

YOY
Chg

12-Mo
Forecast

0.4%
GDP Q32022 (QOQ)



8.7%
Unemployment Rate
(Q32022)



5.90%
IPCA (12 months)



12.99%
Brazil 10-Year Bond Yield



Source: LCA

YOY
Chg

12-Mo
Forecast

7.50%

Average Cap Rate



992.2M

Total Volume (BRL)



18

Total Properties Sold



178.0K

Area (sq.m)



(all classes)

ECONOMY SCENARIO

In the sphere of commerce, data from the Monthly Survey of Commerce (PMC) for October 2022 show a decrease of 0.4% in relation to the previous month in the volume of retail sales in the seasonally adjusted series. The Consumer Confidence Index (ICC) dropped 0.4 points in October, 3.3 points in November, and ended the quarter with growth of 2.7 points, impacted by increased confidence, especially among lower-income consumers. Even though the year ended on a positive note, wiping away the losses accumulated over the last two years, there is still a long way to go to bring confidence above the neutral level and stimulate consumption. Regarding the unemployment rate, the last National Continuous Household Sample Survey (PNAD) recorded for the moving quarter ended in October 2022 a rate of 8.3%, a decrease of 0.8 p.p. compared to the previous quarter and 3.8 p.p. in the annual comparison. Regarding inflation, after monthly variation of 0.59% in October, the IPCA(CPI) ended November with an increase of 0.41%. This result was mainly impacted by the Transport (0.17 p.p.) and Food and beverage (0.12 p.p.) groups. In the last 12 months, the index accumulates an increase of 5.90%, and in the year of 5.13%. The National Construction Cost Index - M (INCC - M) increased by 0.27% in December and closed the year up by 9.40%. With regard to uncertainty, issues related to the conduct of economic policy in the coming year and the country's fiscal situation explain the advance of 0.6 points in the IIE-Br (Economic Uncertainty Indicator) in December. The scenario of reduced inflationary pressure, associated with optimism in the labor market and improvement in the business environment, contributed to a drop of 4.2 in the IIE-Br (Indicator of Economic Uncertainty) in August. Finally, Brazilian GDP increased by 0.4% in the third quarter in the seasonally adjusted series. Shipping to the same period of 2021, GDP grew by 3.6%. In the quarterly comparison, from the perspective of production, Services had the highest growth with 1.1%, followed by Industry with 0.8%, while Agriculture and Livestock decreased by 0.9%. From the perspective of demand, Government Consumption, Household Consumption and Investments increased by 1.3%, 1.0% and 2.8%, respectively.

MARKET OVERVIEW

In this fourth quarter of 2022, 18 transactions were recorded, compared to 20 registered in the third quarter. The financial volume amounted to BRL 992,247,287.70, and the total sq.m transacted was 177,958.70 sq.m. Compared to the previous quarter, the financial volume transacted was twice as low, and compared to the same period of the previous year, in which 28 transactions were registered, the financial volume was five times lower. As for the average cap rate of office, industrial and retail operations, there was a decrease of 1.68 p.p. compared to the previous quarter, reaching 7.50% p.a. The result was particularly impacted by the office and retail markets, which pushed the quarter's average down.

MARKET STATISTICS

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE/SQ.M	CAP RATE
Industrial	6	312,717,142.26	88,599.89	3,529.54	9.71%
Office	5	351,649,750.00	14,738.53	23,859.22	6.50%
Retail	7	327,880,395.44	74,620.28	4,393.98	6.31%
Total	18	992,247,287.70	177,958.70	5,575.72	7,50%

Office

During this quarter, five transactions in the office market were booked. Four assets were traded in São Paulo, and one in Rio de Janeiro, totaling 14,738.53 sq.m. The summed financial volume was BRL 351,649,750.00. The average transaction cap rate dropped by 7.25 p.p in relation to the previous quarter, in which 7 transactions were recorded. The result of this fourth quarter was mainly impacted by the transaction of the Complexo JK - Block B (SP) building, with an estimated cap of 5.10% p.a.

