

SANTIAGO

Office Q2 2021



	YoY Chg	12 – Mo. Forecast
8.2% Vacancy rate	▲	▲
-13,996 Net Absorption, (Sq.m) Q1 2021	▼	▲
22.75 (*) Asking Rent	▲	▲

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12 – Mo. Forecast
10.35% Unemployment Rate (Q1.21)	▲	▼
-4.36% GDP Variation (Q1.21)	▼	▲
3.6% Inflation Index (Accumulated 12 months)	▲	▲

(*) Average lease Price requested, expressed in USD/Sq.m/Month
Source: Instituto Nacional de Estadísticas de Chile (INE) – Newsletter Number 271 - June, 8th 2021 (INE)

MARKET OUTLOOK:

The second trimester of the year is closing with an 8.2% vacancy, 11.2% higher compared with the previous trimester and 76% year-to-year. This rise has been caused by the pandemic that, for the last year, has been the main factor of the increase in released surface compared to the leased surface.

The low activity in the leasing level and the rise in the vacancy have had an impact in the market as a whole. As a consequence, during the last 12 months, the submarkets of Apoquindo, Providencia, El Golf and Santiago Centro have been the most affected.

Moreover, it has been noted that landlords are willing to negotiate the contract terms. For example, grace periods have been granted to furnished offices and also shortening leasing contracts has been allowed. This represents a great opportunity for companies that want to lease in the most consolidated areas and/or in better quality buildings.

SUPPLY AND DEMAND:

The net absorption accumulated during the last 12 months is negative, having reached a value of -64,482 sqm up to date, where most of the surface release is located in the El Golf submarket, which reached -32,524 sqm.

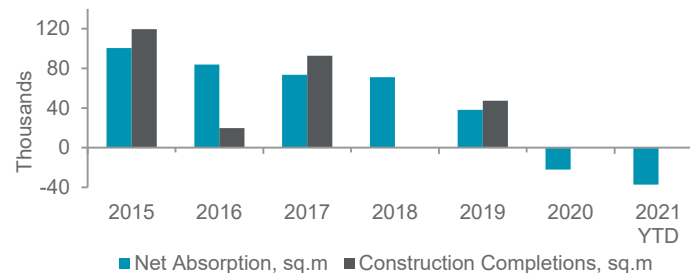
Regarding the total lease level, the first semester shows an occupation that represents 65% of all the hired meters during 2020, which shows a tendency towards recovery with a view to the second part of the year. The submarkets with better performances have been: Nueva Providencia (mainly due to the lease of 3,300 sqm in Costanera Center) and Nueva Las Condes. The latter, despite having raised its inter-annual vacancy level to 52%, shows (up to date) a lease level 64% bigger than the total level registered last year.

.PRICE:

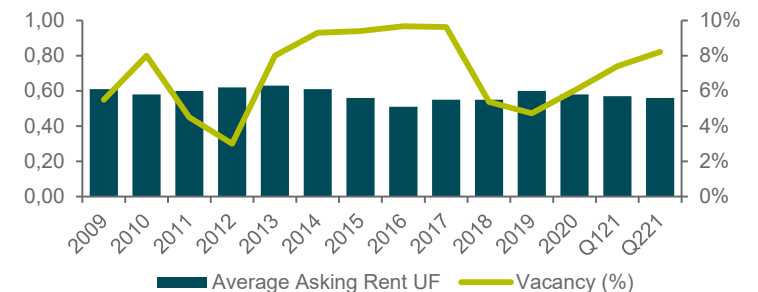
Since last year, there has been a gradual decrease in requested prices, reaching 0.56 UF/sqm, which represents a quarterly negative variation of 1.1%, while the inter-annual level reaches a variation of -6.0%. However, it should be noted that during 2019 and 2020 premium surfaces entered the market with high levels of requested prices, which elevated the average value during said period. This surface has been rented until now. We need to add to this process the bigger release of leasing surfaces at lower prices due to the context of the pandemic, which provoked the already mentioned devaluation.

Regarding the average prices in dollars, they have fallen 1.7% regarding the previous quarter, reaching USD 22.75/sqm, which has been directly influenced by the decrease of the leasing price, since the fluctuation in currency didn't imply any major changes.

SURFACE DEMAND / DELIVERIES



OVERALL VACANCY & AVERAGE ASKING RENT



ECONOMIC OUTLOOK

The last projection made by the Central Bank regarding economic growth expected for this year has shown an increase between 8.5% and 9.5%. This situation has been caused mainly by a better beginning of the year and the quick adaptation of the economy. For years 2022 and 2023, a growth significantly smaller than the one in 2021 is predicted, with ranks between 2% to 3% and 1.75% to 2.75% respectively, due to low dynamism in construction, greater debt for companies and the current uncertainty in the market.

