

## ECONOMIC INDICATORS

YoY  
Change12-Mo.  
Forecast**1,21%**GDP 2021 T1 -  
Quarterly change**14,7%**Unemployment Rate  
(April/21)**8,35%**

CPI Inflation (12 months)

**9,26%**10 Years Fixed  
Rate BondSource: LCA;  
World Government Bonds**8,02%**Average Cap  
RateYoY  
Change12-Mo.  
Forecast**\$3,74 Bi.**

Total Volume (BRL)

**40**

Total Properties Sold

**1,128,6**

Area (thousands sq.m)



(All property classes)

## ECONOMY OVERVIEW

The second quarter of 2021 was marked by an acceleration of vaccination in the country, especially in the main capitals, resulting in a reduction in the number of deaths and cases of COVID-19. Because of this, there was a relaxation of restrictive measures, releasing trade in most states. As a result, there was a YoY change of 23.7% of the restricted PMC (Retail Trade), as well as an increase in the Consumer Confidence Index, which closed June at 80.3, compared to 70.7% in March. In April and May, 397,089 new jobs were created. June's Consumer Price Index was 0.53%, bringing the accumulated twelve-month index to 8.35%, the highest level since September 2016. Demonstrating an austere monetary policy, sensitive to inflation deviations from the target, the Central Bank once again increased the interest rate (SELIC) by 75 basis points to 4.25% p.a. This increase discourages the economy, but anchors inflation expectations within the target margin of 2.25% to 5.25%.

## MARKET OVERVIEW

Real estate investments performed better in the second quarter of 2021, mainly due to the acceleration of mass vaccination in the country. There were a total of 39 transactions in the quarter, representing an increase of 160% over last quarter. Naturally, the number of properties traded, and the financial volume also increased, from 166.6% and 46.66%, respectively. Cap Rates fell 26 base points from 8.28% in the first quarter of 2021 to 8.02% in the second quarter of 2021. This decrease can be explained, however, by the reduction of the Industrial Cap Rate, because most of the assets traded were in this sector. In turn, the office and *retail* sector showed an increase in its Cap Rates.

## MARKET STATISTICS

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE / SQ.M	CAP RATE
Office	12	910,404,102	31,098.44	BRL 29,274.91	7.7%
Industrial	23	2,744,634,914.96	1,061,297.50	BRL 2,586.11	8.2%
Retail	4	92,100,000	36,240.54	BRL 2,541.35	7.6%
<b>TOTAL</b>	<b>39</b>	<b>3,747,139,016.96</b>	<b>1,128,636.48</b>	<b>BRL 34,402.37</b>	<b>7.8%</b>

## Office

The office market has had the highest number of transactions since the beginning of the pandemic, in a scenario where employees are returning to offices and the total remote work model seems to have lost momentum. In addition, the warming of the economy reflects on the resumption of investments.

Despite the increase in transactions, the office financial volume decreased compared to the first quarter of 2021 by -31.2%. This result can be explained mainly by the transaction of Rochaverá in the first 3 months of the year for a value of BRL 1.2 Billion.

The cap closed at 7.7%, the lowest value since the second quarter of 2020, when it reached 8.33%. The increase over the last quarter, from 7.25% to 7.7%, is mainly explained by the transaction of lower quality assets.

## Industrial

The industrial market continues to show the highest number of transactions when compared to office and retail. After a timid start to the year, with only 8 transactions, the sector reheated and registered 23 transactions in the second quarter of 2021.

In light of this, the financial volume of BRL 2.7 Billion was the second largest since the beginning of the pandemic, second only to the last quarter of 2020, when it closed at BRL 3.5 Billion.

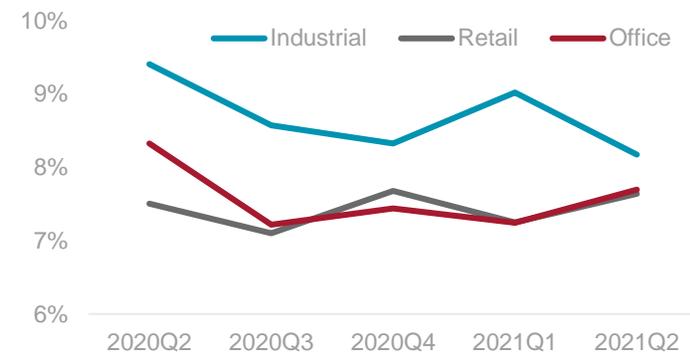
The cap rate closed at 8.17%, with the lowest value since the beginning of the pandemic. The compression over the last quarter, from 9.02% to 8.17%, is mainly explained by the transaction of assets in more attractive regions and premium assets.

