

SANTIAGO

Office Q3 2021



ECONOMIC INDICATORS Q3 2021



(*) Average lease Price requested, expressed in USD/Sq.m/Month
Source: Instituto Nacional de Estadísticas de Chile (INE) – Newsletter Number 274 – September, 8th 2021.

MARKET OUTLOOK:

The third trimester of the year is closing with an 8.02% vacancy, 1.33% smaller compared to the last trimester and 53% bigger than the inter-annual level. This small drop in vacancy is due to a better performance in leasing in the following submarkets: Apoquindo, Nueva Las Condes and Nueva Providencia. On the other hand, the Santiago Centro submarket is showing one more time a rise in availability and has reached 8.97% with the price of 0.38 UF/sqm, the lowest value since 2016.

In the last trimester, a rise in the tendency towards on-site working has been noticed. However, and even though net absorption data reaffirms this tendency, it is yet too soon to confirm a massive return to offices. It is necessary to consider that there are still several factors to solve, such as continuity in the vaccination process, practices implemented regarding reduced capacity and the influence of telework and hybrid work.

SUPPLY AND DEMAND:

The net absorption this trimester reached 5,916 sqm, the first positive figures after 12 months with negative levels. In other words, there was a bigger amount of surface released than the amount of surface leased. The submarkets that have not experienced this recovery yet are Santiago Centro and El Golf, which present a negative absorption of 3,137 sqm and 2,751 sqm, respectively.

The Apoquindo submarket stands out for having the greatest amount of leased surface, 4,670 sqm. Most of it is leased by companies in the area of business services.

It is still possible to find opportunities, especially due to the position of landlords who are willing to negotiate and have more flexible contracts. This has provoked the migration of some companies to neighborhoods with better connectivity, services and building level, located in the east side of Santiago. The Providencia and Santiago Centro submarkets have adjacent availability that includes furniture, which makes them a good alternative to lower the moving costs.

PRICE:

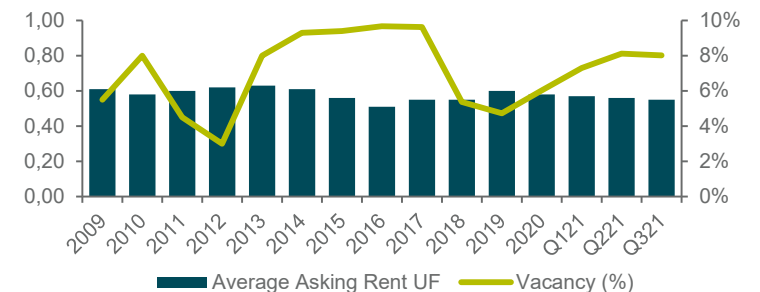
The price has experienced a quarterly fall of – 1.84%, while inter-annually it has experienced a fall of 5.17%, reaching a 0, 55 UF/sqm. This is explained by the low activity in office leasing in general and the intentional drop of prices in submarkets where vacancy has remained the same and/or increased, like in the case of Santiago Centro.

Regarding the price in dollars, it has been reduced 8.77% compared to the previous trimester, product of devaluation of the Chilean peso as a result of the fluctuations of the copper price and the economic and political contingencies of the country.

SURFACE DEMAND / DELIVERIES



OVERALL VACANCY & AVERAGE ASKING RENT



ECONOMIC OUTLOOK

The last report of the Central Bank, 'Monetary Policy Report', reveals that there has been a quick recovery from the recession caused by the pandemic. This recovery is partly due to the adjustment of companies and people, as well as the advance in the vaccination, which has meant an important step towards the opening process. However, after growing between 10.5 and 11.5 this year, the economy is projected to experience a deceleration, and then to grow between 1.5 and 2.5% in 2022, and between 1 and 2% in 2023.

Regarding the labor market, the INE (National Institute of Statistics, by its Spanish initials) shows a gradual generation of employment opportunities, where the formal salaried employment is close to return to its average levels in 2019. This means the market is recovering a substantial part of the impact generated by the pandemic.

The inflation in the short term is projected to grow and to reach an annual value of 5.7% in December, being over 5% during most of 2022. This can be explained by the strong consumption dynamism, the devaluation of the peso and a global and local supply that has not been recovered.

