

## Offices Q1 2021

	YoY Chg	12-Mo. Forecast
<b>17.3%</b> Vacancy Index	▲	▲
<b>-9,154</b> Net Absorption (sqm) Q1-2021	▼	▼
<b>\$16.4</b> Asking rent (USD/sqm/mo)	▬	▼

### ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
<b>14.5%</b> Unemployment (Dec/Jan/Feb)	▲	▼
<b>-0.98%</b> GDP Variation (*)	▼	▲
<b>2.4%</b> Inflation index (12-month accumulated)	▼	▬

Source: National Institute of Statistics and Informatics (\*) January 2021

### MARKET OUTLOOK:

During the first quarter of 2021, the vacancy rate increased by 1% compared to the last quarter of 2020 and had a variation of + 16.1% compared to the same quarter last year. These variations are the reflection of a market that is still in a scenario of constant adaptations where the vacancy of office spaces has been affected. In this context, all the submarkets have been impacted, which is why the San Borja submarket, despite maintaining a vacancy rate close to zero for several quarters, it increased in this quarter, closing at 23.3%, with an availability of 8,276 sqm. Miraflores also increased its availability by 9.6%, with a vacancy rate of 13.3%, and Santiago de Surco remain as the only submarket to maintain its vacancy rate above 20% for the last two years, due to excess supply and the situation generated by the pandemic. It should be noted that the vacated spaces increased by 28%, mainly in the Santiago de Surco and San Borja submarkets.

### SUPPLY & DEMAND:

At the end of the first quarter of 2021, net absorption was -9,156 sqm. This shows an increase of more than 20% in vacated spaces, considering that occupations increased by 38.8% compared to the previous quarter. However, 37% of all occupations rely on more than 9,000 sqm occupied in a building located in San Isidro Financiero by a company belonging to the same business group that owns the project. Almost all submarkets analyzed show negative absorption levels, San Borja and Santiago de Surco reflecting the greatest impacts, with negative net absorption of -5,672 sqm and -5,466 sqm respectively. During the first three months, only Torre Del Parque II project by Urbanova was delivered, which, as previously indicated, already had the spaces occupied, so the increase in availability was solely the result of movements in demand for office spaces.

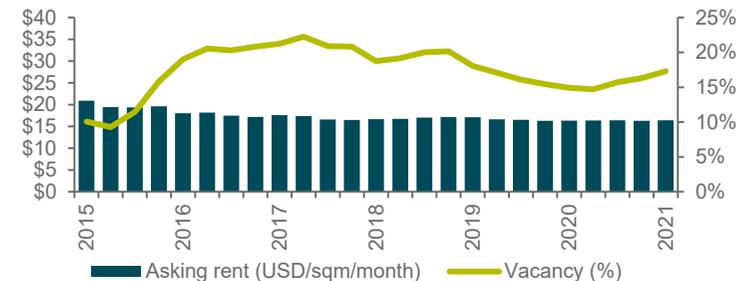
### PRICE:

The asking rent maintained a stable behavior, without significant variations compared to the previous quarter and the same quarter of last year, closing at \$ 16.4 per sqm. The small variation in this indicator is the result of fluctuations in the different submarkets, where San Isidro Financiero, Santiago de Surco and Miraflores were those that registered decreases in the asking rent up to 2% and, on the other hand, submarkets such as Magdalena del Mar, San Isidro Empresarial and San Borja, reflected increases between 1% to 4%, compared to the last quarter of 2020. In addition, it must be considered that the increase in surface available in San Borja at a rental price of \$ 17.9 per sqm, higher than the general average, influences any positive variation that this indicator may have. It is important to indicate that the strategies adopted by the owners to handle the negotiations with the tenants continue to focus on trying to offer better contractual conditions that can be beneficial for both parties without harming the value of the property in the long term.

### SURFACE DEMAND / SURFACE DELIVERED



### VACANCY INDEX & ASKING RENT



**ECONOMIC OUTLOOK**

The expectation for the start of the year is that the global vaccination progress and the contained impact of the virus, despite the new variants, will drive a recovery in world growth, with a projection of around 5% in 2021 and 4% by 2022. Like most countries in the region, Peru is getting back on track and looking forward to an economic reactivation. Access [here](#) for more information.

