

	YoY Chg	12-Mo. Forecast
<b>8.28%</b> Average Cap Rate*	▲	▼
<b>\$ 2.55 bn.</b> Total Volume (BRL)	▼	▲
<b>15</b> Total Properties Sold	▼	▲
<b>530.7</b> Area (Thousands sq.m)	▼	▲

*(All Property Classes)*

### ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
<b>3.2%</b> 2020 Q4 GDP (QoQ)	▲	▼
<b>14.2%</b> Unemployment Rate (January/21)	▲	▲
<b>5,2%</b> CPI Inflation (12 months)	▲	▲
<b>9.45%</b> 10-Yr Fixed Rate Bond	▼	▲

Source: LCA; World Government Bonds

### ECONOMY OVERVIEW:

In the first quarter of 2021, the Covid-19 pandemic has worsened, as Brazil reached a world record in the number of deaths by the disease per day. Consequently, restrictive measures were taken, and the economy closed again across the country. As a result, the Consumer Confidence Index dropped -12.28% in comparison to the previous quarter, closing March at 70.7. However, the balance of formal jobs showed positive results, with an increase of 661,992 in the first two months of the year. In turn, after slowing 0.25% in January, inflation accelerated 0.86% in February, reaching 5.2% YTD.

In the last "Copom" released in March, the Central Bank of Brazil adopted a contractionary monetary policy by raising the Selic Rate by 75 basis points to 2.75%. This was higher than the 50 basis point increase economists had forecasted. This decision was mainly due to keep inflation within the target margin. After all, the Brazilian historical context indicates the importance of containing the price index, considering that its increase also rises its expectations.

Covid-19 vaccination, in a scenario where reforms and privatizations planned by the government could help the economy.

Access the most recent information specific to COVID can be found [here](#).

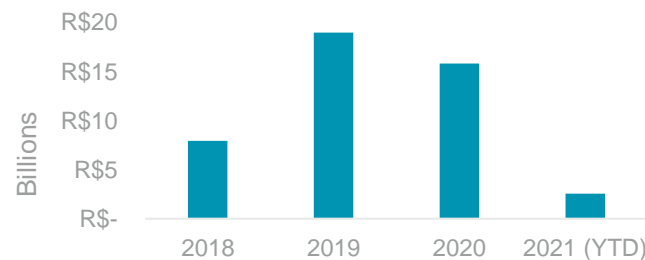
### INVESTMENT OVERVIEW:

Real estate investments performed poorly in the first quarter of 2021, as sanitary measures and the economic crisis continued to impact the market. As a result, there were 15 transactions at the beginning of the year, representing a 71.16% drop compared to the last quarter of 2020. Naturally, the number of property transactions and the financial volume also suffered a significant drop, of 88.73% and 59.07%, respectively.

The average cap rate increased 0.43% percentage points QoQ, from 7.85% in the fourth quarter of 2020 to 8.28% in the first quarter of 2021. However, this increase is primarily a result of the Industrial sector, as most of the assets were traded in regions with low attractiveness. In turn, the office and retail market showed a fall in its cap rates.

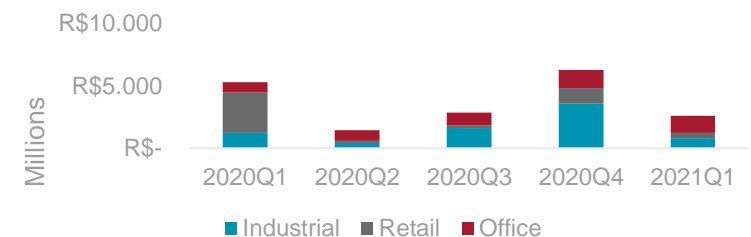
Finally, the increase in the Selic rate could make fixed income investments more attractive to risk-averse investors. However, the long-term interest rate has more impact on the Real Estate market than the short-term rate, so the long interest curve had already predicted a Selic rise. Therefore, real estate funds remain offering a higher profitability than investments linked to inflation and interest rates.

### INVESTMENT SALES VOLUME



Source: Cushman & Wakefield

### INVESTMENT SALES VOLUME BY SECTOR



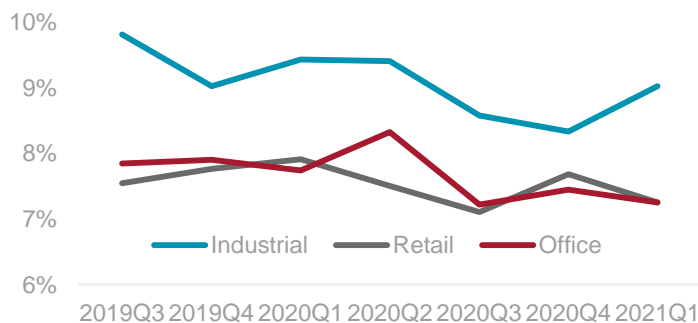
### INVESTMENT ACTIVITY

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE / SQ.M	CAP RATE*
Office	3	1,324,963,204	60,821	BRL21,748	7.25%
Industrial	8	793,919,172	419,348	BRL 1,893	9.02%
Retail	4	440,439,239	50,618	BRL 8,701	7.25%
<b>TOTAL</b>	<b>15</b>	<b>2,559,321,614</b>	<b>530,788</b>	<b>R\$ 4,821</b>	<b>8.28%</b>

### SIGNIFICANT SALES

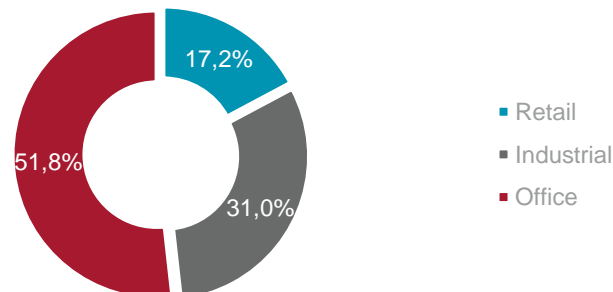
PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	MARKET
3.0 Rochavera Corporate Towers- Ebony and Marble Towers	Office	Consortium BTG, Safra, Kinea	Mirae Asset Global Investment Co., Ltd	56,738	1,255,000,000	BRL 22,119	Chucri Zaidan
Shopping Leblon	Retail	Aliansce Sonae	-	5,574	275,100,000	BRL 49,346	Rio de Janeiro
Galpão Jandira; CD Amazon Betim	Industrial	VBI Real Estate Gestão de Carteiras Ltda.	GLP U Participações	79,136	305,111,872	BRL 3,855	-
Terreno em Iturama	Industrial	BTG Pactual Agro Logística	Usina Coruripe Açúcar e Alcool GTW Agronegócios	153,876	83,537,750	BRL 542	Uberlândia
GR Guarulhos; GR Hortôlandia; GR Embu	Industrial	BTG Pactual Logística Fundo de Investimento Imobiliário	-	86,863	195,000,000	BRL 2,244	-

### CAP RATE\* TRENDS BY SECTOR



Sources: Cushman & Wakefield Research, Public Companies

### 2020 CAPITAL VOLUME BY PROPERTY TYPE



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