

	YOY Chg	12-Mo. Forecast
<b>24.3%</b> Vacancy Rate	▲	▼
<b>38.5k</b> Net Absorption	▲	▲
<b>BRL 103.43</b> Asking Rent (sq.m/month)	▲	▲

(CBD Class A)

## ECONOMIC SCENARIO

In the first quarter of 2022, Brazil resumed activities in full. Small and medium-sized companies have already returned 100% of their employees in person, large companies still face the dilemma of hybrid work, face-to-face or remote. In light of this, the Monthly Survey of Trade recorded, in February, an increase of 1.1% MOM in retail sales volume in its seasonally adjusted series. For comparison, in February 2021, retail fell by 3.9%. Despite this, the CCI (Consumer Confidence Index) closed the quarter down 3.1 points, impacted by high inflation and the gradual recovery of the labor market. Moreover, the increase in uncertainty also contributed to this result since consumers began to present a more cautious stance. The IIE-Br (Economic Uncertainty Indicator) rose 4.2 points in March to 121.3 points, mainly reflecting changes in future prospects in the face of the war between Ukraine and Russia, which is affecting the global economy. Regarding the unemployment rate, the latest Continuous National Survey by Household Sample (PNAD) reported, for the moving quarter from December 2021 to February 2022, a rate of 11.2%, or a decrease of 0.4 p.p. compared to the previous mobile quarter and 3.4 p.p. compared to the same period a year earlier. Regarding inflation, the CPI rose 0.61 p.p. in March, reaching 1.62% MOM, the highest value recorded for the period since 1994. This result was mainly impacted by the transport (0.65 p.p.) and food and beverage (0.51 p.p.) groups. Over the last 12 months, the index has accumulated a high of 11.30%, reflecting especially the rise in fuel prices. Finally, the INCC - M (National Construction Cost Index - M) showed a 0.73% change in March and has already accumulated a high of 1.85% in the year and 11.63% in 12 months.

## ECONOMIC INDICATORS

	YOY Chg	12-Mo. Forecast
<b>1.6%</b> 2021Q4 GDP QOQ	▲	▼
<b>11.1%</b> Unemployment Rate (2021Q4)	▼	▼
<b>11.30%</b> CPI Inflation (12 months)	▲	▼

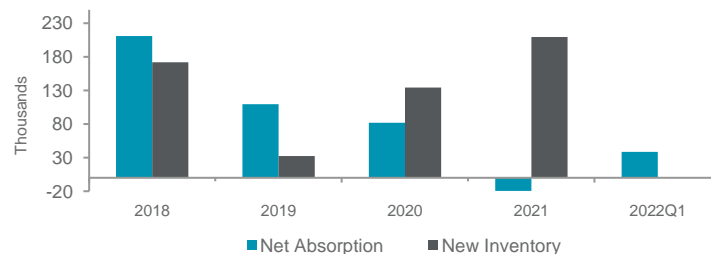
## DEMAND: Absorptions Increase

In the first quarter of 2022, São Paulo's CBD class A office market presented the highest net absorption since the first quarter of 2020. After 38,538 m<sup>2</sup> absorbed, the vacancy rate dropped by 1.09 p.p. quarter-over-quarter (QOQ), reaching 24.3%. *Faria Lima* was the main responsible for that value, with 29,263 sq.m absorbed, which contributes to the vacancy rate drop of 5.07 p.p. QOQ, mainly due to the occupation of an information, communication, and technology company in Birmann 32. *Pinheiros* also showed positive results, with more than 10,000 sq.m absorbed mainly after the occupation of an Educational Institution of more than 5,000 sq.m. The leases in the first quarter of the year totaled 86,291 sq.m. A special highlight goes to the *Faria Lima* region which received almost 26,000 sq.m of leased area, followed by *Chucru Zaidan* and *Chácara Santo Antonio*, with 19,782 sq.m and 12,642 sq.m respectively.