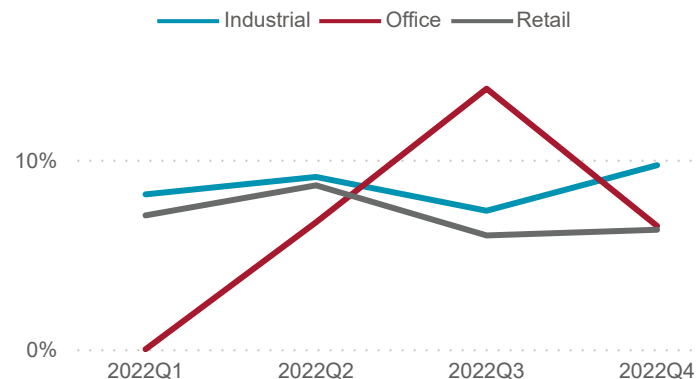
Industrial

The Industrial market had six transactions this quarter, involving assets in Minas Gerais, São Paulo, Pernambuco, Paraíba and Amazonas, totaling 88,599.89 sq.m transacted and a financial volume equivalent to BRL 312,717,142.26. The average cap rate was 9.71% p.a. mainly influenced by the transaction of the HSI Bemol Manaus project, in Manaus, with an estimated cap of 10.00% p.a.

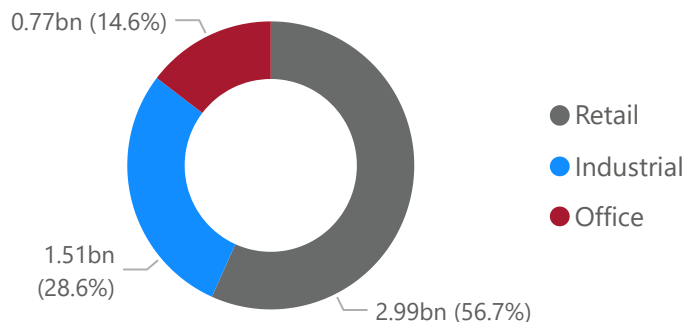
Retail

The retail segment had seven transactions in the fourth quarter, totaling 74,620.28 sq.m. The assets are in São Paulo, Paraná, Minas Gerais, Pernambuco and Bahia. The total financial volume was BRL 327,880,395.44. Thus, the average retail cap rate was 6.31% p.a., an increase of 0.30 p.p. compared to the last quarter. The transaction with an impact on the average referred to the sale of the asset leased to the Casas Pernambucanas store located in the city of Afenas (MG) by the CSHG Renda Urbana - FII fund, with a cap rate of 6% p.a.

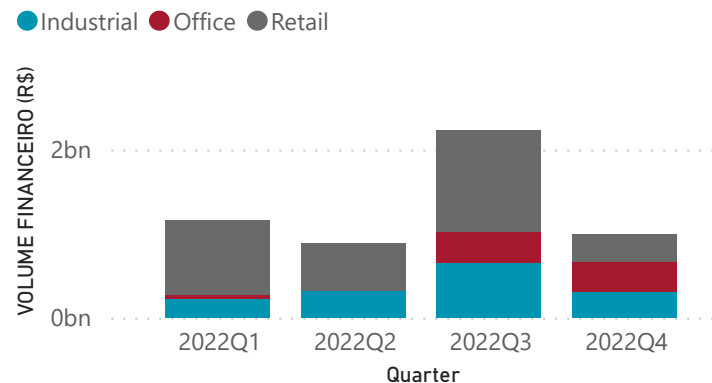
CAP RATE TRENDS BY SECTOR



2022 YTD CAPITAL VOLUME BY PROPERTY TYPE



CAPITAL VOLUME (BRL) BY PROPERTY TYPE



MAIN TRANSACTIONS

In the Office market, the highlight goes to the disposal of Tower B of Complexo JK by FII VBI Prime Properties (PVBI11), which owned 20% of the property located on Avenida Presidente Juscelino Kubitschek, in São Paulo. The venture was sold for BRL 237,076,200, totaling 6,114 sq.m transacted. In the logistics sector, HSI Logística Fundo de Investimento Imobiliário completed the purchase of a logistics asset located in Manaus (AM), which will be fully occupied by Bemol S.A. The venture includes the logistics property and a store with 45,970 sq.m already occupied and GLA of 20,230 sq.m to be developed and later occupied, also by Bemol in built-to-suit modality. The value of the transaction was BRL 135,086,697.72. In the retail segment, the transaction of two properties of the Mateus Group (GMAT3) located in the cities of Juazeiro/BA and Petrolina/PE is highlighted. TRX Real Estate Fundo de Investimentos Imobiliário (TRXF11) acquired the assets under the sale and leaseback modality for BRL 122,299,641.44.

