

YoY
Chg

12-Mo.
Forecast

7.89%

Average Cap Rate*

\$ 2.82 bn.

Total Volume (BRL)

26

Total Properties Sold

559.4

Area (Thousands sq.m)

(All Property Classes)

ECONOMIC INDICATORS 2020

YoY
Chg

12-Mo.
Forecast

-9.7%

Q2 GDP (QoQ)

14.1%Unemployment Rate
(July/20)**2.30%**

CPI Inflation (12 months)

8.09%

10-Yr Fixed Rate Bond

Source: LCA; Tesouro Direto

ECONOMY OVERVIEW:

The expansionary fiscal and monetary policies combined with the flexibilization of social isolation resulted in a resumption of the Brazilian economy in the third quarter. For instance, the Consumer Confidence Index showed a recovery of approximately 17.5% in relation to the second quarter of the year, closing at 83.9, and there was a net employment gain of 380,4000 jobs in July and August. Furthermore, the GDP projection, that was -6,54% previously, followed this optimism outlook during the economy recovery and now it is expected to contract by -5,02%, with a positive expectation for the third quarter. In turn, driven mainly by pressure from food prices, the inflation rate accelerated again, reaching 2.3% in August (12 months). Finally, the cautious speech over the interest rate remained, standing at its current lowest record level of 2,0%, stimulating economic activity. In conclusion, the economic recovery, after the paralysis of economic activities at the worst moment of the pandemic, decreases the government pessimism, despite the market's caution over the increasing public indebtedness.

The most recent information about COVID-19 impact can be found [here](#).

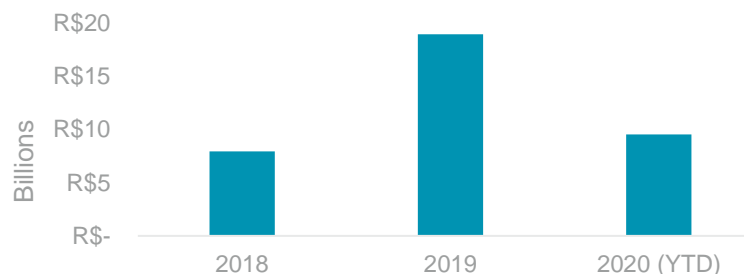
INVESTMENT OVERVIEW:

The third quarter was marked by an improvement in the Brazilian economy, with projections for the end of the year being revised upwards. Fiscal incentives, such as emergency aid packages, and monetary incentives, combined with the reduction of the interest rate (Selic), boosted the economy in the short term. Furthermore, the flexible isolation policy, with partial resumption of activities, accelerated the recovery of several economic sectors. This has had a positive effect on real estate investments, and increased the number of transactions by 40%, compared to the previous quarter. In addition, other indicators also followed the recovery, such as the number of property transacted, which increased 44% and the financial volume which is up 95%.

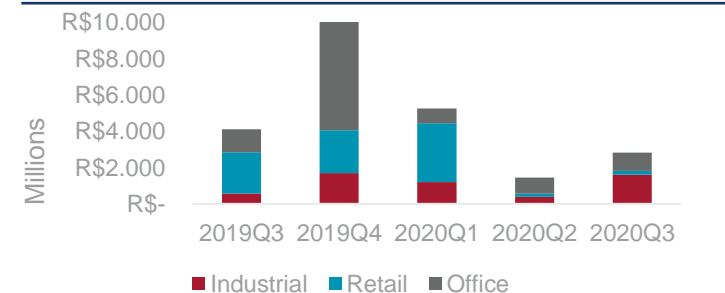
Real estate funds reached the unprecedented mark of 1 million individual investors, in a scenario where fixed income assets have become less attractive. The performance of these funds followed the economic recovery, with the market value approaching the peak reached in December 2019. Therefore, there was a gradual resumption in the fundraising process, generating a greater number of real estate transactions.

The cap rate in the third quarter showed a drop, with the average of the three sectors being 7.89%.

INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR



MARKETBEAT BRAZIL

Investment Q3 2020



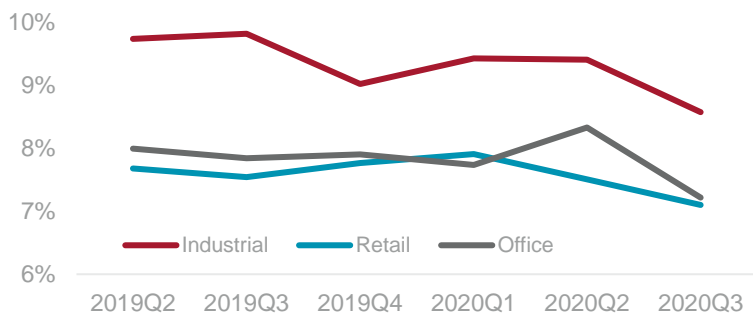
INVESTMENT ACTIVITY

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE / SQ.M	CAP RATE*
Office	7	988,570,534	67,192	BRL 14,712	7.22%
Industrial	12	1,611,532,060	451,145	BRL 3,572	8.60%
Retail	2	219,823,243	41,068	BRL 5,352	7.10%
TOTAL	21**	2,819,925,837	559,406	R\$ 5,041	7.89%

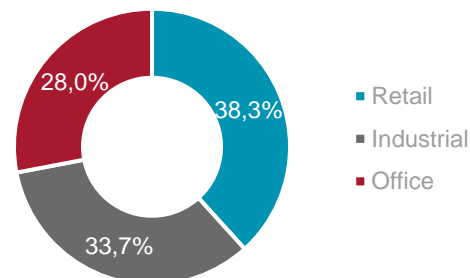
SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	MARKET
Edifício Morumbi	Office	RB Capital Asset Management	Brookfield	10,050	105,000,000	BRL 10,447	Chucri Zaidan / SP
Faria Lima 4440	Office	VBI Real Estate	VBI FL 4440 FII	11,056	340,520,796	BRL 30,799	Faria Lima / SP
Shopping Praia da Costa	Retail	Vinci Shopping Centers FII	-	39,426	194,023,243	BRL 4,921	Vila Velha / ES
Parque Logístico Osasco	Industrial	Vinci Real Estate FII	-	25,788	70,994,058	BRL 2,753	Osasco / SP
Goodman Betim	Industrial	CSHG Logístico FII	-	62,587	194,379,392	BRL 3,105	Betim / MG

CAP RATE* TRENDS BY SECTOR



2020 (YTD) CAPITAL VOLUME BY PROPERTY TYPE



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Sources: Cushman & Wakefield Research, Public Companies

*Cap Rates are merely indicative and may not reflect accurately current pricing

**In the third quarter were captured 21 transactions involving 26 properties