Less strict sanitary measures, together with the progressive resumption of activities and fiscal and monetary stimuli, contributed positively to a greater recovery than expected during the last quarter of 2020, which is also leading to a better 2021 forecast. During the month of January, there was a GDP contraction close to 1% (-0.98%), and with this improvement compared to the previous months, it is projected by the end of 2021, this situation will result in a growth of 10.7 %, mainly in a context of mass vaccination of the population, political and social stability, and maintenance of a favorable monetary and fiscal environment. This projection reflects the effect that the second wave generated and the measures that were taken to stop it. The recovery of the Peruvian economy would continue with a growth of 4.5% in 2022, assuming that the consumption habits of the population and the recovery of the service sector are normalized after the massive vaccination of the population.

Regarding the unemployment rate, it increased by 1.5% compared to the previous quarter and doubled compared to the same period last year, closing February at 14.5%. The increase in this indicator is directly related to the impact of Covid-19 on the population, disabling it from working. Also, the inflation rate remained within the target range, with a projection of 1.7% - 2.1% for 2021 and the exchange rate rose in recent weeks, and at the end of March it was quoted at 3.75 USD / S /.

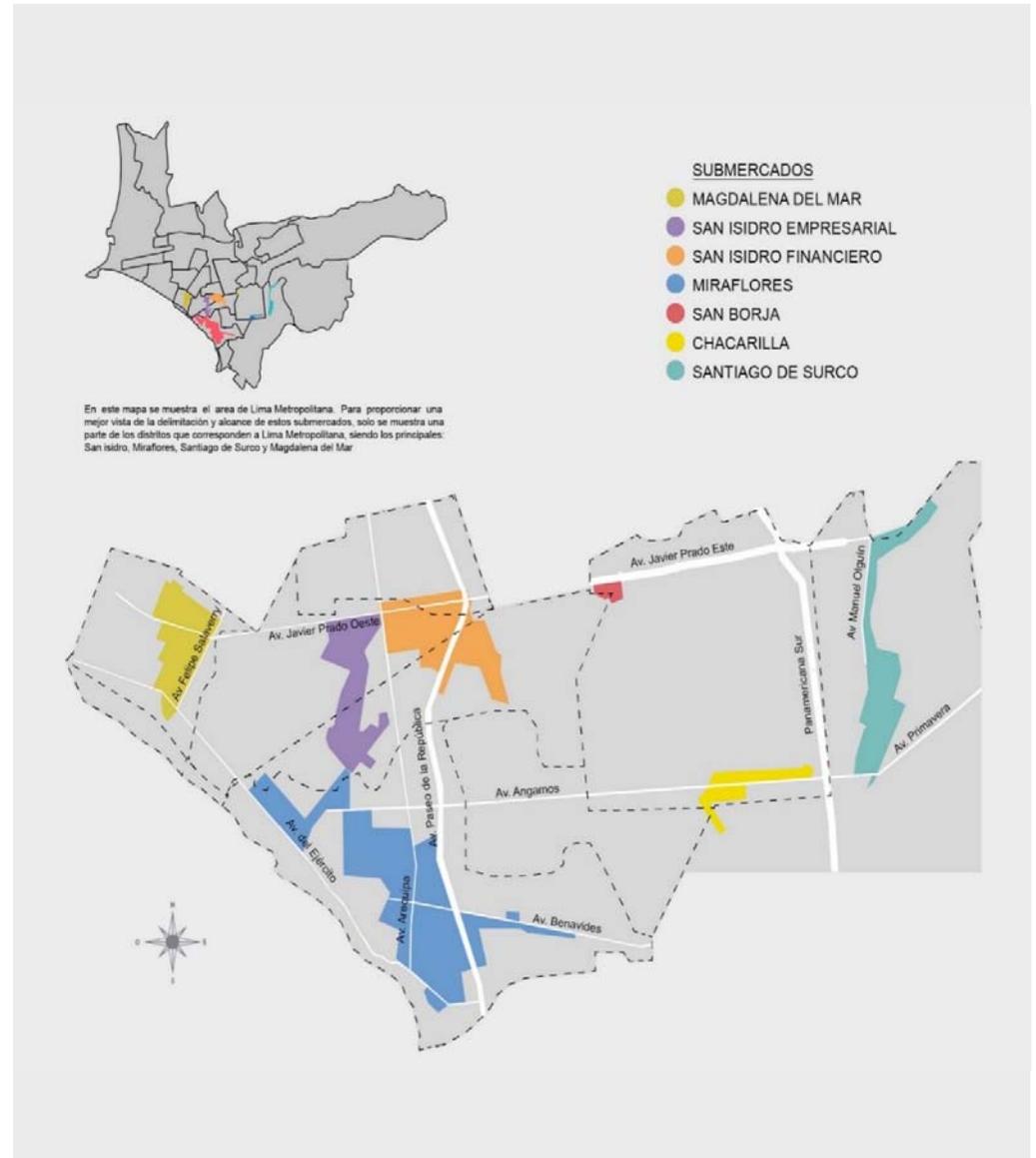
Finally, it is important to consider that the country is in the middle of an electoral process, to be defined in the second quarter of the year, so it is necessary to remain conservative about the impact that economic and political measures can have in the next 5 years.