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
Complexo JK - Bloco B	Office		FII VBI PRIME PROPERTIES	6,112.89	237,076,200.00	38,783.00	JK
HSI Bemol Manaus	Industrial	HSI Logística FII		45,970.00	120,000,000.00	2,610.40	Manaus
Mateus Supermercados	Retail	TRX Real Estate Fundo de Investimentos Imobiliário	-	0.00	122,299,641.44	0.00	

PROJECTIONS AND TRENDS

For 2023, the expectation is that the pace of economic activity will slow down as the restrictive effects of monetary policy become clearer. Allied to this is the slowdown of the global economy and the tightening of monetary conditions in advanced countries that increase the sensitivity of assets to fiscal issues and the risk of repricing in the markets. Regarding inflation, the scenario remains challenging for next year, mainly due to uncertainties associated with the country's fiscal framework and the re-encumbrance of fuel taxes. In this fourth quarter, the real estate market performed well, with greater movements in the Industrial and Retail sectors. The office market, although advancing more slowly, shows resilience to the home office model. For the next year, the expectation is that the logistics and retail sectors will remain heated, and that the office market will show moderate expansion. With regard to real estate investment funds, it is expected that the paper segment will continue to benefit from the scenario of inflationary pressure in the short and medium term, and that brick funds will appreciate in the long term.

YOY
Chg

2.00%

Average 3 months DY (2022Q4) ▲

8.51%

Average 12 months DY (2022Q4) ▲

0.77

MC/Net Worth ▼

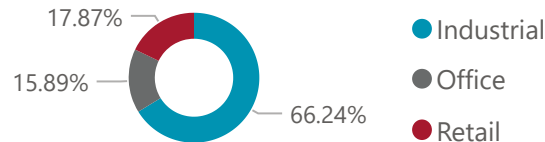
-2.72%

Average profitability (2022Q4) ▲

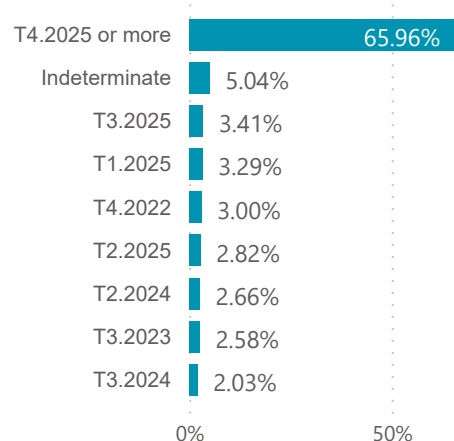
REAL ESTATE FUNDS

According to data from B3, the Brazilian real estate investment trust market included, in October, 446 listed REITs and approximately 1.97 million investors. The accumulated variation of the IFIX index in the fourth quarter of 2022 was -4.13%. In October, the index had a positive variation of 0.02% MOM, followed by -4.15% MOM in November, and by -0.003% MOM in December. During the year, the REITs, especially the brick ones, were penalized by the widening of the yield curve, which put pressure on prices. In this last quarter, the scenario of uncertainty regarding the next government, the country's fiscal situation and the likely continuation of restrictive monetary conditions catalyzed this effect, with REITs trading at discounted levels in relation to their equity values. The year's highlight goes to paper REITs which, in addition to offering greater liquidity and lower volatility than brick REITs, are a hedging tool against the increase in the general price level and the rise in interest rates. Therefore, given this macroeconomic scenario, paper REITs delivered greater gains in the year. Regarding the indexation of the REITs contracts that are monitored, according to data referring to the third quarter of 2022, the IPCA is the most relevant index, being used as a reference in 49.81% of the contracts, followed by the IGP-M, used in 36.25%. Compared to the second quarter, there was a drop of 5.67% in the number of contracts indexed to the IGP-M, against a growth of 3.39% in contracts indexed to the IPCA.

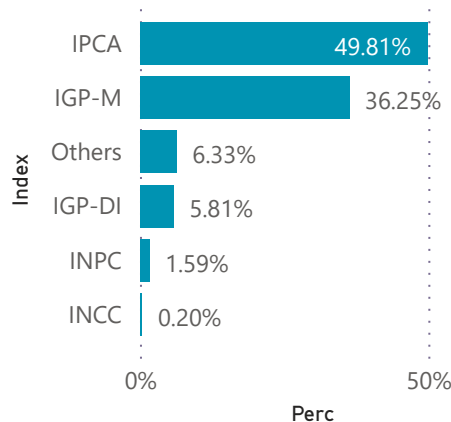
Portfolio Area by sector (sq. m)



Lease contracts by renewal date



Revenue from rent by indexes



Note: 258 REITs were considered in this report

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