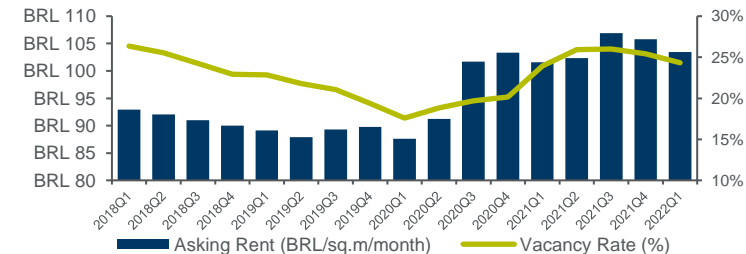
## PRICING: Average Asking Price Decreases

The average asking price in São Paulos's class A CBD market dropped 2.22% QOQ, closing out the period at BRL 103.43 per sq.m/month. This decrease was mainly due to occupations in expensive buildings and departures in buildings with lower rental values. Even so, some regions showed an increase in asking price compared to the previous quarter. *Itaim* is an example of this, with an increase of 12.59% QOQ in its average asking price due to a company vacating in a building with a high rental value that was fully occupied. The region closed the quarter with an asking price of BRL 191.4 per sq.m/month. With this, *Itaim* is the region with the highest value of the city. Among the regions with the lowest prices is *Santo Amaro*, with an asking value of BRL 45.7 per sq.m/month.

