the Berrini region, which registered a negative figure of 5.1k sq.m; both markets experienced departures of multinational companies.

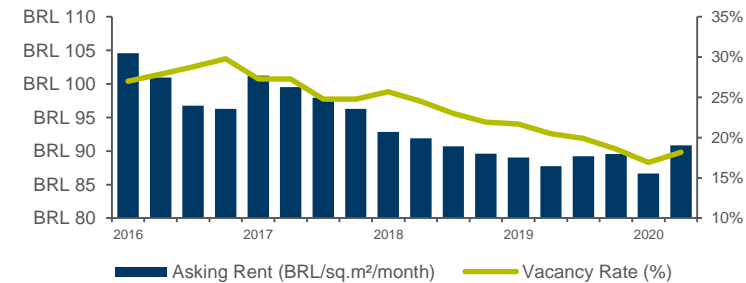
**PRICING: Asking Rents are Increasing.**

Despite the current uncertain economic environment, the asking rents were good, reaching an increase of BRL 4.19 since last quarter. As such in the CBD market, class A asking rent reached an average of BRL 90.85/sq.m/month, an outstanding record, given that the market has not registered asking rents above BRL 90/sq.m since 2018. This increase is largely due to the new delivery of the 55.5k sq.m – RiverView Corporate Tower building, that was out of market for retrofitting, in the Chucuri Zaidan region, and the Seculum II building in the Faria Lima region – as well as the negative absorption experienced during the quarter. The Chucuri Zaidan region experienced the greatest vacancy rate increase among the São Paulo CBD regions due to the delivery of 43.6k sq.m as well as the departures mentioned above – registering a 20.9% vacancy rate and an increase of 6.9p.p. compared to the previous quarter. These indicators also explain the vacancy rate increase in the CBD region, which reached 18.2%.

