



YoY Change 12-Mo. Forecast

18.0%
Vacancy Rate



-20,5K
YTD Net Absorption, sqm



\$19.10
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

YoY Change 12-Mo. Forecast

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 currently not available

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

ECONOMY: Exports from knowledge-intensive service companies established in Costa Rica report solid growth

According to the Central Bank of Costa Rica (BCCR), during Q3 2021 the Economic Activity Monthly Index (IMAE) registered a general increase of 11.6% and records four consecutive months of double-digit year-on-year growth. 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. Similarly, according to data from Procomer, exports from knowledge-intensive subsectors, such as business services, technology, and information, report a joint growth of 6%, compared to the same period of the previous year. 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.

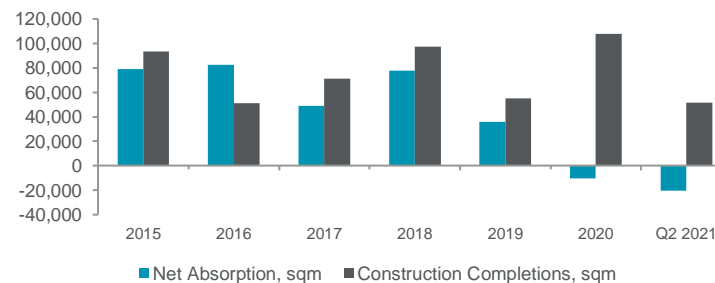
MARKET OVERVIEW: Absorptions in Heredia and West San José submarkets decrease overall vacancy

During Q3 2021, the office market reported positive net absorption figures for the second consecutive quarter. The market vacancy stands at 18.0%, which represents the first decrease since the beginning of the pandemic, of 0.3 p.p compared to Q2 2021. This decrease is mainly due to absorptions in the traditional submarkets of West San José and Heredia. In line with recent periods, broader negotiation ranges between listing and closing prices in corporate office transactions continue to be reported. Finally, new operations and expansions of multinational companies with high value-added services continue to highlight, reaffirming the country's positioning for the attraction and development of these operations.

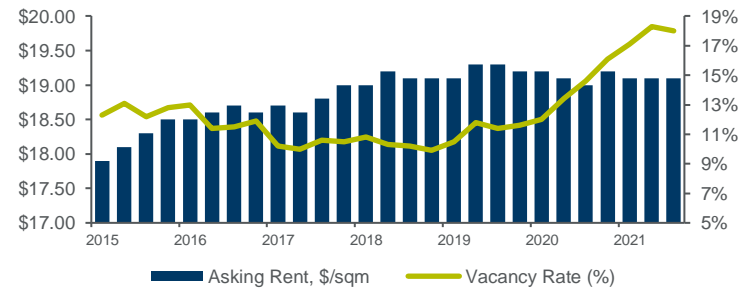
OUTLOOK: Low overall prelease levels of office buildings under construction will push up vacancies in 2022

Currently, the market reports over 70,000 sqm of office buildings under construction, which continue to report low prelease levels. If this trend sustains, the general market vacancy rate is expected to increase to figures around 20%, as these projects are delivered throughout 2022. This would be reflected in a general decrease in closing prices, as the landlords' response to such high vacancy levels. During 2022, the transformation of the workplace strategy of companies is expected to be consolidated, as they formally implement a hybrid workplace strategy. In this sense, it becomes essential for developers and landlords of office buildings, to offer differentiated and attractive spaces that promote collaboration, operational efficiency and business culture to their tenants and their workforce in the post-pandemic new reality.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q3 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	6,600	20.0%	(900)	(2,800)	300	-	\$14.70	\$17.50
Cartago	10	24,600	2,700	11.0%	-	1,000	1,000	-	\$16.30	\$18.50
Heredia	83	526,500	96,200	18.3%	12,000	1,100	16,800	45,100	\$19.40	\$20.40
Downtown San José	135	488,400	81,800	16.7%	2,300	(6,900)	24,900	-	\$18.20	\$19.90
East San José	88	331,500	63,600	19.2%	1,000	(11,200)	6,500	14,000	\$18.00	\$19.00
West San José	113	537,200	98,400	18.3%	1,900	(1,700)	18,200	13,500	\$20.60	\$20.00
Totals	441	1,941,200	349,300	18.0%	16,300	(20,500)	67,700	72,600	\$19.10	\$20.00

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	30,500	13.3%	700	900	5,400	-	N/A	\$23.50
Class A	136	933,800	174,300	18.7%	15,000	2,700	41,700	68,700	N/A	\$20.00
Class B	286	778,400	144,500	18.6%	600	(24,100)	20,600	3,900	N/A	\$16.30

KEY TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Sabana Corporate Center	Downtown San José	Confidential	30,000	Buy
América Free Zone - E23	Heredia	Amazon	9,600	Lease
Escazú Village II	West San José	Confidential	8,500	Lease
El Cedral Corporate Center – Building 3	West San José	Roche	2,300	Lease
Centro 27	West San José	Proycon	1,500	Buy
Centro 27	West San José	Banco Prival	1,500	Buy
Centro 27	West San José	Desyfin	1,500	Buy
Leumi Business Center	Downtown San José	Establishment Labs	1,300	Lease

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
America Free Zone - E23	Heredia	Amazon	9,600	Los Arallanes
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

*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.

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

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