

	YoY Chg	12-Mo. Forecast
25.4% Vacancy Rate	▲	▼
4.3k Net Absorption	▼	▲
BRL 105.38 Asking Rent (sq.m/month)	▲	▲

(CBD Class A)

ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
-0.1% 2021Q2 GDP (QoQ)	▼	▲
13.7% Unemployment Rate (July/21)	▼	▼
10.25% CPI Inflation (12 months)	▲	▼

Source: LCA

ECONOMIC SCENARIO

During the third quarter of 2021, Brazil has made great progress in its COVID-19 vaccination rollout, significantly reducing the number of infections and deaths caused by the disease. The government mitigated the mobility restraining policies, owing to the increase in vaccination rollout which may lead to a better retail scenario. Although, according to August's Monthly Survey of Trade, this month's sales volume decreased 3.10% if compared to July's, and the Consumer Confidence Index (CCI) dropped 6.7% in September, reflecting the undermined consumer purchasing power due to inflation.

Unemployment remains elevated, even though recorded a slight decrease in the rate, which reached 13.70% in July. Amid the positive data, the underemployed workers (those working fewer hours than they aim to) reached an all-time high. The country's consumer price index (IPCA) increased 1.16% in September, and the variation in the last twelve months is around 10.25%, the highest level since 2016. The fuels prices are the main driver to the generalized prices increases of the CPI's basket of goods, for its pricing policy – Petrobras fuel is pegged to international commodities price.

DEMAND: Absorptions Increase Slightly

In the third quarter of 2021, São Paulo's class A CBD office market presented for the first time in the year a positive net absorption after two consecutive quarters of negative outcomes. The net absorption was 4.3 thousand sq.m - indicating a considerable improvement over the previous period (-17,4 thousand sq.m).

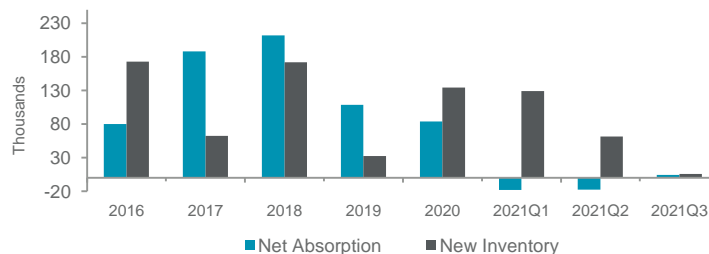
Faria Lima was the region that stood out the most, with a net absorption of 7.5 thousand sq.m, mainly due to the occupation of an e-commerce company. *Marginal Pinheiros* had the second-best result, recording net absorption of 1.5 thousand sq.m. Due to expressive departures, *Chucuri Zaidan* registered negative net absorption of 1.6 thousand sq.m., the lowest result in the quarter. Also, *JK*, *Berrini* and *Pinheiros* region recorded negative absorptions this time.

PRICING: Average Asking Price Increases

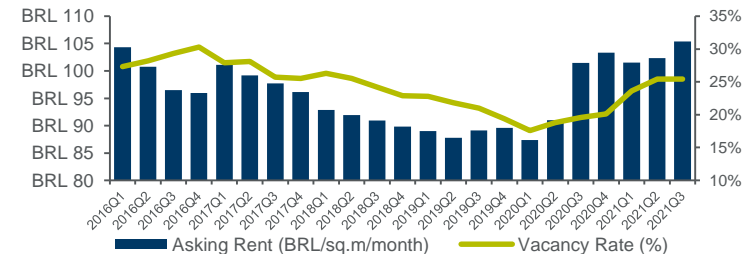
The average asking price in São Paulo's class A CBD market followed the trend of recent months and recorded increase of 3.0% (QoQ), closing the period at BRL 105.38/sq.m. The occupancy in buildings with lower asking prices contributed to this increase, since the areas available for lease in the city are concentrated in regions and buildings with higher asking prices.