**FUTURE OUTLOOK**

At the end of the first quarter of the year, there is an area under construction of 115,630 m2, mainly concentrated in San Isidro Financiero, San Isidro Empresarial and Santiago de Surco. Projects that do not yet begin construction or are in the evaluation stage total 59,454 thousand m2, where 51% of this area is located in San Isidro Empresarial and Miraflores.

It should be noted that, within the project surface, there are buildings that do not yet have a confirmed start date of construction, but could be regularized as the market acquires pre-pandemic strength.

**MAP OF OFFICES WITH DIVISION OF SUBMARKETS / LIMA / PERU**



MARKET STATISTICS

SUBMARKETS	CLASS A INVENTORY	NUMBER OF BUILDINGS	AVAILABLE AREA (SQM)	VACANCY RATE (%)	NET ABSORPTION(SQM)	UNDER CONSTRUCTION (SQM) (*)	EVALUATION STAGE (SQM) (**)	CLASS A ASKING RENT (USD/SQM/ MO)	CLASS B ASKING RENT (USD/SQM/ MO)
San Isidro Financiero	542,697	39	87,661	16.2%	4,978	37,066	-	\$16.2	\$15.5
San Isidro Empresarial	241,441	31	35,597	16.4%	-2,265	38,542	5,266	\$19.8	\$15.5
Miraflores	221,972	22	29,475	13.3%	-2,582	-	25,188	\$17.2	\$15.4
Santiago de Surco	342,305	19	78,481	22.9%	-5,466	40,022	-	\$14.8	\$16.3
Magdalena del Mar	171,564	11	25,048	14.6%	430	-	-	\$18.2	\$16.6
San Borja	35,588	4	8,276	23.3%	-5,672	-	-	\$17.9	\$19.3
Chacarilla	30,225	5	3,474	11.5%	0	-	-	\$14.2	\$13.4
<b>TOTAL</b>	<b>1,622,206</b>	<b>133</b>	<b>281,247</b>	<b>17.3%</b>	<b>-9,154</b>	<b>115,630</b>	<b>59,454(***)</b>	<b>\$16.4</b>	<b>\$14.4</b>

(\*) Square meters under construction period 2021Q2 to 2023Q4

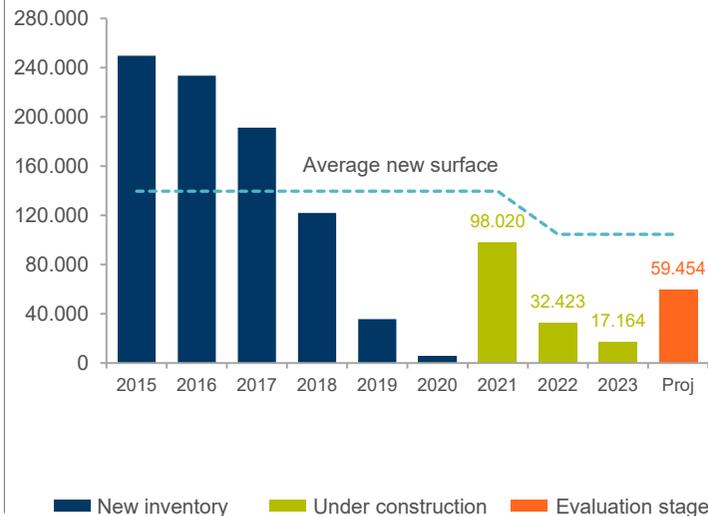
(\*\*) Square meters in project period 2024Q1 onwards

(\*\*\*) This total considers a new project in the Callao area, within the "Others" submarket.

RENTAL PRICE REQUESTED BY SUBMARKET (USD / SQM / MO)



SURFACE DELIVERED PER YEAR (sqm) PROJECTED AREA (sqm)



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