## Retail

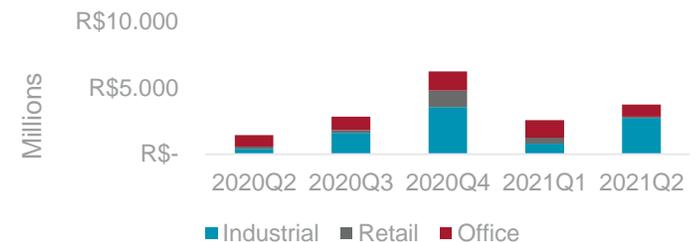
After a warming in the fourth quarter of 2020, the retail market followed the uncertainty trend of the first quarter of 2021 and re-submitted 4 transactions. However, the 4 transactions in the first 3 months of the year were more relevant, considering that the financial volume was BRL 440 Mi compared to BRL 92 Mi in the second quarter. This result can be explained mainly by the transaction of Shopping Leblon in the first 3 months of the year for a value of BRL 275 Mi, while in the second quarter the BIG Bom Preço Store presented the highest price of BRL 52 Mi.

The cap rate closed at 7.64%, showing an increase in relation to the first quarter of the year, when it reached 7.25%. This increase is mainly explained by the transaction of different type and quality assets, considering that Shopping Leblon is premium property.

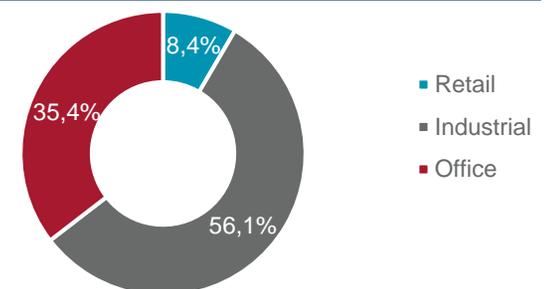
## CAP RATE\* TRENDS BY SECTOR



## CAPITAL VOLUME BY PROPERTY TYPE



## 2021 CAPITAL VOLUME BY PROPERTY TYPE



### Main transactions

In the office segment we highlight the acquisition of 50% of Union Faria Lima, which is expected to be delivered in October 2023, by the VBI Prime Properties fund by BRL 176,461,250. In the *retail* sector, the main transaction was the sale of The Anchor Store 1 of Guararapes Shopping Center that is leased by BomPreço Supermercados do Nordeste (BIG Group). The purchase was made by the TRX Real Estate Fund, at BRL 52,300,000.00 in cash. The other transactions highlighted are from the Industrial segment. Hypera (HYPE3) sold its distribution center in Goiânia to Newport Logística FII for BRL 231,463,907.51. Vinci Logística bought the Porto Canoa Log sheds for BRL 286,908,313.75 and BlueMacaw Logística made the acquisition of a shed located in Extrema, currently leased by the Dafiti group - the value of the acquisition was BRL 272,700,000 and a built-to-suit contract was made with due date to 2030.

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
Union Faria Lima	Office	VBI PRIME PROPERTIES FII	BTG PACTUAL	5,042	176,461,250	BRL 34,998.26	Faria Lima
Loja BIG BomPreço	Retail	TRX Real Estate FII	Previ	15,131	52,300,000	BRL 3,456.48	Jaboatão dos Guararapes
Imóvel Goiânia Newport	Industrial	NewPort Logística FII	-	127,318	231,463,907.51	BRL 1,818	Goiânia
Porto Canoa LOG	Industrial	Vinci Logística FII	-	96,690	286,908,313.75	BRL 2,967.30	Porto Canoa
Galpão Dafiti Extrema	Industrial	Bluemacaw Logística FII.	Log Commercial Properties	76,878	272,700,000	BRL 3,547.17	Extrema

### Projections and trends

The relaxation of restrictive measures imposed as prevention of COVID-19 combined with increased vaccination intensity allowed the gradual return of activities related to retail and offices. Stores and malls reopened, and companies returned to in person activities in offices.

