



YoY Change 12-Mo. Forecast

14.60%

Vacancy Rate



-7,5K

YTD Net Absorption, sqm



\$19.00

Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

YoY Change 12-Mo. Forecast

2,348K

Costa Rica Employment



23,2%

Costa Rica Unemployment



2,354M¹

Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q2 2020, Q3 2020 data currently not available

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

ECONOMY: Economic activity continues trending downwards, but the rate of decline is slowing down

According to the Central Bank of Costa Rica (BCCR), the production measured by the Economic Activity Monthly Index (IMAE), continued to decrease in the third quarter of the year settling in -7.7%. This reduction is lower than the one reported during Q2 (-8.6%) which leads to believe that the negative impact in the economy generated by the COVID-19 pandemic is decelerating. The commerce and construction sectors continue to report the largest impact, presenting variations of -15.5% and -13.5%, respectively. Production under special regimes reported a decrease of 0.1%, compared to a slowdown of -9.3% reported by the definitive regime production, thanks to the solid performance of sectors such as life sciences, business services and IT, as evidenced by the creation of over 6,000 jobs during the pandemic, according to CINDE.

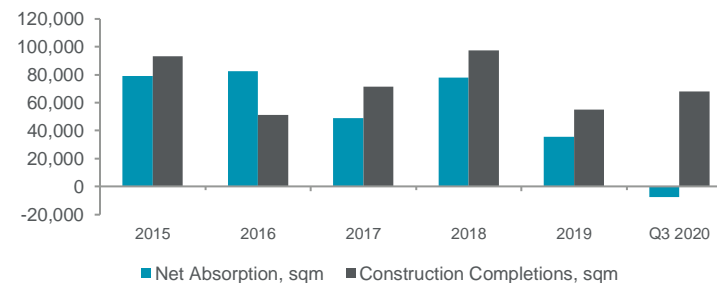
MARKET OVERVIEW: Caution of companies continues to reduce market dynamism

The corporate office market continues to report a slowdown in the dynamism that has historically characterized it, mainly due to the uncertainty generated by the COVID-19 pandemic. This has been evidenced by negative net absorption figures during 2020. Despite, several FDI-related companies have announced expansion projects during the pandemic, accompanied by the creation of new high-quality jobs, which shows their confidence in the business climate as well as the human talent in the country. Because of the current juncture, multiple companies have adopted strategies focused on generating savings in their operating costs, as well as taking advantage of current market conditions to obtain better commercial terms. At the same time, the demand for flexible workspaces and *coworking* spaces continues trending upwards.

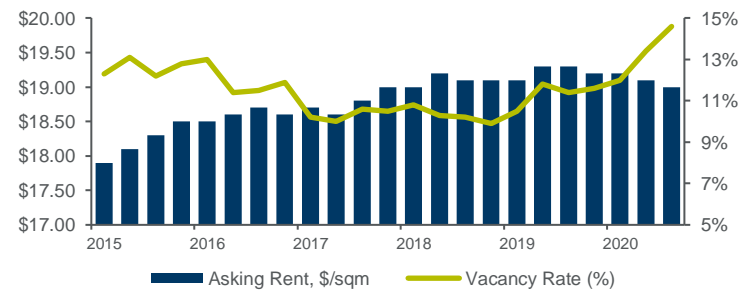
OUTLOOK: Continuation of market trends during the rest of the year and a gradual recovery expected for 2021

A gradual recovery of the economy and the corporate office market is expected during 2021. The delivery of several relevant projects throughout the different submarkets of the country will energize the existing supply and will strengthen the current tenant's market position. Additionally, greater general market confidence, as well as the conditions that have defined Costa Rica, such as its political and macroeconomic stability, the legal and institutional security, the solidity of the Free Trade Zone Regime and the highly-qualified talent pool, is expected to positively impact the demand for corporate office spaces during the upcoming recovery months.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q3 2020



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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	11	32,200	4,000	12.4%	100	400	1,500	-	\$15.20	\$17.50
Cartago	10	24,600	2,700	11.0%	-	(200)	-	-	\$16.30	\$18.50
Heredia	83	515,100	97,100	18.9%	(2,200)	(2,700)	21,900	42,200	\$19.00	\$20.10
San José Centro	131	473,300	67,200	14.2%	(1,900)	(10,900)	4,400	8,900	\$17.60	\$20.10
San José Este	85	309,000	23,800	7.7%	2,000	7,800	13,000	20,200	\$18.70	\$19.50
San José Oeste	108	486,900	74,700	15.3%	(2,700)	(1,900)	16,000	45,500	\$20.70	\$20.30
Totals	428	1,841,100	269,500	14.6%	(4,700)	(7,500)	56,800	116,800	\$19.00	\$20.20

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+	16	163,400	10,400	6.4%	(1,600)	2,000	5,200	-	N/A	\$23.60
Class A	140	977,100	150,300	15.4%	400	(6,900)	31,300	115,900	N/A	\$20.20
Class B	272	700,600	108,800	15.5%	(3,500)	(2,600)	20,300	900	N/A	\$16.10

KEY TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Escazú Village II	West San José	WeWork	12,000	Lease
Ultrapark II – Building III	Heredia	National Instruments	5,500	Lease
Epic Corporate Center	West San José	EY	4,500	Lease
Leumi Business Center	Downtown San José	Confidencial	4,000	Lease
Oficentro Yoses Plaza	East San José	Caja Costarricense del Seguro Social	2,500	Lease
Torre Universal	Downtown San José	Confidencial	2,100	Lease
Centro Corporativo El Cafetal – Building F	Heredia	DHL	2,100	Lease
Zona Franca América – E21	Heredia	Dell	1,600	Lease
Centro Corporativo El Cafetal – Building F	Heredia	Nestlé	1,500	Lease
Torre Universal	Downtown San José	Confidencial	1,100	Lease

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
Torre Universal	Downtown San José	Microsoft	32,700	Portafolio Inmobiliario
Centro Corporativo El Cafetal – Building F	Heredia	Nestlé	13,200	Garnier & Garnier
Momentum Pinares – Corporate Center	East San José	Ramstack, Volvo	7,800	Desarrolladores 506

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

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