**NET ABSORPTION/ DELIVERIES – CBD A**



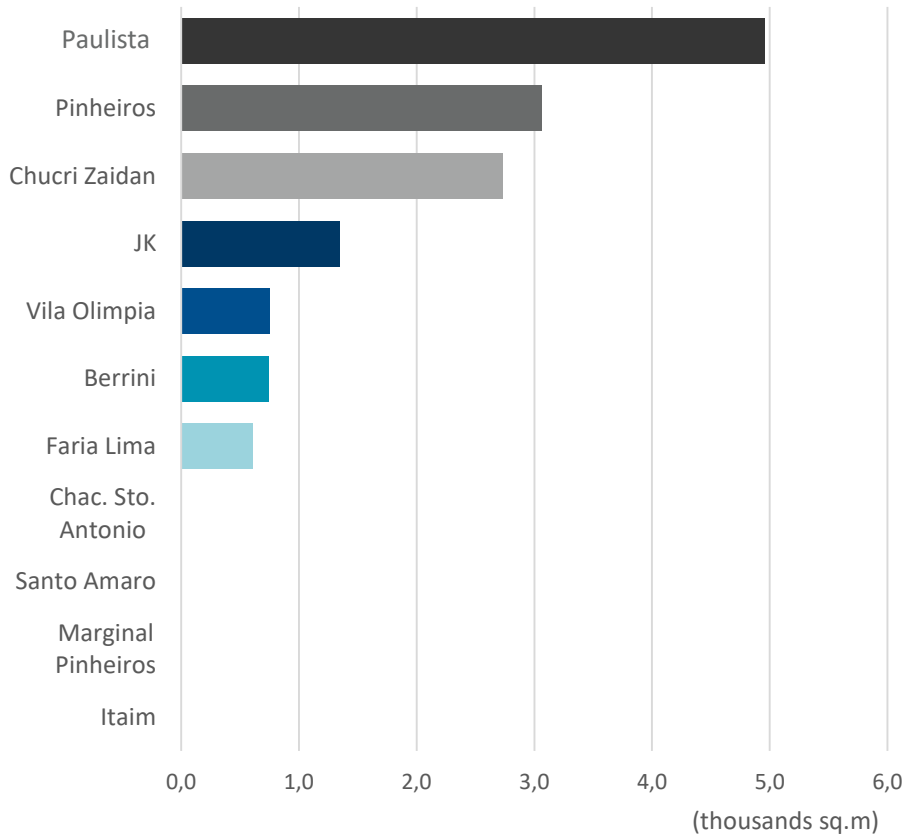
**VACANCY & ASKING RENT – CBD A**







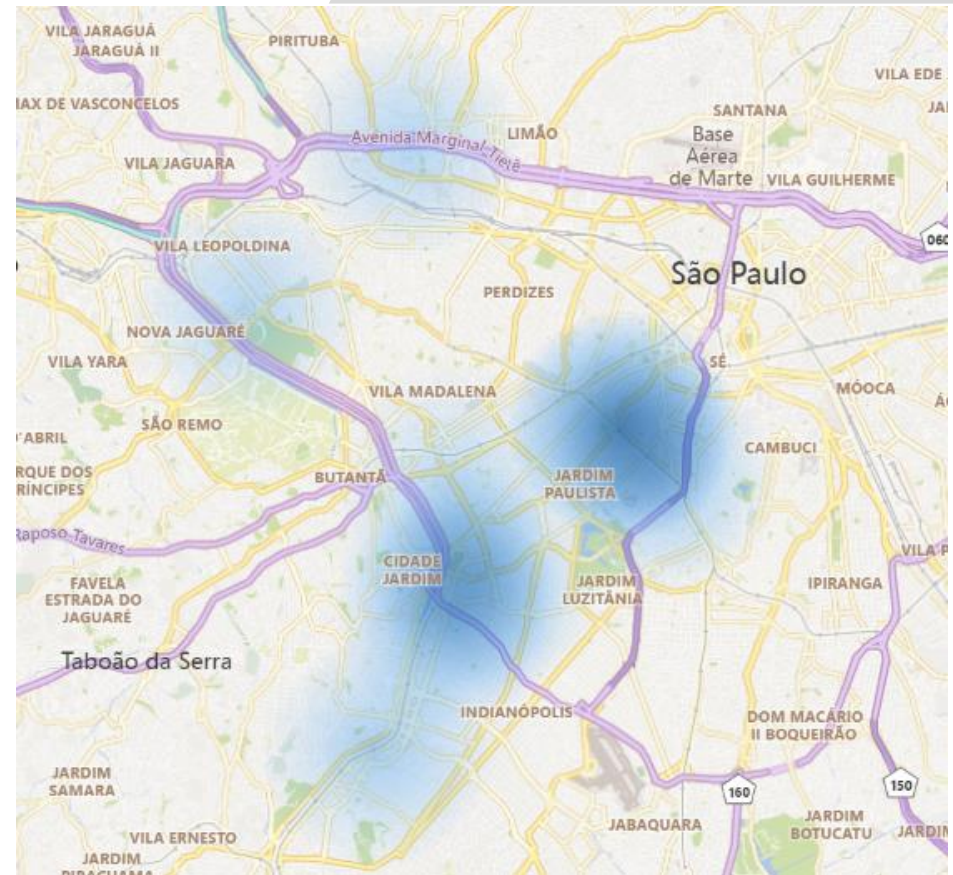
## Leasing Activity – 2020Q2



The chart above shows the concentration of transactions in prime locations such as Paulista (5k sq.m) and JK (1.4k sq.m).

It also shows that Chucrí Zaidan, a region with high development activity, is receiving many tenants due to the great amount of available space. Pinheiros also had a good performance in terms of leasing activity, which should reflect on the region's future net absorption.

## Heat Map - 2020Q2



The heat map is based on the number of transactions throughout the second quarter of 2020.

The Paulista region is highlighted due to expressive leasing activity in Paulista Avenue, as well as Pinheiros and Chucrí Zaidan, which should push the vacancy rate down in the next few months.

## Office Q2 2020

## MARKET STATISTICS

SUBMARKET	NUMBER OF BUILDINGS	INVENTORY (SQ.M)	AVAILABLE SPACE (SQ.M)	VACANCY RATE (%)	CURRENT QTR NET ABSORPTION (SQ.M)	CURRENT QTR GROSS ABSORPTION (SQ.M)	LEASING ACTIVITY (SQ.M)	UNDER CONSTRUCTION (SQ.M)	AVG ASKING RENT (ALL CLASSES)	AVG ASKING RENT (CLASS A)
Berrini	10	298,473	53,356	17.9%	-5,067	1,980	742	16,495	BRL 74.76	BRL 94.17
Chac. Sto. Antonio	18	239,775	92,453	38.6%	6,443	7,424	0	30,000	BRL 58.98	BRL 65.79
Chucrí Zaidan	25	685,128	143,327	20.9%	-5,979	5,711	2,736	224,673	BRL 85.13	BRL 94.08
Faria Lima	28	488,141	60,002	12.3%	-1,932	0	611	91,500	BRL 143.17	BRL 164.17
Itaim	4	71,927	968	1.3%	505	1,473	0	0	BRL 67.63	BRL 150.00
JK	12	340,697	3,582	1.1%	319	319	1,349	0	BRL 94.94	BRL 132.22
Marginal Pinheiros	21	225,363	87,190	38.7%	0	0	0	14,777	BRL 59.44	BRL 70.32
Paulista	17	286,435	27,514	9.6%	6,527	6,527	4,955	24,454	BRL 81.88	BRL 127.81
Pinheiros	17	244,514	19,462	8.0%	1,103	5,954	3,066	6,000	BRL 66.10	BRL 97.08
Santo Amaro	8	114,455	68,546	59.9%	1,726	2,304	0	0	BRL 40.64	BRL 46.59
Vila Olímpia	16	222,685	28,425	12.8%	1,437	1,744	756	8,400	BRL 81.82	BRL 117.58
<b>São Paulo CBD AA+</b>	<b>176</b>	<b>3,217,593</b>	<b>584,824</b>	<b>18.2%</b>	<b>5,082</b>	<b>33,436</b>	<b>14,215</b>	<b>438,299</b>	<b>BRL 74.21</b>	<b>BRL 90.85</b>

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)
Brazilian Financial Center	Paulista	Itaú Unibanco	4,438
Atlas Office Park – Bloco C	Pinheiros	Charles River	1,364
Atlas Office Park – Bloco A	Pinheiros	Veolia	1,360
Vila Olímpia Corporate – Torre A	Vila Olímpia	Nutrien	756
Berrini One	Berrini	Generali Seguros	742

\*Renewals not included in leasing statistics.

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE/BRL/SQ.M
Morumbi Corporate – Diamond Tower	Chucrí Zaidan	Multiplan / FII BTG Pactual Corporate Office Fund (BC Fund)	36,918	BRL 21,940.52
Centro Empres. Nações Unidas – Torre Oeste	Berrini	- / BLUEMACAW OFFICE FUND FII	1,041	BRL 10,710.85

## KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	AREA (SQ.M)	OWNER/ DEVELOPER
Seculum II	Faria Lima	Machado Meyer	11,847	Davilar Projetos e Empreendimentos
RiverView Corporate Tower	Chucrí Zaidan	-	43,632	Hines

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