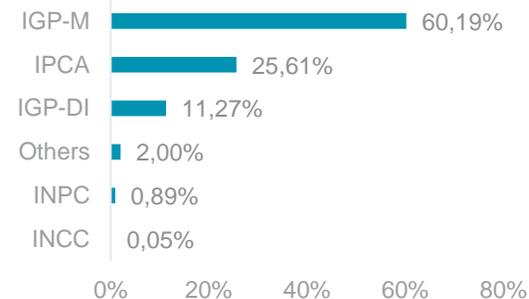
If the planning of delivery of doses of the National Immunization Plan is followed, most of the adult population of São Paulo and Rio de Janeiro will be vaccinated with the first dose by the end of September. Thus, the trend will be that more and more activities return to normal, as has been observed in countries that have already vaccinated most of their adult population, heating up the economy once again.

Given this scenario, a greater number of transactions is expected in the upcoming months, especially in retail and offices, since these may present greater opportunities – both sectors have been more impacted by Covid-19.

INDICATORS	YoY Change	12-Mo. Forecast
<b>2,23%</b> Average DY (2021Q2)	▲	▲
<b>1,37%</b> DY 12 months average (June/2021)	▲	▲
<b>0,88</b> Mc-net worth	▲	▲
<b>3,02%</b> Average profitability (June/2021)	▲	▲

Source: LCA; Tesouro Direto

### Revenue from REITs Index



### REAL ESTATE FUNDS

The IFIX index accumulated in the YTD was -4.01% until June. Despite the rise in April of 0.51%, the May and June index showed a devaluation of -1.56% and -2.18%, respectively.

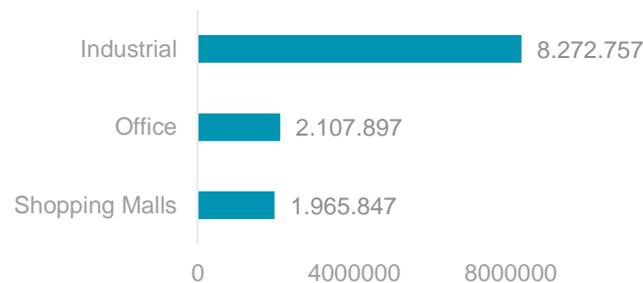
The asset contracts for real state funds indexed to the IGP-M (General Market Price Index) and CPI (IPCA), mainly brick ones, were initially favored by the increase in inflation during the pandemic, so that their profitability increased. However, the effect of the uncontrolled elevation of the IGP-M can lead to a greater number of delinquent tenants and possible terminations of contracts. The IGP-M, used for rental review in 60.19% of brick funds, accumulated 35.75% over the last 12 months.

On June 16<sup>th</sup>, Copom announced the rise of the basic interest rate by 0.75 percentage point to 4.25% p.a.. With this increase, the Central Bank seeks to convergence inflation towards the target on the relevant horizon. Of course, the impact of the Central Bank decision on real estate funds should be minimized, since its premiums are still attractive when compared to long-term NTN-Bs.

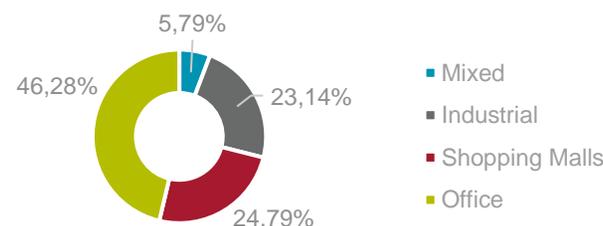
During the second quarter there were discussions about a possible end to the income tax exemption on the distribution of profits and dividends from real estate funds. The proposal sent by the Ministry of Economy to Congress provides for a 15% tax on income distributed by real estate funds to its quota-holders and a reduction of 5%. However, the original text underwent some modifications on Tuesday (07/13) and the Congress decided to keep the rule that is already in force.

In relation to the Ibovespa, there is a verified detachment to the IFIX because while the stock market reached an all-time high of 130,776 points in June, the IFIX did not follow this high trend, since it encompasses some segments that still depend on the vaccination's rollout, such as offices and shopping malls, and which, typically, have experience a more gradual recovery.

### Portfolio Area (sq. m)



### REITs by sector



### JADSON MENDES ANDRADE

Head of Market Research & Business Intelligence  
South America  
[jadson.andrade@sa.cushwake.com](mailto:jadson.andrade@sa.cushwake.com)

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Note: 121 REITs were considered in the charts