



YoY Change      12-Mo. Forecast

**16.1%**  
Vacancy Rate



**-10,5K**  
YTD Net Absorption, sqm



**\$19.20**  
Asking Rent, per sqm



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2020

YoY Change      12-Mo. Forecast

**2,423K**  
Costa Rica Employment



**21.3%**  
Costa Rica Unemployment



**2,112M<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 2020, Q4 2020 data currently not available

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

## ECONOMY: Country maintains economic recovery process, led by companies under free trade zone regime

Regarding country production level, the Central Bank of Costa Rica (BCCR) reported that the companies under special regimes continue to consolidate their recovery process and move towards pre-pandemic figures, reaching a 5.7% YOY. Aligned with the above, according to CINDE, multinational companies generated a total of 19,806 new jobs in 2020, representing 18.4% more than during 2019. Information and communication services and professional activities registered growth rates of 1.3% and 1.0%, respectively, which are mainly due to the performance of FDI-related companies. Contrariwise, companies under definitive regime, whose production is mainly directed to the local market, report an 8.4% YOY drop, mainly in hotels, restaurants, commerce and construction activities, maintaining the trend of recent periods.

## MARKET OVERVIEW: Uncertainty, companies' caution and price rigidity limited market dynamism

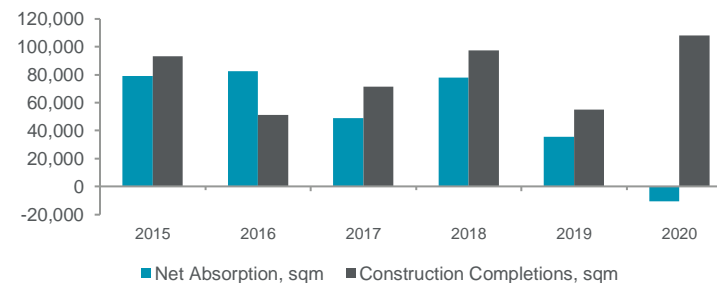
During 2020, the corporate office market experienced an unprecedented context resulting in strict social distancing measures, widespread remote work and serious economic implications because of the pandemic, which generated a series of cyclical and structural effects on the fundamentals of the office market. As of Q4 2020, a 35% increase was observed in the market vacancy rate, compared to Q4 2019; with Heredia and West San José being the most affected submarkets. However, the average listing prices continued to show a certain level of rigidity, reporting decreases below 5%.

## OUTLOOK: Hybrid-work model will set the pace in 2021 and transform the role of the office

By 2021, a gradual economic and office market recovery is expected. The delivery of several relevant projects will continue to energize and sophisticate the market supply and will strengthen the tenant-market position. For its part, the general growth perspectives, the new hires announced and the solid performance of multinational companies during 2020 suggests that the demand for office spaces will gradually increase in the upcoming months.

Finally, the adoption of a hybrid-work model that considers physical office, remote work and third locations will prevail as a relevant market trend for companies, thanks to its proven talent-related benefits and cost-related incentives. This new model will evolve the role of the physical offices, making them inspiring, efficient and employee-oriented meeting places.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# MARKETBEAT COSTA RICA

Office Q4 2020



**CUSHMAN &  
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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	2,900	9.0%	(100)	200	1,600	-	\$15.10	\$17.50
Cartago	10	24,600	2,700	11.0%	-	(200)	-	-	\$16.30	\$18.50
Heredia	83	540,900	97,300	18.0%	(800)	(3,500)	34,400	48,200	\$19.30	\$20.40
Downtown San José	133	476,200	81,900	17.2%	6,200	(4,700)	21,800	9,600	\$18.20	\$20.00
East San José	85	309,000	30,500	9.9%	(5,900)	1,900	13,800	20,200	\$18.50	\$19.80
West San José	111	525,300	91,300	17.4%	(2,400)	(4,200)	18,600	7,100	\$20.90	\$21.00
<b>Totals</b>	<b>433</b>	<b>1,908,200</b>	<b>306,600</b>	<b>16.1%</b>	<b>(3,000)</b>	<b>(10,500)</b>	<b>90,200</b>	<b>85,100</b>	<b>\$19.20</b>	<b>\$20.50</b>

## 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+	17	196,100	20,400	10.4%	11,600	13,700	20,200	-	N/A	\$23.60
Class A	142	736,800	110,000	14.9%	(1,000)	(7,900)	45,500	84,100	N/A	\$20.50
Class B	274	975,300	176,200	18.1%	(13,600)	(16,300)	24,500	1,000	N/A	\$16.20

## KEY TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Escazú Village II	West San José	WeWork	12,000	Alquiler
Zona Franca América – E23	Heredia	Confidencial	9,600	Alquiler
Ultrapark II – Edificio III	Heredia	National Instruments	5,500	Alquiler
Epic Corporate Center	West San José	EY	4,500	Alquiler
Leumi Business Center	Downtown San José	Confidencial	4,000	Alquiler
Oficentro Yoses Plaza	East San José	Caja Costarricense del Seguro Social	2,500	Alquiler
Torre Universal	Downtown San José	Confidencial	2,100	Alquiler
Centro Corporativo El Cafetal – Edificio F	Heredia	DHL	2,100	Alquiler
Zona Franca América – E21	Heredia	Dell	1,600	Alquiler
Centro Corporativo El Cafetal – Edificio F	Heredia	Nestlé	1,500	Alquiler

## 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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