

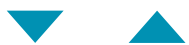


YoY Change 12-Mo. Forecast

19.0%
Vacancy Rate



-7,9K
YTD Net Absorption, sqm



\$19.00
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Change 12-Mo. Forecast

2,432K
Costa Rica Employment



13.1%
Costa Rica Unemployment



3,195M¹
Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q4 2021, Q1 2022 data currently not available

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

ECONOMY: Expectations of growth in the country's production tied to world economic and sociopolitical behavior

According to the Central Bank of Costa Rica (BCCR), the country will reach an economic growth trend of 3.4% and 3.9% during 2022 and 2023, respectively. However, this growth could vary due to the current world economic and sociopolitical situation: given the conflict in Ukraine, the upward inflationary trend in the world's main economies, as well as the evolution of the pandemic. During March, inflation in Costa Rica registered a YoY variation of 5.8%, a result above the 3% target range. Likewise, it is worth noting the entry of the new presidential mandate of a political party other than the one that has governed for the last 8 years, an aspect that could change certain economic and social policies that have recently directed the country.

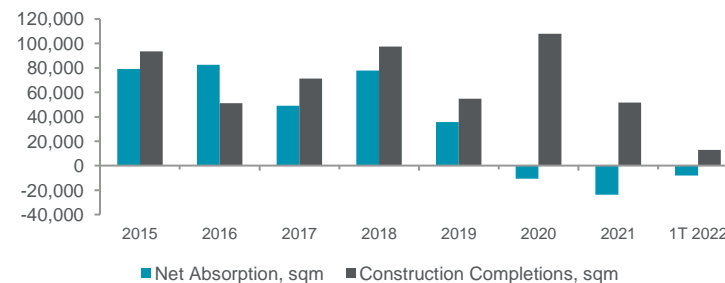
MARKET OVERVIEW: Stabilizing trend continues amid all-time-high vacancies in the office market

During Q1 2022, the real estate market has maintained the trend towards stabilization, as a result of greater economic dynamism and the progressive return of companies to physical offices. Despite the above, the market vacancy rate continues at all-time-high levels of 19.0%, a figure 58% higher than two years ago prior to the pandemic, as a result of low demand during the last 24 months and the delivery of a large amount of new inventory. This has led to a greater flexibility of the landlords in the negotiation processes, which has translated into more favorable commercial conditions for tenants, as well as a downward trend in closing prices. Likewise, it is worth highlighting the relevance that flexible and coworking spaces continue to have as part of the workplace strategy of companies.

OUTLOOK: Delivery of new inventory throughout the year will continue to push the vacancy rate upwards

During 2022, an increase in office inventory is expected, due to the delivery of new projects to the market in the upcoming months, most of which report low pre-lease levels. This could continue to push the vacancy rate upwards by several percentage points. Regarding the real estate cycle, it will continue to be a tenant's market, generating favorable commercial conditions for companies, both in negotiations for new spaces as well as in renegotiations of existing contracts. For its part, the physical return to offices is expected to continue, as companies keep working on their workplace strategy, moving towards a hybrid-work format that considers the physical office and remote working, including home and third places.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q1 2022



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AB Advisory

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	4,700	14.2%		500	500	500	-	\$14.00	\$17.50
Cartago	10	24,600	2,700	11.0%		-	-	-	-	\$16.30	\$18.50
Heredia	84	537,400	124,300	23.1%	(7,600)	(7,600)	6,500	58,900	\$19.40	\$20.30	
Downtown San José	137	496,300	82,100	16.5%	(1,000)	(1,000)	5,600	34,000	\$18.10	\$19.80	
East San José	88	332,300	66,000	19.9%	(300)	(300)	1,500	14,000	\$17.90	\$18.90	
West San José	114	537,500	93,200	17.3%	500	500	6,300	31,400	\$20.60	\$20.00	
Totals	445	1,961,100	373,000	19.0%	(7,900)	(7,900)	20,400	138,300	\$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)
Class A+	19	222,200	26,900	12.1%	200	200	1,900	-	N/A	\$23.50
Class A	91	747,200	141,800	19.0%	3,400	3,400	8,100	129,000	N/A	\$20.00
Class B	335	991,700	204,300	20.6%	(11,500)	(11,500)	10,400	9,300	N/A	\$16.10

KEY TRANSACTIONS 2022

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Ultrapark II – Building 9	Heredia	PTS Consulting Services	2,300	Lease
Ultrapark LAG – Building 2	Heredia	PTS Consulting Services	2,100	Lease
Leumi Business Center	Downtown San José	Bufete Arias Law	1,700	Lease
Epic Corporate Center	West San José	Maersk	1,500	Lease
Forum II – Building N	West San José	Infosys	1,000	Lease
Terra Campus	East San José	Confidential	700	Lease

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

KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
Eurocenter V	Heredia	-	6,000	DIURSA

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