



YoY Change 12-Mo. Forecast

18.4%

Vacancy Rate



-23K

YTD Net Absorption, sqm



\$19.00

Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

YoY Change 12-Mo. Forecast

2,437K

Costa Rica Employment



13.7%

Costa Rica Unemployment



3,139M¹

Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q3 2021, Q4 2021 data currently not available

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

ECONOMY: Gradual recovery of the country is reflected in the improvement of macroeconomic statistics

According to the Central Bank of Costa Rica (BCCR), during 2021 the country's economy was characterized by a gradual recovery, supported by the lightening of health measures and the dynamism of internal and external demand. Year end, the economy reported a GDP growth of 7.6%, and a variance close to 4.0% is projected for 2022 and 2023. Likewise, according to the Institute of Research in Economic Sciences (IICE), the expectations index reached 53.1 points, reflecting an improvement in business optimism. Lastly, the country registered an unemployment rate of 13.7% in Q4 2021, a figure 6.3 p.p. lower than that of Q4 2020, approaching pre-pandemic levels. The production of companies under special regimes maintain double-digit growth rates, while the recovery of companies under the definitive regime is consolidating.

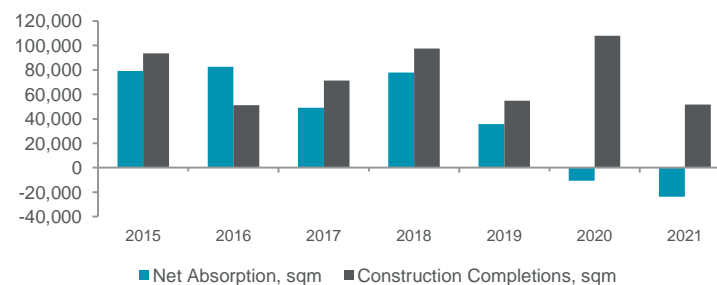
MARKET OVERVIEW: Relevant transactions boost a market that is still hit by pandemic

During 2021, the office market continued suffering from the cyclical and structural effects of the pandemic, reflected in a negative annual net demand for the second consecutive year and in a gross demand 30% lower than the average of the last 5 years. Vacancy rate reported an all-time-high figure of 18.4%, which is 53% higher than the last pre-pandemic quarter. These figures, however, are not yet reflected in a decrease in the listing prices, but have led to higher negotiation ranges by the landlords. Despite the above, relevant transactions were reported in sophisticated and competitive buildings in key locations, reflecting an encouraging scenario in the long term and manifesting the market restructuring process, as a result of the transformations and new workplace strategies of the companies.

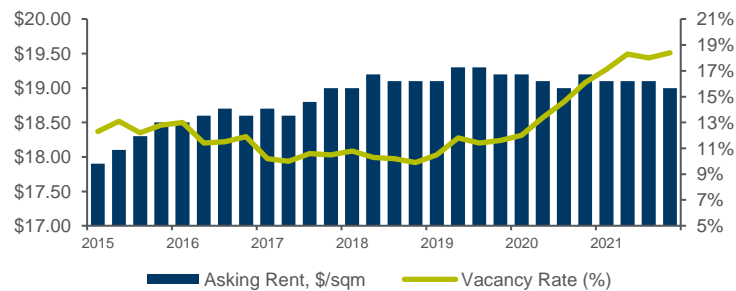
OUTLOOK: Market context ratifies relevance of competitiveness and innovation of landlords

During 2022, the gradual stabilization of the office market is expected to continue, as a result of the economic dynamism that the country has maintained and the solid performance of companies under special regimes. It is important to highlight the importance of landlords continuing to rethink their strategy and business model towards greater differentiation and flexibility, so that their projects can attract tenants to efficient, attractive and competitive spaces. Likewise, it is expected that the vacancy rate continues to increase during the year, especially in Heredia and West San José submarkets, as various projects under development are delivered, which report low pre-lease levels.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q4 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	5,200	15.8%	1,400	(1,400)	1,700	-	\$14.50	\$17.50
Cartago	10	24,600	2,700	11.0%	200	1,200	1,200	-	\$16.30	\$18.50
Heredia	83	528,800	109,800	20.8%	(8,700)	(7,600)	24,600	58,900	\$19.40	\$20.40
San José Centro	135	491,200	82,200	16.7%	2,700	(4,200)	30,300	34,000	\$18.00	\$19.90
San José Este	88	332,300	63,600	19.1%	(3,700)	(14,800)	7,600	14,000	\$17.90	\$18.90
San José Oeste	113	538,200	95,800	17.8%	5,700	3,200	26,400	25,100	\$20.60	\$20.00
Totales	441	1,948,100	359,300	18.4%	(2,400)	(23,600)	91,800	132,000	\$19.00	\$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)
Clase A+	18	216,000	21,600	10.0%	11,800	9,700	12,600	-	N/A	\$23.60
Clase A	91	748,300	141,600	18.9%	(14,600)	(4,300)	48,600	129,000	N/A	\$20.00
Clase B	332	983,800	196,100	19.9%	400	(29,000)	30,600	3,000	N/A	\$16.10

KEY TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Sabana Corporate Center	Downtown San José	Confidential	30,000	Buy
Zona Franca América - E23	Heredia	Amazon	9,600	Lease
Escazú Village II	West San José	Confidential	8,500	Lease
CAYCUR Building	Downtown San José	Consejo Nacional de Producción (CNP)	4,600	Lease
Centro Corporativo El Cedral – Tower 3	West San José	Confidential	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
Epic Corporate Center	West San José	Maersk	1,500	Lease

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
San Pedro Business Center	East San José	-	13,300	Urban Edge
Zona Franca América - E23	Heredia	Amazon	9,600	Los Arallanes
Leumi Business Center	Downtown San José	Grant Thornton, Establishment Labs	9,500	Grupo Leumi

*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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