



YoY Change      12-Mo. Forecast

**18.3%**

Vacancy Rate



**-35,2K**

YTD Net Absorption, sqm



**\$19.10**

Asking Rent, per sqm



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2021

YoY Change      12-Mo. Forecast

**2,403K**

Costa Rica Employment



**18.1%**

Costa Rica Unemployment



**1,816M<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 Q1 2021, Q2 2021 data currently not available

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

## ECONOMY: Country sustains economic recovery process, led by companies under free trade zone regime

In June 2021, the production of companies under special regimes registered an interannual growth of 30.7%, growing at rates over 30% for the third consecutive month. Business services activities under free trade zone regime grew by 5.9%, due to an increase in the demand for research and development services, management consulting and business support. At a slower pace, economic-activity recovery process of companies under the local regime also stands out, whose year-on-year production grew by 5.9%. For its part, the unemployment rate stood at 18.1%, showing a significant reduction compared to the previous year and the highest level reported during the pandemic.

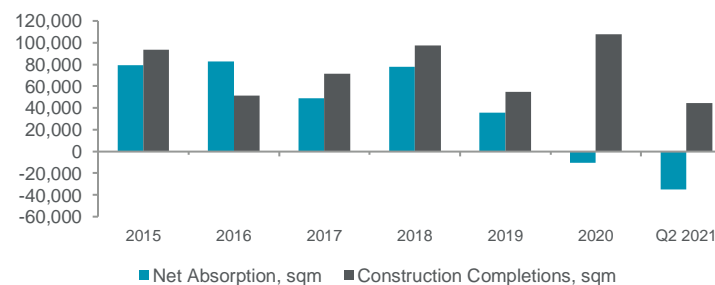
## MARKET OVERVIEW: Despite all-time-high vacancy rates, market shows slight signs of improvement

During Q2 2021, the Costa Rican corporate office market reported a positive quarterly net absorption for the first time since the start of the pandemic. Despite this, the general vacancy stands at 18.3%, a historically high figure, which is 4.9 p.p. higher than that registered in Q2 2020. The West San José and Heredia submarkets, both traditional for office-using service operations, continue to report the highest absolute and relative vacancy figures nationwide. For its part, projects under development continue reporting low overall pre-lease levels. Similar to recent periods, a greater range between listing prices and closing prices of corporate spaces continue to be reported.

## OUTLOOK: Delivery of new inventory will continue to pressure vacancy rates upwards

During the rest of 2021, a process of consolidation of the country's economic recovery is expected, guided by FDI-related companies under free trade zone regime. On the other hand, a negative accumulated net absorption is expected to persist, although with slight positive quarterly figures as transactions materialize throughout the year. Likewise, the delivery of several relevant projects in the East San José, Heredia and West San José submarkets will boost market supply and strengthen the tenant's market position. In this sense, the market standard for class A+ and A projects in terms of construction characteristics, offered amenities and commercial terms flexibility will continue to become more demanding. This represents a challenge for landlords who have lagged in reinvesting in their properties to keep them competitive, particularly in traditional submarkets with many competing projects.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# MARKETBEAT COSTA RICA

## Office Q2 2021



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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	5,700	17.3%	(700)	(1,900)	300	-	\$14.70	\$17.50
Cartago	10	24,600	2,700	11.0%	800	1,000	1,000	-	\$16.30	\$18.50
Heredia	83	528,200	99,500	18.8%	(2,900)	(10,900)	2,500	45,100	\$19.30	\$20.30
Downtown San José	135	487,300	83,800	17.2%	1,000	(8,900)	11,800	1,900	\$18.20	\$20.00
East San José	87	327,000	57,400	17.6%	(1,400)	(12,100)	3,400	16,000	\$18.20	\$19.20
West San José	113	534,400	104,900	19.6%	4,200	(2,400)	15,200	10,100	\$20.70	\$20.00
<b>Totals</b>	<b>440</b>	<b>1,934,500</b>	<b>354,000</b>	<b>18.3%</b>	<b>1,000</b>	<b>(35,200)</b>	<b>34,200</b>	<b>73,100</b>	<b>\$19.10</b>	<b>\$20.10</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+	19	229,000	34,200	14.9%	3,500	1,400	5,600	-	N/A	\$23.50
Class A	135	928,300	171,100	18.4%	2,800	(10,500)	16,700	71,200	N/A	\$20.10
Class B	286	777,200	148,700	19.1%	(5,300)	(26,100)	11,900	1,900	N/A	\$16.20

### KEY TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Torre Mercedes	Downtown San José	Ministry of Public Education (MEP)	5,400	Lease
CAYCUR Building Pavas	Downtown San José	National Production Council (CNP)	4,600	Lease
Centro Corporativo El Cedral – Tower 3	West San José	Roche	2,300	Lease
Edificio BCT San José	Downtown San José	Ministerio de Educación Pública (MEP)	2,200	Lease
Edificio Plaza La Artillería	Downtown San José	OMNi	1,400	Lease
Leumi Business Center	Downtown San José	Establishment Labs	1,300	Lease
Leumi Business Center	Downtown San José	Grant Thornton	1,200	Lease
Centro Corporativo El Cafetal – Building F	Heredia	Bill Gosling	1,200	Lease

### KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
America Free Zone - E23	Heredia	Amazon	9,600	Los Arallanes S.A.
Leumi Business Center	Downtown San José	Grant Thornton, Establishment Labs	9,500	Grupo Leumi
Parque Empresarial Lindora	West San José	PIASA	8,300	BCR SAFI

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

Daniel Alvarez, CCIM  
Chief Executive Officer  
[daniel.alvarez@ab-latam.com](mailto:daniel.alvarez@ab-latam.com)

José Ignacio González  
Market Research & Consulting  
[jose.gonzalez@ab-latam.com](mailto:jose.gonzalez@ab-latam.com)

Cushman & Wakefield | AB Advisory  
Plaza Tempo, 4<sup>th</sup> Floor, Module B  
Escazú, San José, Costa Rica  
**+506 4031-1040**

[www.ab-latam.com](http://www.ab-latam.com)  
[www.cushwake.com](http://www.cushwake.com)

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\*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.