Regarding the external situation, the global activity is still recovering, although at different levels in the different countries, due to uneven vaccination processes and the incidence of the Delta variant.

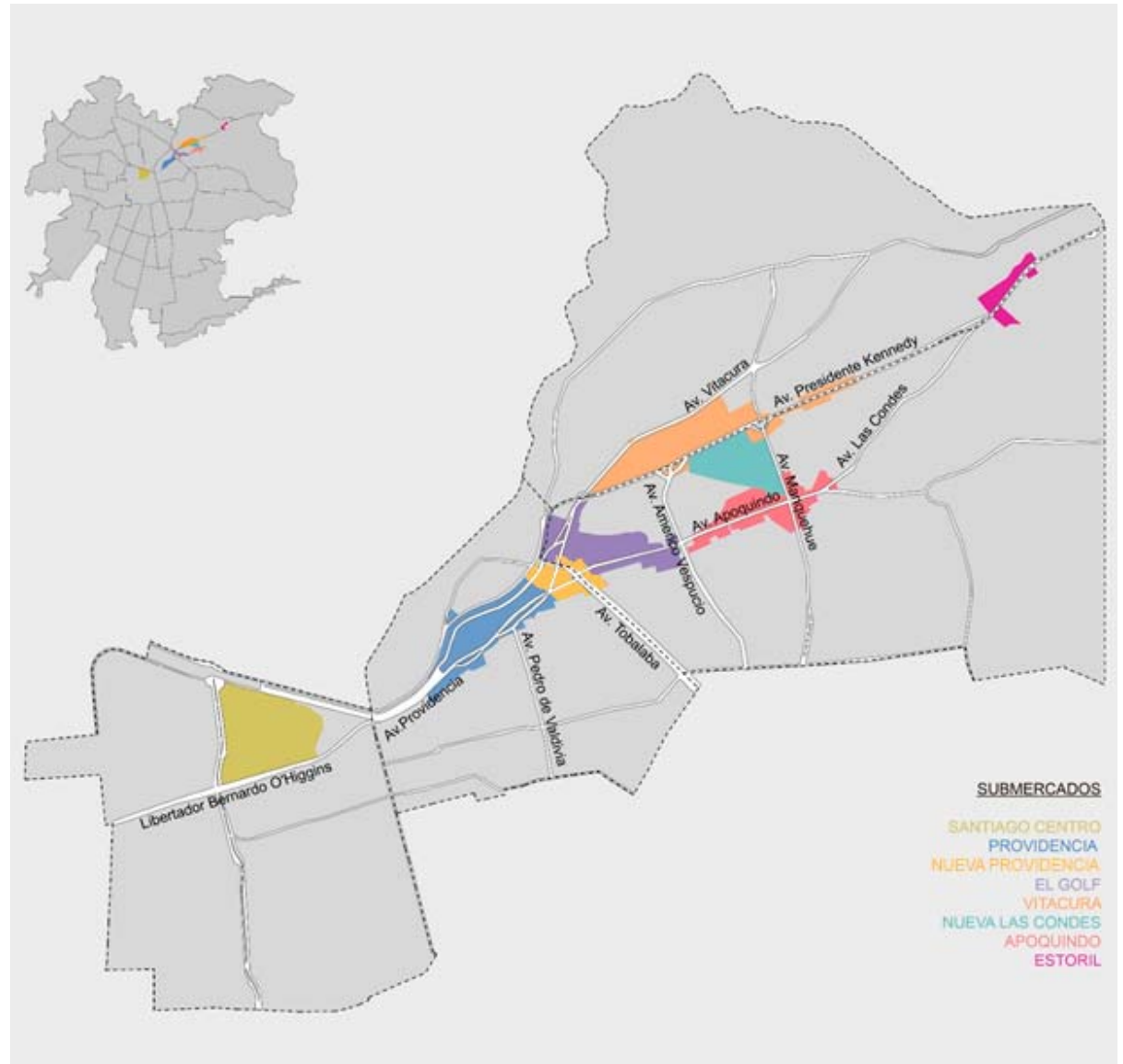
FUTURE OUTLOOK

The problems generated by the high demand of equipment and scarcity of workforce have provoked a general delay in every construction project of class A offices; tower 3 of the "Mercado Urbano Tobalaba" project has been postponed for next year.

