



YoY Change      12-Mo. Forecast

**17.1%**

Vacancy Rate



**-31,8K**

YTD Net Absorption, sqm



**\$19.10**

Asking Rent, per sqm



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2021

YoY Change      12-Mo. Forecast

**2,444K**

Costa Rica  
Employment



**18.5%**

Costa Rica  
Unemployment



**1,710M<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 Q4 2020, Q1 2021 data currently not available

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

## ECONOMY: Country remains on the recovery path, awaiting the approval of key legislative IMF-related bills

According to data from the Central Bank of Costa Rica, the country production measured by the Monthly Economic Activity Index (IMAE) reported an average decrease of 4.7% during the first two months of the year, compared to the same period of 2020, when the economic effects of the pandemic had not yet spread. Despite the above, the country continues on a recovery path, with growth projections of 2.9% and 3.6% in 2021 and 2022, recently revised upwards. This correction is based on better prospects in consumption and local and global investment, the acceleration of the vaccination process that will lead to a gradual lifting of sanitary restrictions, as well as under the assumption that key legislative bills will be approved in order to reach a financing agreement with the International Monetary Fund (IMF).

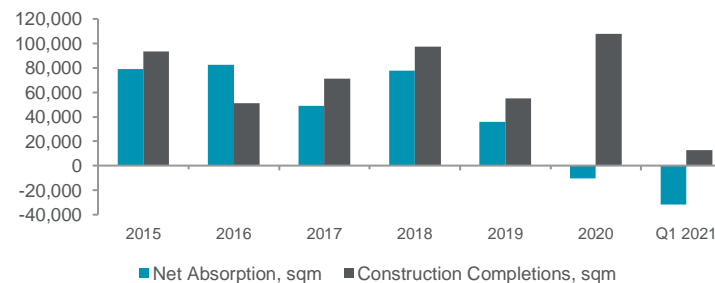
## MARKET OVERVIEW: Lower occupancy levels of unattractive and inefficient assets lead to higher vacancy rates

During 2020 the office real estate market reported low dynamism due to the wait-and-see position adopted by multiple local and multinational companies, which were analyzing the evolution of the pandemic. During Q1 2021, significant negative absorptions have been reported, led by companies reordering their real estate assets, transforming their workplace strategies or seeking better commercial conditions. More than 70% of these vacancies occurred in inefficient class-B projects, mainly by tenants from public, banking, and local business sectors. For its part, even though asking prices have remained somewhat rigid during the pandemic, higher bargaining ranges have resulted in lower closing prices.

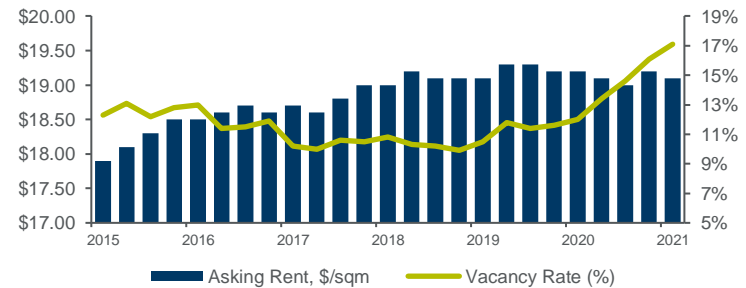
## OUTLOOK: Mass vaccination process will continue to guide the gradual office-sector recovery

The real estate decisions of local and global clients of the firm continue to confirm the importance of the physical office for their operations, reassuring the possible adoption of a hybrid model of “workplace ecosystems”, post-pandemic. This would entail an office-sector reactivation, linked to the massive vaccination process until the desired herd immunity is achieved. For its part, the delivery of several relevant projects to the market and higher vacancies of old and inefficient spaces will continue to increase the country’s vacancy rate, reaffirming a tenant’s market position. This would be reflected in a decrease in closing prices as a response of the landlords to the market situation and would strengthen the recovery of demand.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# MARKETBEAT COSTA RICA

Office Q1 2021



**CUSHMAN &  
WAKEFIELD**  
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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	12	33,000	5,000	15.2%	(1,200)	(1,200)	-	-	\$14.90	\$17.50
Cartago	10	24,600	3,200	13.0%	300	300	300	-	\$16.30	\$18.50
Heredia	84	529,200	103,000	19.5%	(8,000)	(8,000)	500	45,100	\$19.30	\$20.30
Downtown San José	133	477,500	78,900	16.5%	(8,700)	(8,700)	5,500	9,500	\$18.20	\$20.00
East San José	86	313,500	40,900	13.0%	(7,600)	(7,600)	1,400	17,800	\$18.30	\$19.30
West San José	111	524,300	94,500	18.0%	(6,600)	(6,600)	3,900	18,600	\$20.80	\$20.40
<b>Totals</b>	<b>436</b>	<b>1,902,100</b>	<b>325,500</b>	<b>17.1%</b>	<b>(31,800)</b>	<b>(31,800)</b>	<b>11,600</b>	<b>91,000</b>	<b>\$19.10</b>	<b>\$20.20</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+	18	213,200	29,900	14.0%	(100)	(100)	900	0	N/A	\$23.50
Class A	88	711,800	106,900	15.0%	(8,800)	(8,800)	4,200	91,000	N/A	\$20.20
Class B	330	977,100	188,700	19.3%	(22,900)	(22,900)	6,500	0	N/A	\$16.10

## KEY TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Torre Mercedes	Downtown San José	Ministry of Public Education (MEP)	5,400	Lease
BCT Building San José	Downtown San José	Ministry of Public Education (MEP)	2,200	Lease
CAYCUR Building Pavas	Downtown San José	National Production Council (CNP)	4,600	Lease
Plaza La Artillería	Downtown San José	OMNi	1,400	Lease
Centro Corporativo El Cafetal – Building F	Heredia	Bill Gosling	1,200	Lease
Centro Corporativo El Cedral – Tower 1	West San José	UNESCO	600	Lease

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

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## KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
America Free Zone - E23	Heredia	Amazon	9,600	Los Arallanes S.A.

\*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.