



YoY Change 12-Mo. Forecast

19.4%
Vacancy Rate



54,9K
YTD Net Absorption, sqm



\$18.70
Asking Rent, per sqm



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q4 2022**

YoY Change 12-Mo. Forecast

2,460K
Costa Rica
Employment



11.7%
Costa Rica
Unemployment



2,875M¹
Foreign Direct
Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q3 2022, Q4 2022 data currently not available

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

ECONOMY: Solid performance of companies under special regime generated over 20,000 jobs during 2022

According to the Central Bank of Costa Rica (BCCR), the Costa Rican economy reported an average GDP growth of 4.70% during 2022. However, even though the country has managed to maintain a relatively high growth rate, it has moderated its pace and registers a high degree of heterogeneity among economic sectors. The main sectors that have maintained solid economic dynamism are those under the special regime (16.50%) such as the life sciences, professional services and IT development sectors, which maintained significant growth during 2022. According to CINDE, Costa Rican investment attraction agency, during 2022 the country attracted 40 new investment projects that generated over 22,000 new jobs, which in turn continued to strengthen the decline in the country's unemployment levels.

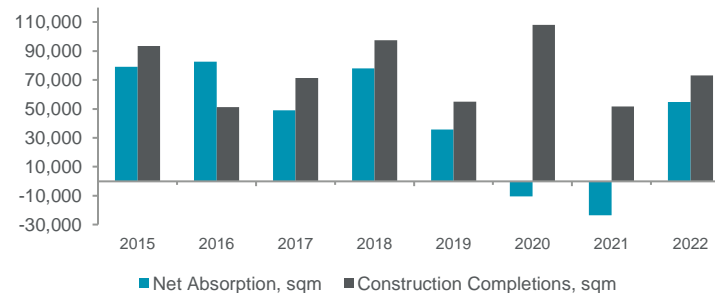
MARKET OVERVIEW: Market continues its path to stabilization amid structural transformations

During 2022, the office real estate market maintained its stabilization process, as a result of the economic dynamism and the progressive return of companies to their physical offices. The hybrid model, mostly with 2 or 3 in-office days, has positioned as the selected workplace strategy of most companies. However, the market vacancy rate continues to report all-time-high levels above 19%, despite the positive net absorption of over 50,000 sqm reported in the market. Said high vacancy rate has reflected in a downward pressure in the rent prices, resulting from wide negotiation willingness from landlords. Likewise, multiple companies with large footage have chosen to sublease part of their facilities. For its part, various companies have opted for flexible and coworking spaces as their selected workplace strategy, due to the qualitative benefits offered.

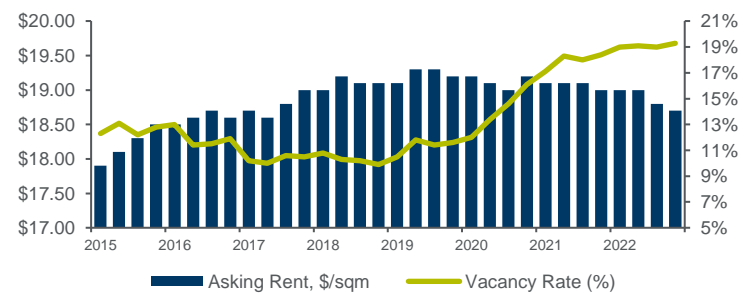
OUTLOOK: Hybrid continues as preferred model, looking for high productivity and space usage optimization

During 2023, the vacancy rate is expected to continue experiencing an upward pressure, as a result of the entry of new speculative inventory and their low pre-lease levels reported. In turn, this will maintain the downward trend on closing prices. The lease terms will continue to focus on flexible options that allow low capital investment and high flexibility, in terms of space expansion or reduction. At the workplace strategy level, the general trend will continue to be towards a hybrid work model, where each company continues to define and prove its ideal relationship between in-office and remote work, focusing on optimizing their facilities usage, keeping high productivity levels and increasing their employees' engagement levels.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q4 2022



**CUSHMAN &
WAKEFIELD**
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	4,200	12.7%	-	1,000	1,000	-	\$15.50	\$18.00
Cartago	10	24,600	2,600	10.6%	-	(1,500)	200	-	\$16.00	\$19.00
Heredia	86	578,200	115,100	19.9%	10,900	15,200	20,300	19,800	\$18.40	\$20.20
Downtown San Jose	139	485,400	98,000	20.2%	(2,000)	3,700	14,300	34,000	\$17.40	\$21.00
East San Jose	89	343,900	74,300	21.6%	3,500	1,600	4,400	1,600	\$17.80	\$19.70
West San Jose	115	551,900	97,300	17.6%	7,300	34,900	46,200	34,700	\$19.00	\$20.00
Total	451	2,017,000	391,500	19.4%	19,700	54,900	86,400	90,100	\$18.50	\$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	OVERALL AVG ASKING RENT
Class A+	18	216,000	20,900	9.7%	4,600	27,300	35,200	-	N/A	\$24.00
Class A	96	792,400	158,200	20.0%	(1,400)	26,600	29,100	88,500	N/A	\$19.70
Class B	337	1,008,600	212,400	21.1%	16,500	1,000	22,100	1,600	N/A	\$16.00

KEY TRANSACTIONS 2022

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Odessa Building	West San Jose	Universae	7,500	Lease
America Free Zone – Building F31	Heredia	Kyndryl	5,800	Lease
America Free Zone - 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 Jose	Bufete Arias Law	1,700	Lease
Epic Corporate Center	West San Jose	Maersk	1,500	Lease
Ultrapark II	Heredia	Varios (Confidencial)	1,500	Lease
Forum II – Building N	West San Jose	Infosys	1,000	Lease
Terra Campus	East San Jose	Confidencial	700	Lease

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

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KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SQM	OWNER / DEVELOPER
La Ribera Business Hub - Building A	Heredia	-	26,000	Inmobiliaria Alderabán
Cityzen Belen Offices - Stage 1	Heredia	-	13,100	Belén Center Group
Aleste - Stage I - Offices	East San José	-	11,600	Portafolio Inmobiliario
Centro 27 Escazú	West San José	Desyfin, Prival, Proycon, GTU	6,800	GTU Desarrollos
Eurocenter V	Heredia	-	6,200	DIURSA