The projects that could enter in the fourth trimester are: 63,194 sqm and a remnant of the 44,000 sqm left in Costanera Center tower 2, subjected to municipal permits.

In case these projects do not experience any delays, it is expected that the availabilities at the end of the year will grow again and reach a double-digit vacancy (%).

OFFICE MAP WITH SUBMARKET DIVISION / SANTIAGO / CHILE



MARKET STATISTICS

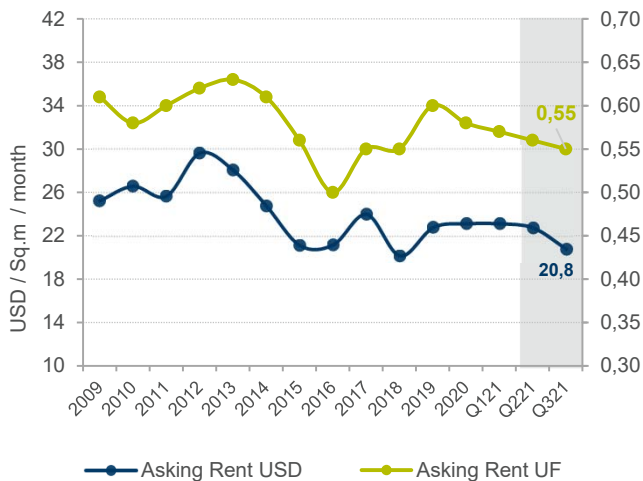
SUBMARKETS	INVENTORY CLASS A (*)	NUMBER OF BUILDINGS	AVAILABLE AREA (SQ.M)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (SQ.M)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQ.M /MONTH)	AVERLL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	717,007	43	50,798	7.08	-24,464	8,843	-	21.55	0.57
Nueva Las Condes	377,713	22	18,136	4.80	1,762	21,264	-	21.18	0.56
Apoquindo	187,915	12	8,552	4.55	-3,670	-	33,239	20.04	0.53
Estoril	30,809	4	2,582	8.38	-747	-	-	16.64	0.44
LAS CONDES	1,313,444	81	80,068	6.10	-27,119	30,107	33,239	21.18	0.56
Santiago Centro	195,598	11	17,550	8.97	-5,589	-	-	14.37	0.38
Providencia	50,510	2	7,319	14.49	-4,586	6,614	-	17.77	0.47
Nueva Providencia (*)	98,392	6	29,183	29.66	6,907	79,468	93,315	24.58	0.65
Vitacura	40,144	4	2,001	4.98	732	-	-	20.04	0.53
TOTAL SANTIAGO	1,698,088	104	136,121	8.02	-29,655	116,189	126,554	20.80	0.55

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

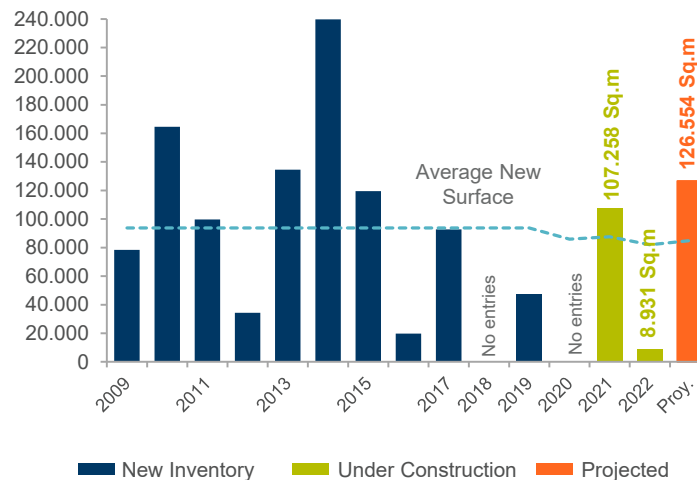
(**) Corresponds to rentable Surface according to available information.

(***) 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 September 28th, 2021: 1 UF = CLP \$ 30,080.37= USD \$ 37.81 ; 1 USD = CLP \$ 795.48

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 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

© 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.