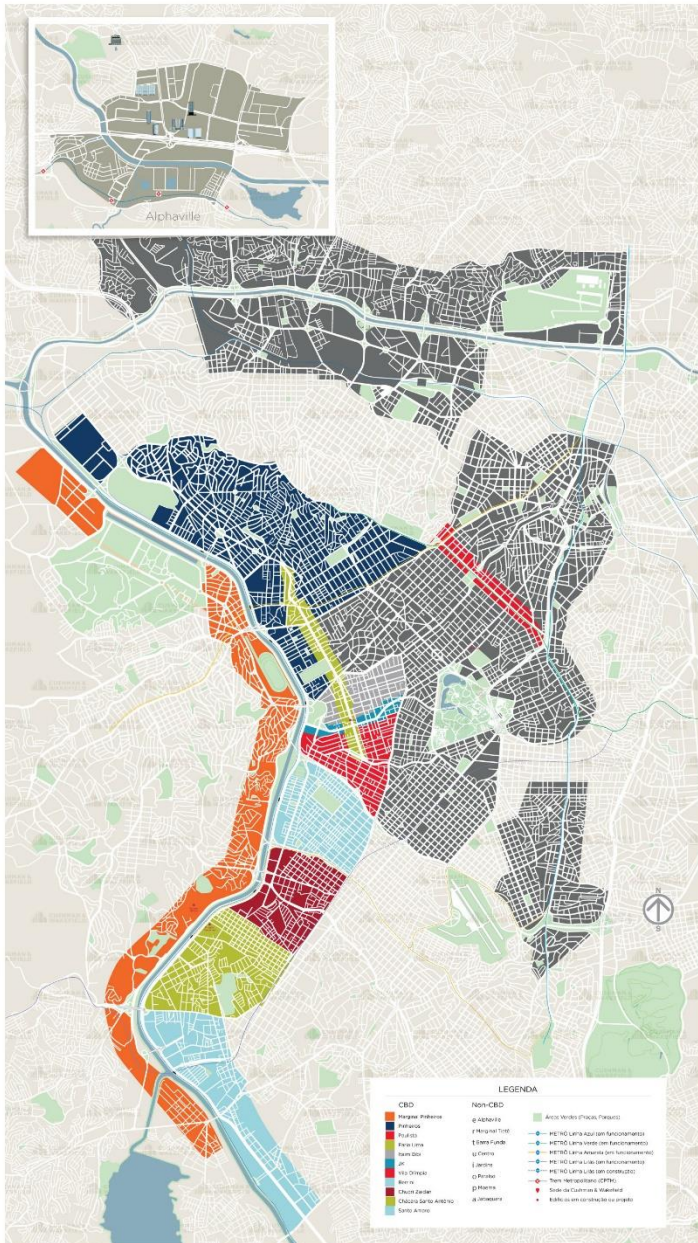
Itaim is currently the region with the highest asking price, BRL 200.00/sq.m. It has increased by 33% (QoQ) due to the price rise in the unique building class A in the region. *Faria Lima*, *JK* and *Paulista* also have one of the highest asking prices in the city, regions that emphasize the upward trend in the asking price for prime markets.