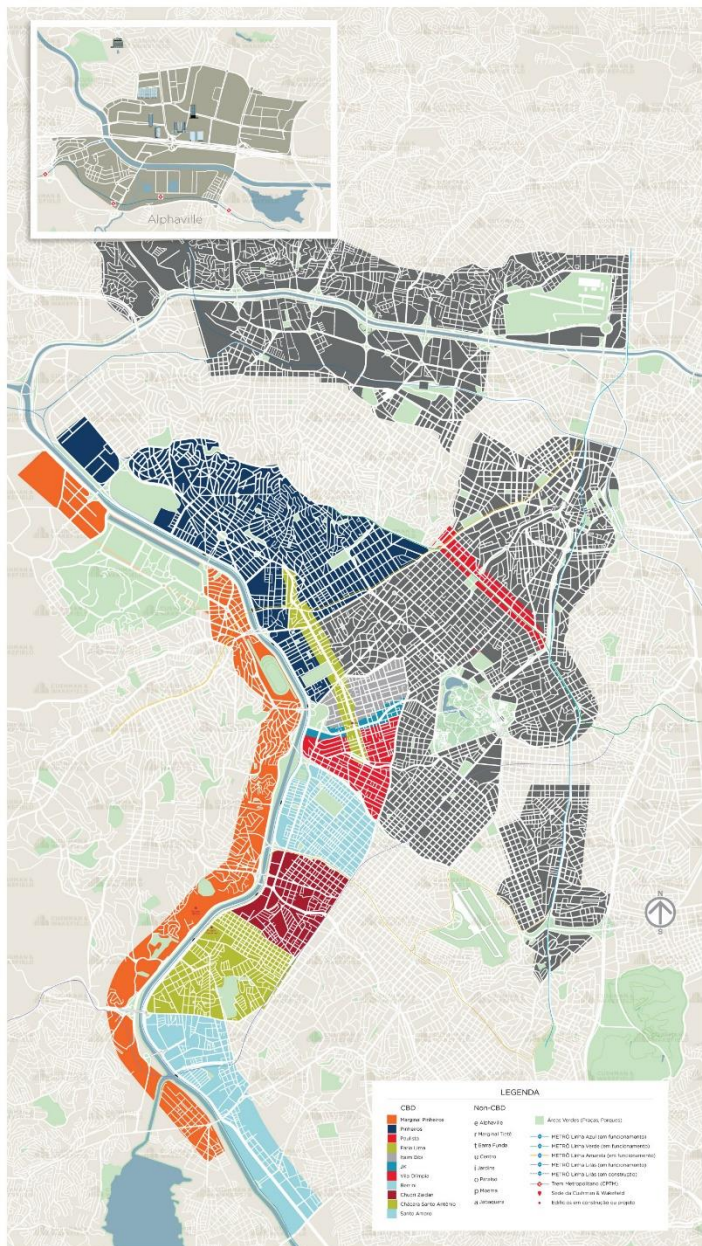
## NET ABSORPTION/ DELIVERIES – CBD A



## ASKING RENT / VACANCY – CBD A



Source: LCA



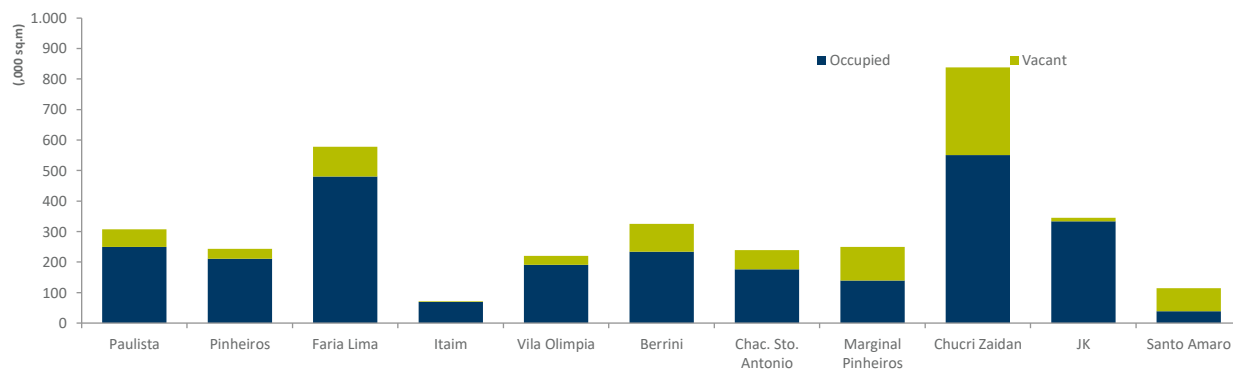
## Market Overview

The first quarter of 2021 once again showed signs of recovery in real estate market activity with several companies gradually returning to the offices, even if in a hybrid work model. Net absorption for the quarter was 38,538 sq.m. Considering only the occupations observed in the quarter, this amount reached almost 70,000 sq.m. The city's vacancy had a slight drop and *Faria Lima* was the region with the highest decrease in the rate, primarily due to occupation in Birmann 32. *Pinheiros* followed, recording strong absorption (+10,125 m<sup>2</sup>) and closed out with a vacancy rate of 13.5%. On the other hand, *Santo Amaro* remains the region with the highest vacancy rate (66.3%) and showed an increase of 4.4 p.p. QOQ. With that, *Itaim* and *JK* are the only regions with a vacancy rate of less than 10%, reaching 3.7% and 3.3%, respectively.

## Pipeline

After closing out 2021 with 209,147 sq.m of new deliveries in 2022Q1, São Paulo's class A CBD market saw no new inventory. Although 110,000 sq.m is expected to be delivered by the end of the year, divided into the second and third quarter.

