



YoY Chg 12-Mo. Forecast

6.1%
Vacancy Rate



6,3K
Net Absorption, sqm



\$6.80
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

2,444K
Costa Rica Employment



18.5%
Costa Rica Unemployment



1,710M¹
Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q4 2020, Q1 2021 data still not available

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

ECONOMY: Exports of goods report a double-digit YOY growth during the first quarter of 2021

The Central Bank of Costa Rica (BCCR) adjusted upward its economic growth projection for this year, from 2.6% to 2.9%, and maintains this indicator at 3.6% for 2022. The new growth estimate is due to the solid performance of companies under special regimes and their increase in machinery, equipment and new construction investments. On the other hand, according to data from the Foreign Trade Promoter (PROCOMER), exports of goods accumulated \$3,340 million in the first quarter of the year, which represents an 11% growth compared to the same period of 2020. Likewise, PROCOMER highlighted the double-digit growth of the precision and medical equipment (+20%), food industry (+14%), electrical and electronics (+19%), metalworking (+29%) and plastic (+14%) sectors. Therefore, the economic recovery of the country relies on the production of companies under special regimes, on a substantial advance in the vaccination campaigns against COVID-19 and on the approval of the projects agreed with the International Monetary Fund (IMF) to reach the financing agreement.

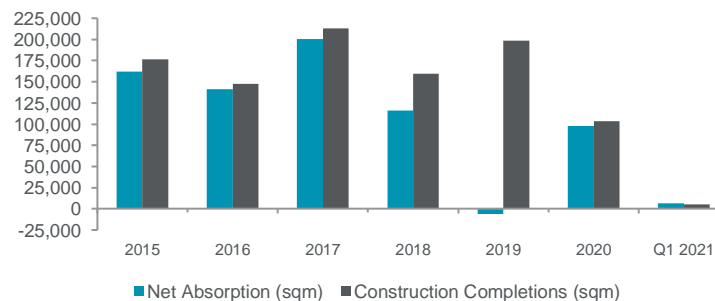
MARKET OVERVIEW: Vacancy rates continue to rise in unattractive and inefficient projects

In line with the good performance of companies under special regimes, the industrial and logistics market reported a decrease in the general vacancy rate, from 6.9% in Q1 2020 to 6.1% in Q1 2021. On the other hand, the dynamic demand for class A and B spaces was overshadowed by higher vacancies of class C assets, resulting in low net absorption figures. Despite, for the next few months of the year the delivery of several “built-to-suit” (BTS) projects related to operations of companies under the free zone regime is expected, which will boost demand figures. Lastly, during the first quarter of the year the downward trend in closing prices continued to be reported.

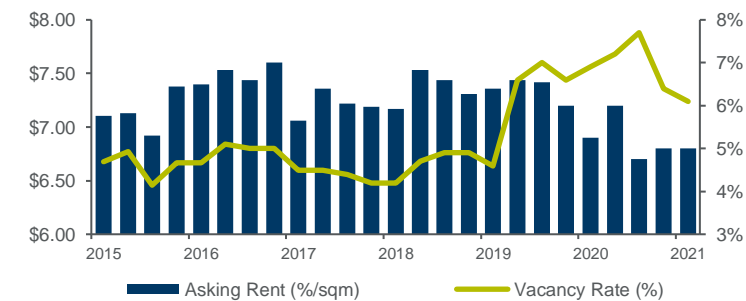
OUTLOOK: New supply will boost the industrial and logistics market inside and outside GMA

In the upcoming months, an increase in the delivery of class A supply is expected, especially in the Coyal corridor and in the Downtown San José and Heredia submarkets, guided by the dynamism generated by FDI-related companies and national and regional logistics operations. Similarly, throughout the year, several transactions are also expected to materialize outside the Greater Metropolitan Area (GMA), thanks to the country’s public-private efforts and the tax incentives offered for the establishment of these operations, promoting the development and the creation of quality jobs in these areas.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Industrial Q1 2021



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MARKET STATISTICS (BY SUBMARKET)

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (m ²)	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Alajuela	246	1,680,400	110,800	6.6%	(100)	9,400	15,700	\$6.60	\$7.00	\$6.90
Cartago	159	712,200	22,500	3.2%	1,100	3,600	69,900	\$6.30	\$6.90	\$4.80
Heredia	282	1,469,800	97,800	6.7%	3,900	7,000	2,600	\$6.80	\$7.40	\$6.50
Downtown San José	299	1,170,900	86,100	7.4%	(5,100)	6,500	-	\$6.20	\$6.70	\$6.40
East San José	192	651,200	35,900	5.5%	900	2,000	-	\$6.80	\$6.80	\$6.40
West San José	120	560,700	26,300	4.7%	5,600	10,500	46,900	\$6.10	\$8.10	\$6.90
Total	1,298	6,245,200	379,400	6.1%	6,300	39,000	135,100	\$6.70	\$7.60	\$6.70

MARKET STATISTICS (BY CLASS)

HT = High Tech/Flex OS = Office Service/Flex W/D = Warehouse/Distribution

CLASS	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (m ²)	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Class A	214	2,282,500	62,800	2.8%	6,500	11,100	126,000	\$7.90	\$8.30	\$7.60
Class B	823	3,470,200	244,800	7.1%	9,600	25,700	6,200	\$6.40	\$7.10	\$6.60
Class C	261	492,500	71,800	14.6%	(9,800)	2,200	2,900	\$4.00	N/A	\$5.20

KEY TRANSACTIONS 2020

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

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Coyol Free Zone	Alajuela	Teradyne	11,000	Lease
Centro de Logística Cargill	West San José	Cargill	10,900	Owner Built
Bodegas Neón Nieto	Downtown San José	Neón Nieto	5,600	Lease
Parque Industrial 506	West San José	Alpiste	2,100	Lease
Multiplex Coyol	Alajuela	Juturna Water	2,100	Lease
Multiplex Coyol	Alajuela	BIR Alimentos	1,200	Lease
Multiplex Coyol	Alajuela	Agropecuaria El Surco	1,200	Buy
Edificio Nestlé	Heredia	GRS	1,400	Lease

KEY CONSTRUCTION COMPLETIONS Q4-2020 – Q12020

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
Coyol Free Zone – CooperSurgical II	Alajuela	CooperSurgical	4,500	Coyol Free Zone
ProPark - Boston Scientific Etapa 2	Alajuela	Boston Scientific	4,100	ProPark

*Note: The differences regarding previous reports in terms of the number of buildings and inventory by class are due to an internal reclassification process, in accordance with current market parameters, requirements and trends.

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