Regarding the labor market, the INE (National Institute of Statistics) shows that half the jobs that were lost after the pandemic started have been recovered. However, independent employees and informal workers haven't improved their situation.

For the second semester, a progressive end of the confinement and relaxation in control measurements are expected, even if the risk of relapses is still present, with the consequent deterioration of the scenario and a slower economic recovery.

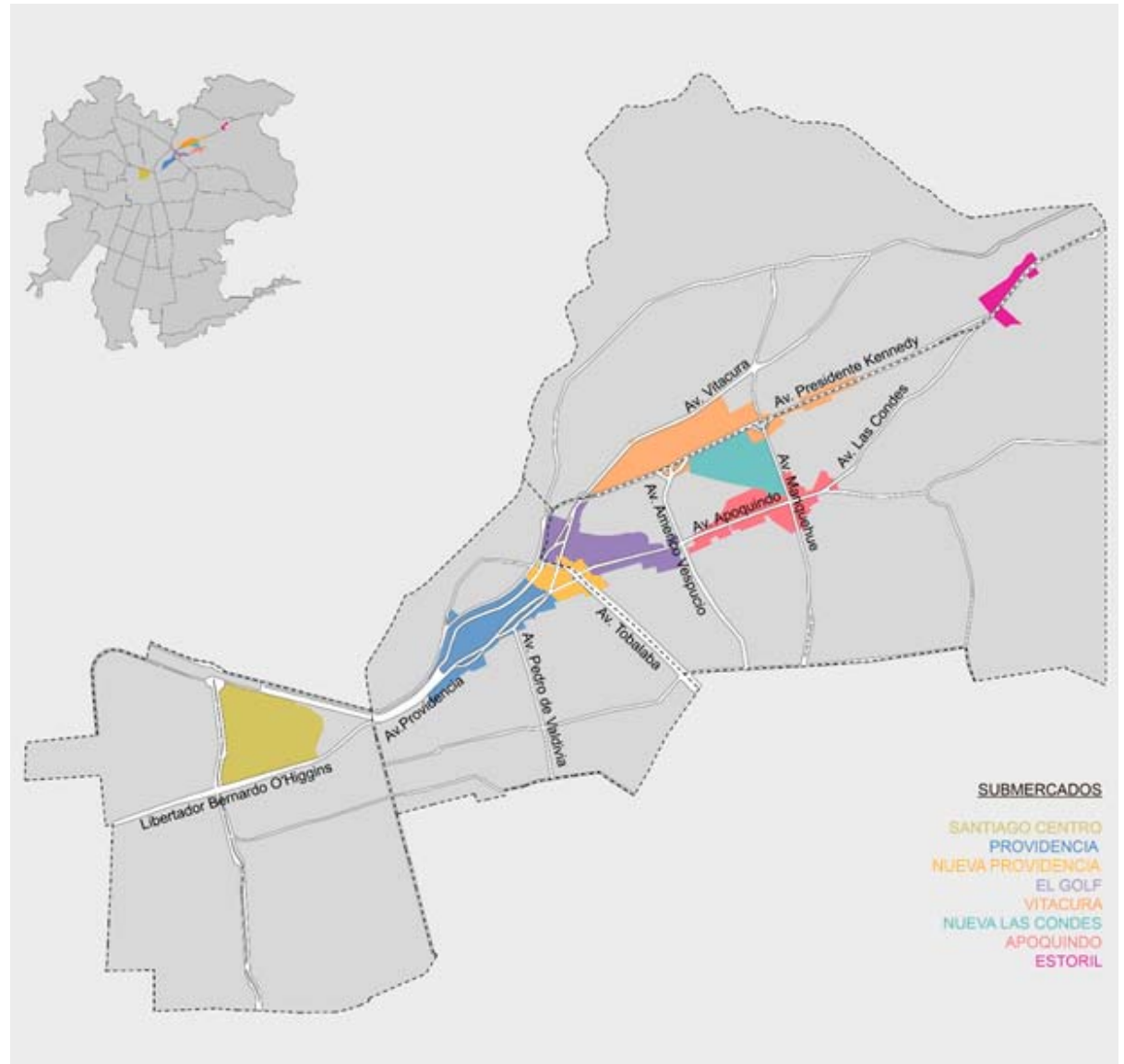
Regarding the external situation, China stands out due to the positive evolution of foreign commerce, associated with the great demand of goods worldwide. On the other hand, the situation in the United States is concerning since inflation could affect the growth and financial market projections.

FUTURE OUTLOOK

There is still uncertainty in the market regarding the continuity of projects that need to be delivered during this year, given the lockdown context and the scarcity of materials, problems that translate into a rise in prices and the possible persistence of delays.