## SUBMARKET COMPARISON

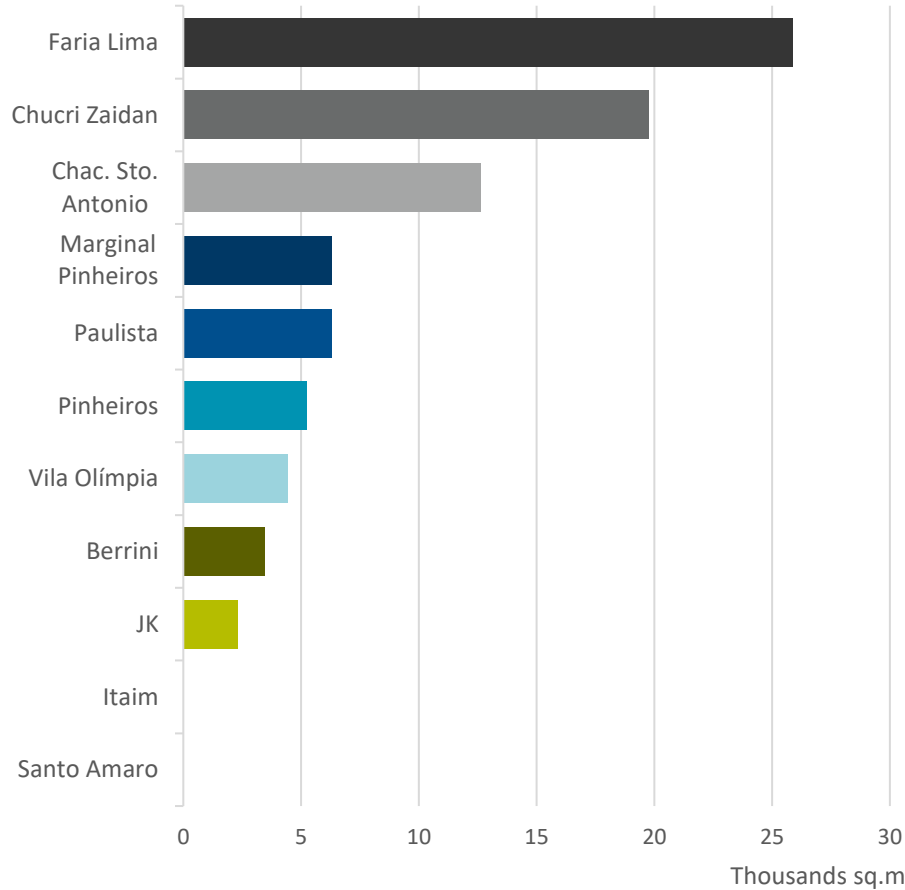


## REGIONS

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

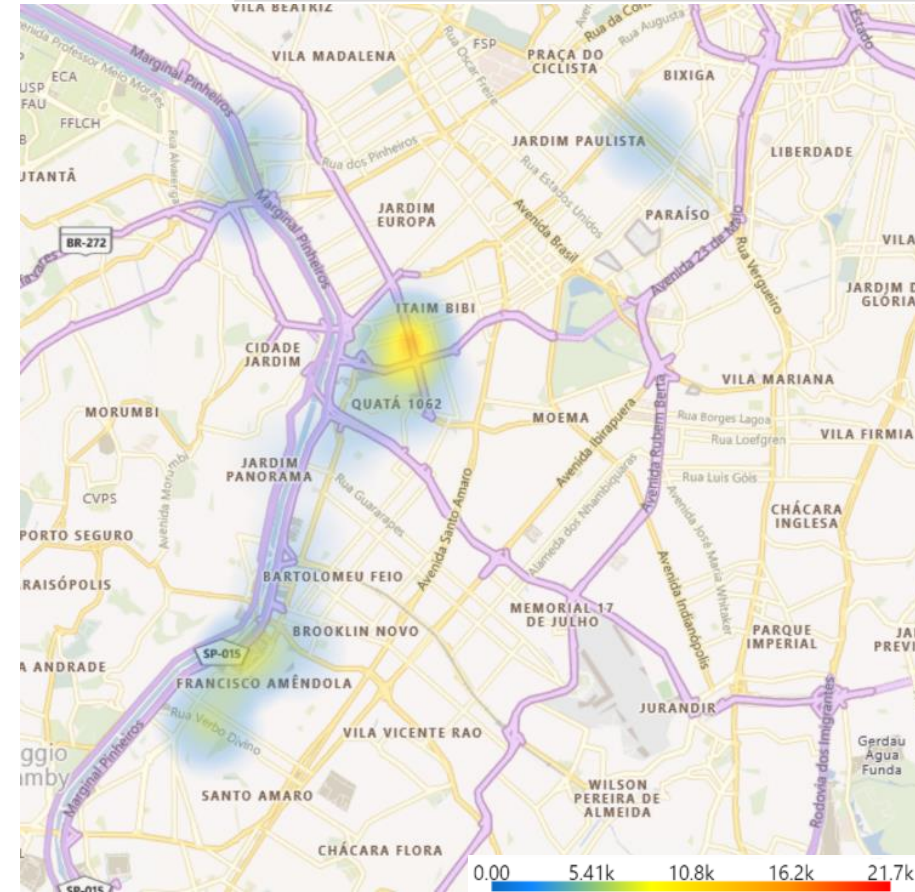
\*The vacancy rate is calculated and established by Cushman & Wakefield, which consider the effective occupancy, resulting in a vacancy of 24.3%. However, the commercial vacancy rate is considered by the leases in São Paulo CBD classe A, closing the first quarter at 19.2%.

