



YoY Change 12-Mo. Forecast

19.1%
Vacancy Rate



20,2K
YTD Net Absorption, sqm



\$19.00
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

YoY Change 12-Mo. Forecast

2,438K
Costa Rica
Employment



11.7%
Costa Rica
Unemployment



3,302M¹
Foreign Direct
Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q1 2022, Q2 2022 data currently not available

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

ECONOMY: High inflation rates limit the country's economic growth projections

According to the Central Bank of Costa Rica (BCCR), during the second half of 2022, the country reported an economic growth of 5.7%, showing a 4.7% slowdown compared to the same period of 2021. This impact is evidence of the international economic uncertainty, which has caused a significant impact on the country's economic forecast. The inflation in Costa Rica, registered a YoY variation of 11.48%, affecting the purchasing power of the population and, therefore, the consumption levels. Related to the above, the BCCR increased the Monetary Policy Rate to 7.50%, in order to stabilize the inflation at target ranges. Also, unemployment stood at 11.7%, reflecting a decrease of 1.4 p.p. compared to Q1 2022.

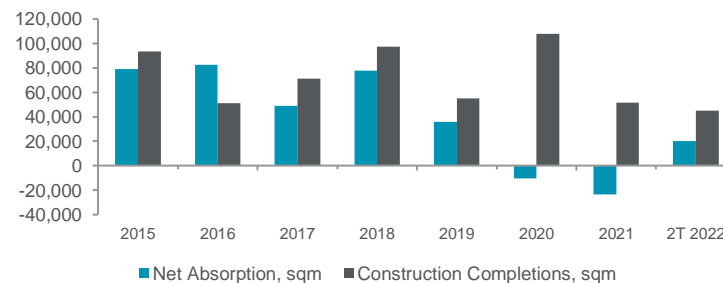
MARKET OVERVIEW: High vacancy persists due to the delivery of new supply and the persistent limited demand

During Q2 2022, the expansion of hybrid work continued as the preferred model for most companies, generating a moderate dynamism in the office market. The foregoing was also supported by the decrease in sanitary measures, defined by the entry of the new national government. It should be noted that positive quarterly figures of net absorption were achieved for the second time in the last ten quarters. However, the market continues to report all-time-high vacancy rates above 19%, resulting both from the delivery of new speculative inventory to the market, as well as from the persistent low demand. These conditions have been reflected in higher negotiation ranges of landlords in the contractual terms, who also seek to offer new amenities and differentiated services in their assets.

OUTLOOK: Vacancy rate expected to continue to rise due to new inventory delivery with low pre-lease levels

During the second semester of 2022, similar conditions to those observed during the first half of the year are expected to continue, towards a stabilization of the office market. Likewise, the delivery of around 65,000 sqm of class A inventory is expected in the submarkets of Heredia, West San José and East San José, which could generate an increase in the market's general vacancy, due to the low pre-lease levels reported by most projects under construction. Similarly, flexible and coworking spaces continue to be highly relevant in the market, as tenants seek to reduce their capital investments and maintain high flexibility for future expansion or reduction needs. Finally, within the country, the establishment and expansion of multinational companies continue to stand out, maintaining the country's position as one of the main destinations for Foreign Direct Investment (FDI).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q2 2022



**CUSHMAN &
WAKEFIELD**
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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	4,200	12.7%	-	500	500	-	\$13.40	\$17.50
Cartago	10	24,600	2,700	11.0%	-	-	-	-	\$16.50	\$18.50
Heredia	86	576,400	150,600	26.1%	8,000	400	11,400	19,800	\$19.40	\$20.20
Downtown San José	137	496,300	80,100	16.1%	3,800	2,800	11,800	34,000	\$17.70	\$19.20
East San José	89	334,700	67,000	20.0%	4,400	4,100	7,600	13,200	\$18.10	\$18.90
West San José	113	535,300	77,100	14.4%	11,900	12,400	22,900	14,500	\$20.60	\$20.00
Totals	447	2,000,300	381,700	19.1%	28,100	20,200	54,200	81,500	\$19.00	\$19.80

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+	18	216,000	19,600	9.1%	11,600	12,200	14,800	-	N/A	\$23.40
Class A	94	792,400	172,900	21.8%	20,400	11,200	24,300	79,800	N/A	\$19.80
Class B	335	991,900	189,200	19.1%	(3,900)	(3,200)	15,100	1,700	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
Ultrapark II	Heredia	Varios (Confidencial)	1,500	Lease
Forum II – Building N	West San José	Infosys	1,000	Lease
Terra Campus	East San José	Confidencial	700	Lease

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

KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
La Ribera Business Hub - Building A	Heredia	-	26,000	Inmobiliaria Alderabán
Cityzen Belén Oficinas - Stage 1	Heredia	-	13,100	Belén Center Group
Eurocenter V	Heredia	-	6,200	DIURSA

Daniel Alvarez, CCIM
Chief Executive Officer
daniel.alvarez@ab-latam.com

José Ignacio González
Market Research & Consulting
jose.gonzalez@ab-latam.com

Cushman & Wakefield | AB Advisory
Plaza Tempo, 4th Floor, Module B
Escazú, San José, Costa Rica
+506 4031-1040

www.ab-latam.com
www.cushwake.com

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