NET ABSORPTION/ DELIVERIES – CBD A



ASKING RENT / VACANCY – CBD A





Market Overview

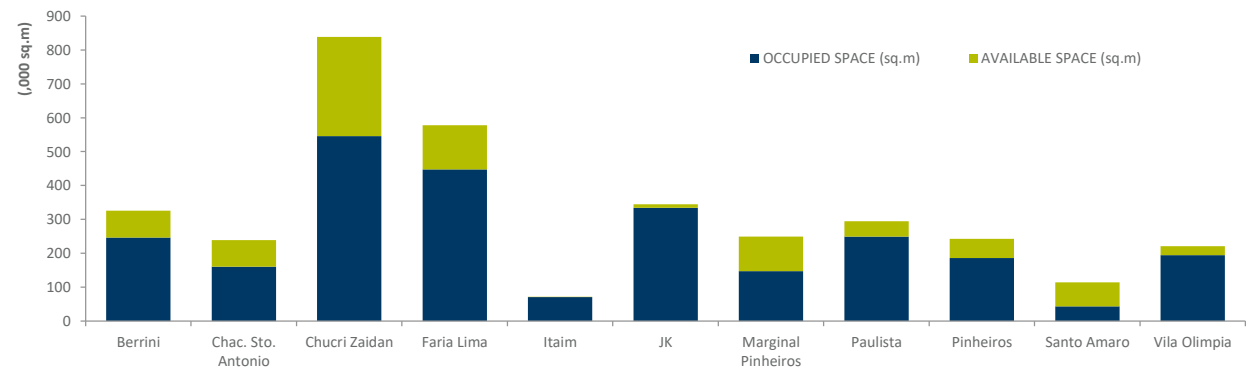
The third quarter of 2021 demonstrated signs of recovery in real estate market activity, with several companies gradually returning to offices after a long period of home office. A gross absorption of 13,2 thousand sq.m was registered. It was absorbed more than two times compared with last quarter, with *Faria Lima* region being the main responsible for this outcome. The city's vacancy rate remained stable and closed the quarter at 25.41%.

Pinheiros was the region that presented the highest increase in the vacancy rate - 2.5 p.p. (QoQ) - closing at 23.6%, mainly due to the delivery of Dynamic Faria Lima building, which increased the available area in the region. *Santo Amaro* and *Marginal Pinheiros* are currently the regions with the highest vacancy rates, 61.9% and 41.1% respectively. On the other hand, *Itaim*, *JK* and *Vila Olímpia* are the only regions with a vacancy rate lower than 15%.

Pipeline

In the third quarter of 2021, São Paulo's office market received 5,649 sq.m of new completions. The new inventory was concentrated in *Pinheiros* region, from Dynamic Faria Lima building. It was the quarter with the lowest volume delivered in the year. However, it is still expected by the end of the year 13,395 sq.m of new inventory in the *Paulista* region.