## Leasing Activity – 2022Q1



The leases in São Paulo class A CBD region are listed in the graphic above. In the first quarter of 2022, *Faria Lima* stood out once again with a total of 25,882 sq.m of leased area, followed by *Chucri Zaidan*, with 19,782 sq.m. In third place was *Chácara Santo Antonio*, with 12,642 sq.m.

## Heat Map - 2022Q1



The heat map records total leased area for first quarter 2022 by region. With more than 25,000 sq.m of leased area, *Faria Lima* region showed the highest demand. Yet, *Chucri Zaidan* and *Chácara Santo Antonio* should also be highlighted due to the increases in leasing in buildings in those regions.

## Office Q1 2022

## 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	91,201	28.0%	-5,587	6,321	3,465	0	BRL	77.46	BRL	97.54
Chac. Sto. Antonio	18	239,120	63,272	26.5%	2,402	2,402	12,642	30,000	BRL	55.66	BRL	63.09
Chucrí Zaidan	29	837,895	286,931	34.2%	2,629	8,187	19,782	122,220	BRL	91.22	BRL	98.87
Faria Lima	30	577,587	97,449	16.9%	29,263	32,162	25,882	0	BRL	160.50	BRL	188.92
Itaim	4	71,927	2,654	3.7%	-1,893	0	0	0	BRL	73.73	BRL	191.40
JK	12	344,920	11,386	3.3%	1,660	2,294	2,294	0	BRL	131.32	BRL	170.56
Marginal Pinheiros	22	249,610	110,306	44.2%	0	0	6,282	14,777	BRL	60.62	BRL	81.69
Paulista	20	307,620	57,743	18.8%	3,064	3,064	6,280	59,626	BRL	85.80	BRL	122.13
Pinheiros	18	243,206	32,741	13.5%	10,125	11,202	5,225	11,647	BRL	84.36	BRL	113.63
Santo Amaro	8	114,455	75,885	66.3%	-5,079	0	0	0	BRL	43.82	BRL	45.67
Vila Olímpia	16	220,735	30,209	13.7%	1,955	4,342	4,439	8,400	BRL	76.08	BRL	112.61
<b>São Paulo CBD AA+</b>	<b>188</b>	<b>3,532,576</b>	<b>859,777</b>	<b>24.3%</b>	<b>38,538</b>	<b>69,974</b>	<b>86,291</b>	<b>246,670</b>	<b>BRL</b>	<b>83.33</b>	<b>BRL</b>	<b>103.43</b>

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)
Parque da Cidade Corporate - Torre B2	Chucrí Zaidan	Kavak	9,079
Pinheiros One	Marginal Pinheiros	Riachuelo	5,911
Birmann 32	Faria Lima	PwC - PricewaterhouseCoopers	4,099
Vila Olímpia Corporate - Torre A	Vila Olímpia	Red Ventures Brasil	1,884
Vera Cruz II	Faria Lima	Captalys Asset	1,800
Continental Square Faria Lima	Vila Olímpia	Grupo Santa Lolla	1,324
Praça Faria Lima	Faria Lima	Grupo Cosan-Raízen	1,142
Grand Station	Pinheiros	Amaro	1,077
Berrini 500	Berrini	MicroPort Brasil	808
Tower Bridge Corporate - Cenu IV	Berrini	Panalpina	733
WTorre JK - Torre D	JK	Lyon Capital Partners	634
Spazio Faria Lima	Faria Lima	Conti Capital	578
Spazio Faria Lima	Faria Lima	M Square Investimentos	578

\*Renewals not included in leasing statistics.

## LUIS FERNANDO DEAK

Head of Market Research & Business Intelligence  
South America

[Luis.Deak@sa.cushwake.com](mailto:Luis.Deak@sa.cushwake.com)

## RENATO PAGLARIN

Coordinator of Market Research & Business Intelligence  
South America

[Renato.Paglarin@cushwake.com](mailto:Renato.Paglarin@cushwake.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 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2022 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.

[cushmanwakefield.com](http://cushmanwakefield.com)