



YoY Change 12-Mo. Forecast

19.0%

Vacancy Rate



33,7K

YTD Net Absorption, sqm



\$18.80

Asking Rent, per sqm



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q3 2022**

YoY Change 12-Mo. Forecast

2,484K

Costa Rica
Employment



12.0%

Costa Rica
Unemployment



3,399M¹

Foreign Direct
Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q2 2022, Q3 2022 data currently not available

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

ECONOMY: Greater economic dynamism improves national growth projections amid global expectation

According to the Central Bank of Costa Rica (BCCR), an economic growth of 4.3% is projected for the 2S 2022, 0.6% higher than that projected in July of the present year. This economic perspective shows the continuous recovery that the main sectors of the country have reported, which have even registered double-digit growth rates due to the greater dynamism of the local economy. During Q3 2022, the Monthly Index of Economic Activity (IMAE) registered a year-on-year variation of 3.0%, lower by 0.2 p.p. compared to the previous quarter. Inflation maintained an interannual variation of 9.0%, mainly due to the prospects for the future evolution of external price indicators, as well as the measures adopted by the BCCR. Unemployment stood at 12.0%, accumulating four months without significant changes.

MARKET OVERVIEW: Prices continue to be under pressure due to high vacancy rates nationwide

During Q3 2022, net absorption kept a positive result for the second consecutive quarter, showing greater dynamism within the office market. Thus, the market vacancy rate continues to report historically high figures of 19.0%, as a result of the high amount of new inventory and demand figures that are still far from the historical averages reported by the country. It should be noted that those results has been directly reflected in a progressive decrease in the average listing prices, which have decreased by \$0.20/sqm compared to the beginning of the year. Due to this situation, landlords continue to adapt flexibilization strategies when agreeing on their commercial terms. In turn, the demand for workspaces continues to focus on the trend of flexible, second-generation workspaces or those that involve a low level of investment by tenant companies.

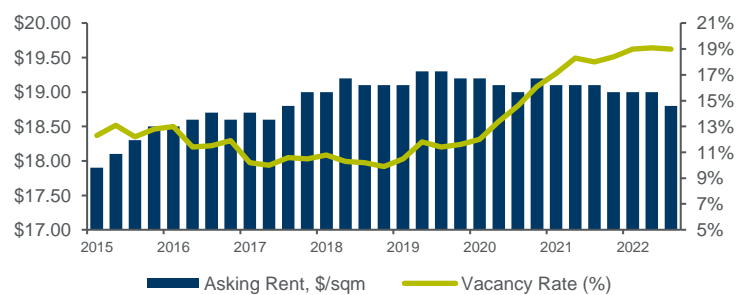
OUTLOOK: Low prelease levels continue to affect new office inventory

During 2023, the country's vacancy rate is projected to continue increasing and the downward pressure on closing prices will continue, due to the more than 70,000 sqm of office inventory under construction, which share low prelease levels. Despite the foregoing, Costa Rica maintains solid long-term perspectives, since the country is projected to continue focusing on attracting and establishing new companies for the development of high-value-added operations. Likewise, it is expected that the landlords will continue to maintain a business model focused on greater differentiation and flexibility of their spaces and their commercial conditions. For its part, the hybrid work model is expected to remain the preferred labor trend in the future.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q3 2022



**CUSHMAN &
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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	1,000	1,000	-	\$13.40	\$17.50
Cartago	10	24,600	2,700	11.0%	(1,500)	(1,500)	200	-	\$16.20	\$18.50
Heredia	86	576,400	128,900	22.4%	12,300	4,300	29,500	19,800	\$19.40	\$20.20
Downtown San José	137	471,600	82,500	17.5%	3,800	5,700	18,400	34,000	\$17.40	\$18.80
East San José	88	332,300	62,400	18.8%	(800)	(2,000)	4,800	13,200	\$17.90	\$18.80
West San José	116	556,400	97,300	17.5%	13,500	26,200	39,100	14,500	\$20.40	\$19.90
Total	449	1,994,300	378,000	19.0%	27,800	33,700	93,000	81,500	\$18.80	\$19.70

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	20,800	9.6%	9,900	22,700	31,100	-	N/A	\$23.50
Class A	96	781,900	158,900	20.3%	29,400	28,000	42,700	79,800	N/A	\$19.70
Class B	335	996,400	198,300	19.9%	(11,500)	(17,000)	19,200	1,700	N/A	\$16.00

KEY TRANSACTIONS 2022

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Zona Franca América – Building F31	Heredia	Kyndryl	5,800	Lease
Zona Franca América - Building C8	Heredia	Auxis	3,800	Lease
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

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
Centro 27 Escazú	San José Oeste	Desyfin, Prival, Proycon, GTU	6,800	GTU Desarrollos
Eurocenter V	Heredia	-	6,200	DIURSA

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

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