

5.60%
Vacancy Rate



44,4K
Net Absorption, sqm



\$7.30
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

2,346K

Costa Rica
Employment



11.8%

Costa Rica
Unemployment



3,045M¹

Foreign Direct
Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q4 2022, Q1 2023 data currently not available

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

ECONOMY: Companies related to Foreign Direct Investment lead the country's productivity and economic development

According to the Central Bank of Costa Rica (BCCR), the economy is projected to maintain a growth rate of 2.7% and 3.5% in 2023 and 2024, respectively. Additionally, the Monthly Index of Economic Activity (IMAE) recorded a YoY increase of 4.2%, driven by the productivity growth of companies located under special regimes (22.9%). On the other hand, it is expected that inflation will return to levels close to the target, providing higher stability to the local economic. Furthermore, it is worth noting the positive impact of attracting Foreign Direct Investment (FDI) to the national territory, which in 2022 resulted in 101 new projects and over 22,000 jobs generated. This attraction has been crucial for the country's productive development, reaffirming Costa Rica's position as a long-term investment destination for high added value operations of a wide variety of companies.

MARKET OVERVIEW: Vacancy rate decreases due to strong demand for industrial and logistics spaces

During Q1 2023, the country's industrial and logistics market continued to show a dynamic performance, driven both by foreign direct investment-related companies under the free trade zone regime and local and regional companies under the definitive regime. In terms of demand, the country reported net and gross absorption figures of 44,000 sqm and 67,000 sqm, respectively. These absorption levels represent the second highest figures in the past seven years, maintaining the high transactional activity that the country has experienced in recent periods. New built-to-suit (BTS) developments for sectors such as life sciences, as well as high pre-lease levels achieved by speculative projects for logistics and warehousing operations, have exerted downward pressure on the country's vacancy rate, reaching a new low of 5.6% in over 48 months.

OUTLOOK: Projects under construction report high pre-lease levels due both to BTS and speculative demand

For the remainder of 2023, the country is expected to continue reporting high levels of net and gross absorption as over 128,000 sqm of new inventory, currently under construction and with high pre-lease levels, are delivered to the market. Similarly, the country's strong positioning in attracting high-value-added operations from multinational companies in sectors such as life sciences is expected to result in several historic real estate transactions, both within and outside the Greater Metropolitan Area (GAM). These operations are anticipated to serve as successful cases related to the nearshoring trend, triggering productive linkages with various companies and generating thousands of high-quality jobs in nearby areas.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS (BY SUBMARKET)

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Alajuela	264	1,765,100	89,200	5.1%	18,400	18,400	65,800	\$7.20	\$6.90	\$7.10
Cartago	167	774,500	36,100	4.7%	2,100	4,500	34,000	\$6.80	\$6.90	\$5.50
Heredia	288	1,266,200	38,900	3.1%	3,500	5,200	4,600	\$7.00	\$7.60	\$7.20
Downtown San José	299	1,143,600	88,400	7.7%	(8,200)	8,600	2,900	\$6.90	\$7.00	\$6.90
East San José	200	708,700	46,800	6.6%	20,100	21,400	15,600	\$6.80	N/A	\$6.80
West San José	133	645,700	55,900	8.7%	8,500	9,800	6,000	\$6.70	\$9.10	\$6.90
Totals	1,351	6,303,800	355,300	5.6%	44,400	67,900	128,900	\$7.40	\$8.40	\$7.10

MARKET STATISTICS (BY CLASS)

HT = High Tech/Flex OS = Office Service/Flex W/D = Warehouse/Distribution

CLASS	TOTAL BUILDINGS	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SQM)	YTD LEASING ACTIVITY (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (HT)	OVERALL AVG ASKING RENT (OS)	OVERALL AVG ASKING RENT (W/D)
Class A	277	2,543,700	81,700	3.2%	38,900	42,000	125,600	\$8.70	\$8.30	\$7.80
Class B	813	3,279,100	202,100	6.2%	3,100	22,200	3,300	\$6.90	\$8.00	\$6.80
Class C	261	481,000	71,500	14.9%	2,400	3,800	-	\$4.40	N/A	\$5.40

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

KEY TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Coyol Free Zone	Alajuela	Establishment Labs	8,000	Lease
LatAm Parque Logístico SJ Verbena	Downtown San José	Confidential	8,000	Lease
LatAm Parque Logístico SJ Verbena	Downtown San José	La Guacamaya	4,800	Lease
Coyol Free Zone	Alajuela	Riverpoint Medical	4,200	Lease
Parque Empresarial Lindora	West San José	Yobel Logistics	3,000	Lease
Multiplex Coyol	Alajuela	Grupo Vargas	2,400	Lease
Bodegas Ultra Pavas	Downtown San José	Ópticas Jiménez	2,000	Lease

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KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAIN TENANTS	SQM	DEVELOPER
Flex Center – Phase 1	West San José	-	17,100	HBQ Desarrollos
LatAm Parque Logístico Verbena B500	Downtown San José	Grupo Farmanova Intermed	11,300	LatAM Logistic Prop.
Coyol Free Zone – Lot 23	Alajuela	Establishment Labs	8,000	Coyol Free Zone