In 2021, 116,189 sqm are expected to enter the market. Of that space, 74,171 sqm will be delivered next trimester and belong to the projects Nueva Códova, Nueva el Gold and the remains of Costanera Center (previous municipal authorization). On the other hand, 42,018 sqm would enter at the end of the year with the projects Santa María Office and Mercado Urbano Tobalaba. The Nueva Providencia submarket will concentrate 79% of the new total surface.

OFFICE MAP WITH SUBMARKET DIVISION / SANTIAGO / CHILE



MARKET STATISTICS

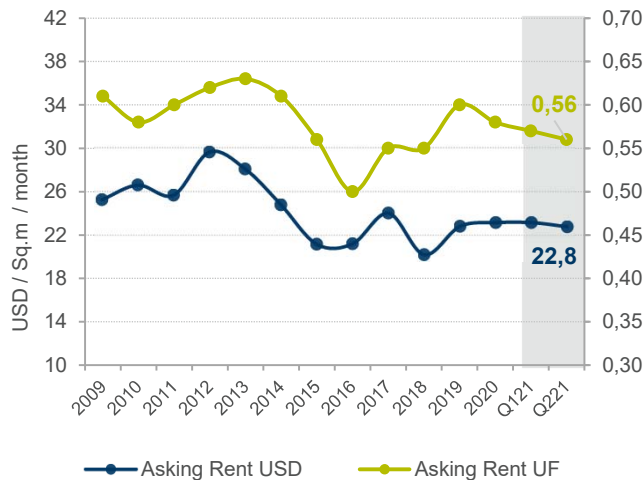
SUBMARKETS	INVENTORY CLASS A (*)	NUMBER OF BUILDINGS	AVAILABLE AREA (SQ.M)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (SQ.M)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQ.M /MONTH)	AVERLL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	717,007	43	43,962	6.1	-21,713	8,843	-	23.15	0.57
Nueva Las Condes	377,713	22	22,036	5.8	-2,138	21,264	-	22.75	0.56
Apoquindo	187,915	12	13,226	7.0	-8,344	-	33,239	21.93	0.54
Estoril	30,809	4	2,582	8.4	-747	-	-	17.87	0.44
LAS CONDES	1,313,444	81	81,806	6.2	-32,942	30,107	33,239	22.75	0.56
Santiago Centro	195,598	11	14,413	7.4	-2,452	-	-	16.25	0.40
Providencia	50,510	2	7,319	14.5	-4,586	6,614	-	20.72	0.51
Nueva Providencia (*)	98,392	6	32,951	33.5	3,139	79,468	93,315	26.40	0.65
Vitacura	40,144	4	3,085	7.5	-352	-	-	22.75	0.56
TOTAL SANTIAGO	1,698,088	104	139,574	8.2	-37,193	116,189	126,554	22.75	0.56

(*) Corresponds to a new submarket generated since 2021.

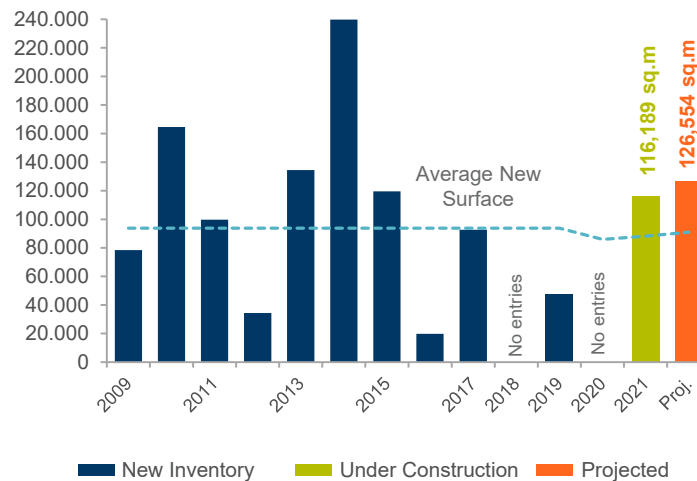
(**) Corresponds to rentable Surface according to available information.

(***) The Unidad de Fomento is a unit of account used in Chile, readjusted according to the inflation. Its value it is adjusted daily by the Central Bank of Chile accordingly to the CPI index calculated by the National Institute of Statistics (INE); its code ISO 4217 is CLF. Data up June 25th, 2021: UF = CLP \$ 29,695= USD \$ 40.62 ; 1 USD = CLP \$ 731.10

ASKING RENT
UF / SQ.M / Month) vs. USD / SQ.M / Month



NEW INVENTORY (SQ.M)
PROJECTED SURFACE (SQ.M)



GUSTAVO VALENZUELA

Director of Brokerage
+56 232 539 610
Gustavo.valenzuela@sa.cushwake.com

VICTOR MUÑOZ

Market Research Assistant
+56 232 539 623
Victor.muñoz@cushwake.com

cushwakechile.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services

© 2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy