

Industrial Q3 2021

5.9%
Vacancy Rate



91,8K
Net Absorption, sqm



\$6.80
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

2,450K
Costa Rica Employment



15.3%
Costa Rica Unemployment



2,289M¹
Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q2 2021, Q3 2021 data still not available

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

ECONOMY: Construction and manufacturing sectors continue to recover towards pre-pandemic figures

According to the Central Bank of Costa Rica (BCCR), during Q3 2021 the manufacturing sector continues to consolidate its recovery process, with a 12.4% growth, compared to the pre-pandemic level. Likewise, the rebound of the private-use construction sector stands out, whose cycle trend grew by 29% due to the increasing development of industrial facilities, warehouses, and buildings. For its part, according to data from Procomer, exports of goods continued to report double-digit growth (27%), reaching US\$10,799 million in the accumulated balance as of September 2021, which is US\$2,281 million higher than in 2020, and the highest growth in the last five years. Finally, the BCCR updated upward its expectation of economic growth for 2021 to 5.4%, a figure that is 1.5 p.p. higher than that estimated in mid-2021.

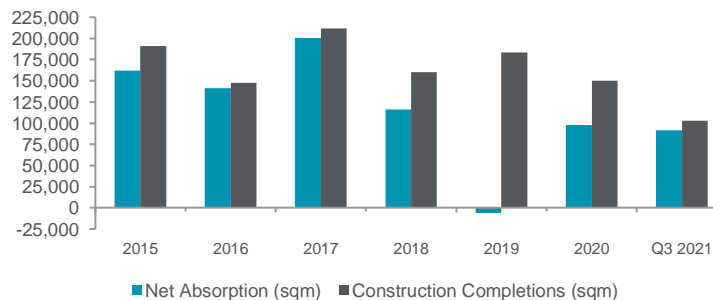
MARKET OVERVIEW: Investments announced by multinational companies reaffirm confidence in the country

During 2021, various multinational companies from sectors such as life sciences and high-tech have continued to choose Costa Rica for the establishment and expansion of highly-sophisticated operations, reaffirming the attractiveness of the country. During Q3 2021, market vacancy stood at 5.9%, a lower figure than the average reported during 2020. Despite, the high vacancy in Class B and C spaces has generated a downward pressure on their prices, representing a challenge for the landlords, as their assets' characteristics are misaligned with market requirements. For its part, the wide difference between net and gross absorption figures for 2021 reflect several transactions of local and regional companies seeking for better operating, functional and commercial conditions, in line with the structural changes that the pandemic has triggered.

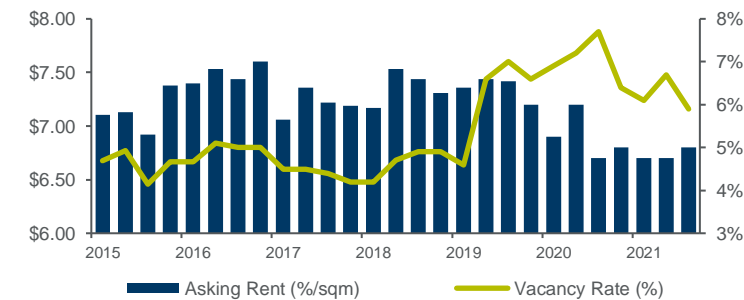
OUTLOOK: Delivery of Class A inventory with diverse pre-lease levels will energize the industrial & logistics market

During the next 18 months, several class A projects are expected to be delivered in the market, both within and outside the Greater Metropolitan Area (GMA). In particular, the potential oversupply of logistics spaces in the Alajuela submarket could entail higher caution in developers and landlords regarding new developments, as well as greater negotiation ranges in commercial terms. For its part, projects in strategic areas outside GMA are expected to trigger a series of real estate requirements, both from companies attracted by the potential formation of an industrial operations cluster, as well as from providers of related goods and services.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Industrial Q3 2021



MARKET STATISTICS (BY SUBMARKET)

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (m ²)	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Alajuela	246	1,674,000	79,200	4.7%	26,100	44,200	108,800	\$7.00	\$6.90	\$7.00
Cartago	163	767,800	34,000	4.4%	61,400	77,500	70,300	\$6.60	\$6.90	\$3.90
Heredia	281	1,452,500	113,600	7.8%	15,400	31,200	7,600	\$7.00	\$7.40	\$7.10
Downtown San José	306	1,195,500	87,500	7.3%	(14,100)	25,600	18,900	\$6.70	\$6.70	\$6.40
East San José	194	657,800	30,800	4.7%	4,800	13,000	-	\$7.00	\$6.80	\$6.60
West San José	125	590,100	30,700	5.2%	(1,800)	31,200	23,900	\$6.50	\$8.30	\$6.90
Total	1,315	6,337,700	375,800	5.9%	91,800	222,700	229,500	\$6.80	\$7.90	\$6.60

MARKET STATISTICS (BY CLASS)

HT = High Tech/Flex OS = Office Service/Flex W/D = Warehouse/Distribution

CLASS	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (m ²)	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Class A	223	2,359,800	100,400	4.3%	74,200	113,200	199,500	\$8.30	\$8.20	\$7.70
Class B	829	3,478,600	196,300	5.6%	17,300	84,900	30,000	\$6.60	\$7.70	\$6.80
Class C	263	499,300	79,100	15.8%	300	24,600	-	\$4.30	-	\$5.30

KEY TRANSACTIONS 2021

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

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Bayer Coyol	Alajuela	Bayer	24,300	Buy
SAE-A-Spinning – Etapa III	Cartago	Textilera SAE-A-Spinning	22,400	Own Development
La Lima Free Zone	Cartago	Terumo Blood and Cell Technologies	20,000	Lease
La Lima Free Zone	Cartago	Coloplast	20,000	Buy
LatAm Parque Logístico SJ-Verbena	Downtown San José	Varios (Confidential)	17,500	Lease
Coyol Free Zone	Alajuela	MicroVention	14,000	Buy
Coyol Free Zone	Alajuela	Establishment Labs	13,500	Lease
Coyol Free Zone	Alajuela	Teradyne	11,000	Lease
Centro de Logística Cargill	West San José	Cargill	10,900	Own Development
Bodegas Acobo Uruca	Downtown San José	Neón Nieto	5,600	Lease

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
La Lima Free Zone – Terumo Blood & Cell Tech	Cartago	Terumo Blood & Cell Tech	20,000	Garnier & Garnier
La Lima Free Zone – Lutron Electronics	Cartago	Lutron CR	20,000	Garnier & Garnier
Coyol Free Zone – Teradyne	Alajuela	Teradyne	11,000	Coyol Free Zone

*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.

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