



YoY Change 12-Mo. Forecast

19.50%
Vacancy Rate



-14,5K
YTD Net Absorption, sqm



\$18.70
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

YoY Change 12-Mo. Forecast

2,260K
Costa Rica Employment



8.10%
Costa Rica Unemployment



3,369M¹
Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q2 2023, Q3 2023 data currently not available

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

ECONOMY: Country's economic activity maintains strong dynamism due to high domestic and external demand

According to the Central Bank of Costa Rica (BCCR), a trend of economic growth is projected for 2023 and 2024, at 5.0% and 4.3%, respectively. This outcome is attributed to increased internal and external demand in the country, primarily driven by positive results in the manufacturing, tourism, and service sectors, as well as increased dynamism in investment and consumption. The Monthly Economic Activity Index (IMAE) recorded a year-on-year increase of 6.6%, exceeding the previous year by 3.5 percentage points. Additionally, a general deflation of -2.2% was maintained, influenced by restrictive monetary policies, local currency appreciation, and overall price behavior. The unemployment rate stood at 8.1%, showing a slight downward trend.

MARKET OVERVIEW: Market shows signs of stability amid persistent high vacancy

During Q3 2022, the trend of negative net absorption continues to affect the office market; however, this impact is reported mainly in lower class properties. The vacancy rate continues to register historically high figures at 19.5%. This vacancy has been reflected in the average market listing price, which has remained stable at \$18.70 per square meter throughout 2023, showcasing the prevailing willingness of landlords to negotiate. Additionally, the market trend continues to focus on various companies subleasing or returning vacant spaces, as well as landlords converting large vacant spaces into flexible or multitenant spaces to attract tenants with smaller space requirements.

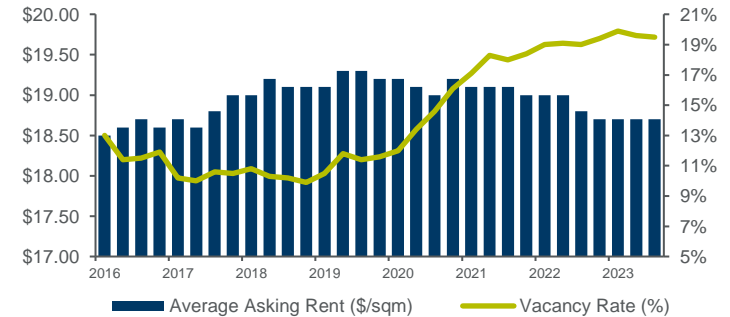
OUTLOOK: Users will continue to look for flexible terms and comprehensive services from landlords

Due to the inflow of new speculative inventory and low pre-lease levels, upward pressure on the vacancy rate is expected during the last quarter of 2023. The office market will continue to experience downward pressure on closing prices due to this backdrop. Leasing conditions will continue to focus on flexible options that minimize capital expenditures and provide future flexibility when expanding or reducing space. On the other hand, it is important to mention the importance for landlords to provide a comprehensive service to their tenants and to continuously measure the utilization of their physical offices, in order to understand the strategies of each company and define joint actions that promote collaboration, innovation and space optimization.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q3 2023



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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	4,500	13.6%	800	(100)	900	6,100	\$13.80	\$23.40
Cartago	13	27,100	4,900	18.1%	(400)	(1,400)	-	9,000	\$16.90	\$20.40
Heredia	90	595,300	112,200	18.8%	15,000	23,800	39,100	-	\$19.10	\$19.80
Downtown San Jose	140	494,400	95,300	19.3%	(6,000)	(22,100)	9,600	43,800	\$17.60	\$19.90
East San Jose	90	347,800	87,500	25.2%	(15,300)	(15,600)	10,800	-	\$17.80	\$18.50
West San Jose	119	553,700	95,100	17.2%	100	900	9,700	32,300	\$20.00	\$19.80
Total	464	2,051,300	399,500	19.5%	(5,800)	(14,500)	70,100	91,200	\$18.70	\$19.60

MARKET STATISTICS (BY CLASS)

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)
Class A+	24	229,900	35,600	15.5%	(8,200)	(7,600)	6,800	-	N/A	\$22.30
Class A	96	795,800	141,100	17.7%	16,800	16,000	44,000	91,200	N/A	\$19.70
Class B	344	1,025,600	222,800	21.7%	(14,400)	(22,900)	19,300	-	N/A	\$15.90

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

KEY TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Cityzen Belen	Heredia	JLL	2,000	Lease
El Cafetal Corporate Center	Heredia	Active Campaign	1,900	Lease
El Cafetal Corporate Center	Heredia	Neodent	1,600	Lease
Cityzen Belen	Heredia	Brenntag	1,400	Lease
Sabanilla Corporativo	East San Jose	Istmo Center	1,200	Lease
Ultrapark I	Heredia	Globant	1,000	Lease
Ultrapark II	Heredia	Sysco	1,000	Lease

KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAIN TENANTS	SQM	DEVELOPER
Atmos Campus de Negocios - Offices I	Heredia		19,800	Grupo Leumi Desarrollos
Flex Center - Stage 1 - Offices	West San Jose	-	2,000	HBQ Desarrollos
Oficentro Magose	East San Jose		1,600	Magose M.G.S

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