SUBMARKET COMPARISON

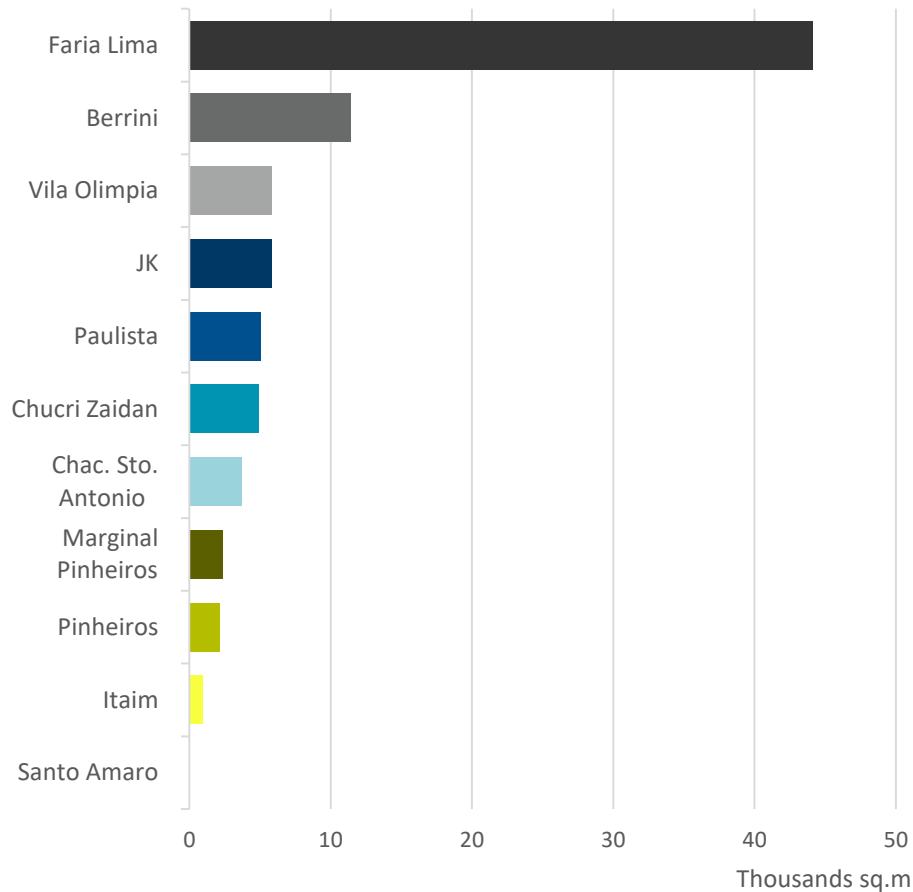


REGIONS

- CBD**
- Marginal Pinheiros
- Pinheiros
- Paulista
- Faria Lima
- Itaim Bibi
- JK
- Vila Olímpia
- Berrini
- Chucru Zaidan
- Chác. Sto Antônio
- Santo Amaro

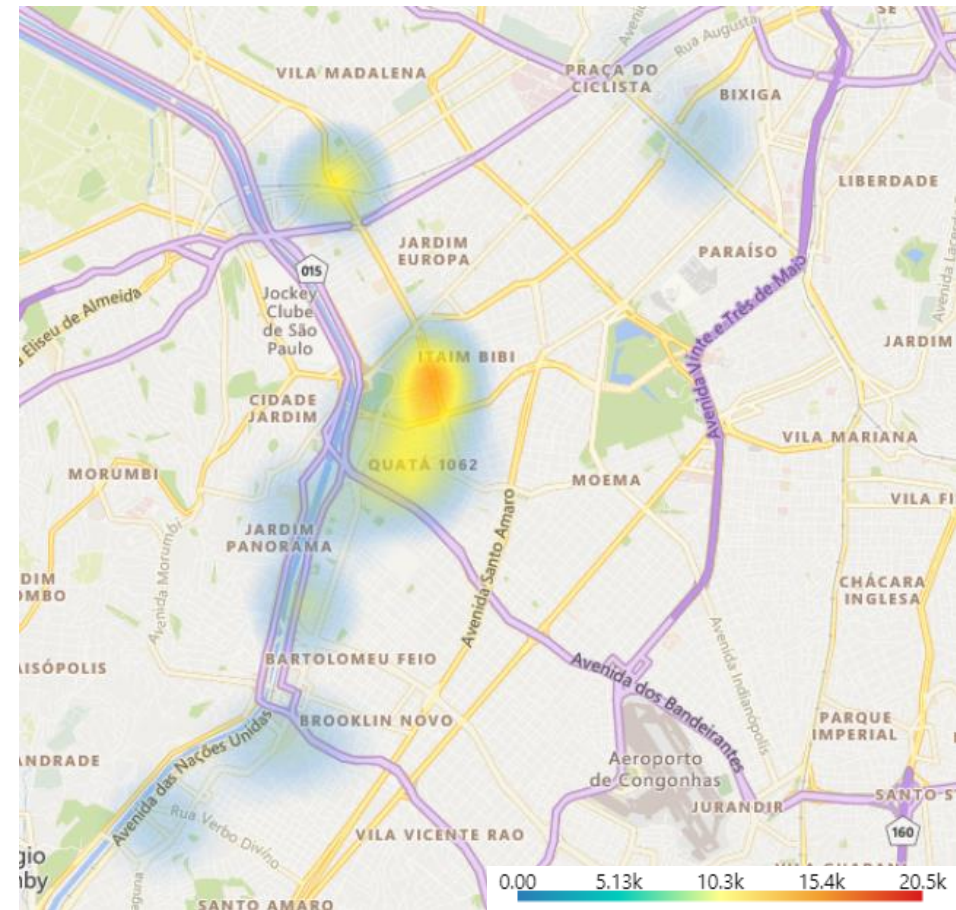
*The vacancy rate was calculated and established by Cushman & Wakefield, which consider the effective occupation at 25.4%. While the commercial vacancy rate considering tracked leases in São Paulo CBD class A closed out the third quarter at 19.7%.

Leasing Activity – 2021Q3



The chart above shows the concentration of transactions in São Paulo’s CBD regions. In the third quarter of 2021, the highlight was the *Faria Lima* region, with a total of 44,144 sq.m leased. In second place was *Berrini* with a total of 11,427 sq.m, followed by *Vila Olímpia* with 5,861 sq.m and *JK* with 5,856 sq.m leased.

Heat Map - 2021Q3



The heat map illustrates the total area transacted in the third quarter of 2021 by region. With more than 44 thousand sq.m leased, the *Faria Lima* region demonstrated a high demand in the market. Also, it is possible to notice the positive activity in the region of *Itaim* and *Pinheiros*, due to the growth of leases in several buildings in these regions.

Office Q3 2021

MARKET STATISTICS

SUBMARKET	NUMBER OF BUILDINGS	INVENTORY (SQ.M)	AVAILABLE SPACE (SQ.M)	VACANCY RATE (%)	CURRENT QTR NET ABSORPTION (SQ.M)	CURRENT QTR GROSS ABSORPTION (SQ.M)	LEASING ACTIVITY (SQ.M)	UNDER CONSTRUCTION (SQ.M)	AVG ASKING RENT (ALL CLASSES)	AVG ASKING RENT (CLASS A)
Berrini	11	325,501	79,422	24.4%	-563	1,269	11,427	0	BRL 74.90	BRL 94.91
Chac. Sto. Antonio	18	239,120	78,144	32.7%	0	0	3,701	30,000	BRL 56.18	BRL 65.05
Chucrí Zaidan	29	838,471	292,745	34.9%	-1,597	1,281	4,886	122,220	BRL 92.24	BRL 99.59
Faria Lima	30	577,587	130,085	22.5%	7,499	7,499	44,144	0	BRL 166.73	BRL 187.65
Itaim	4	71,927	968	1.3%	0	0	969	0	BRL 66.93	BRL 200.00
JK	12	344,920	10,987	3.2%	-1,176	1,276	5,856	0	BRL 117.90	BRL 165.61
Marginal Pinheiros	22	249,610	102,685	41.1%	1,500	1,500	2,389	14,777	BRL 62.02	BRL 81.68
Paulista	18	294,225	44,933	15.3%	167	167	5,095	62,395	BRL 86.13	BRL 118.40
Pinheiros	18	243,208	57,301	23.6%	-1,503	171	2,164	11,649	BRL 82.79	BRL 112.85
Santo Amaro	8	114,455	70,806	61.9%	0	0	0	0	BRL 39.02	BRL 43.89
Vila Olímpia	16	220,735	26,436	12.0%	0	0	5,861	8,400	BRL 79.38	BRL 108.31
São Paulo CBD AA+	186	3,519,758	894,512	25.4%	4,327	13,163	86,492	249,441	BRL 84.33	BRL 105.38

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)
FLFC - Faria Lima Financial Center	Faria Lima	Genial Investimentos	4,166
Centro Empres. Nações Unidas Torre Oeste	Berrini	Petlove	3,668
São Paulo Corporate Towers - Torre Sul	JK	XP Investimentos	2,452

*Renewals not included in leasing statistics.

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE/BRL/SQ.M
WTorre JK - Torre B	JK	BR Properties S.A. / JFL Must Empreendimento Imobiliário	16,847	BRL 32,999.05
Thera Corporate	Berrini	SYN Prop Tech (CCP - Cyrela Commercial Properties) / HEDGE AAA Fundo de Investimento Imobiliário	10,586	BRL 20,349.04
Cidade Matarazzo	Paulista	BM Empreendimentos e Participações / BRL Trust - FII REC Renda Imobiliária	2,427	BRL 23,500.00

KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	MAJOR TENANT	AREA (SQ.M)	MAIN OWNER/ DEVELOPER
Dynamic Faria Lima	Pinheiros	-	5,648	Lúcio Engenharia

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