



YoY Change 12-Mo. Forecast

19.9%
Vacancy Rate



-9,9K
YTD Net Absorption, sqm



\$18.70
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

YoY Change 12-Mo. Forecast

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.

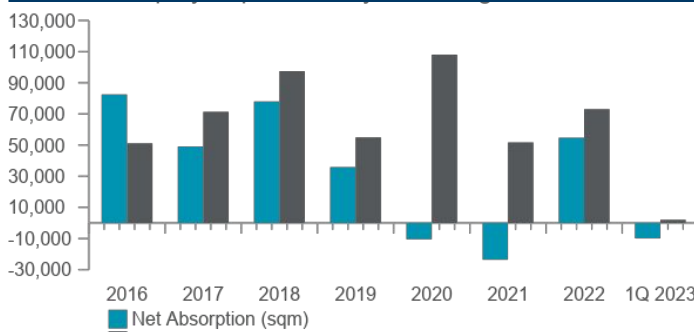
MARKET OVERVIEW: Hybrid work continues to strengthen as the preferred model for companies

During Q1 2023, the office market continued its stabilization process as a result of the gradual return of the business sector to physical offices. This return is mostly taking place under a hybrid model with 2 or 3 days of in-person work. Despite this, the market vacancy rate continues to be historically high, exceeding 19%, due to the delivery of speculative inventory to the market and the reduction of spaces by multiple companies as part of their workspace reevaluation. Various companies have opted to sublease part of their offices due to the complexity of returning spaces according to the contractual terms in their agreements. All these factors have increased the downward pressure on the prices and the flexibilization of commercial conditions offered by landlords and developers.

OUTLOOK: Low pre-lease levels will continue to exert upward pressure on the office market vacancy rate

Throughout 2023, the upward trend in the vacancy rate is expected to continue, driven by the entry of new inventory with low pre-lease levels and the reconfiguration of spaces by various companies. In terms of lease negotiations, the focus will remain in favor of the tenants, generating more favorable contractual conditions for both new space negotiations and the renegotiation of existing contracts. Likewise, there will be a sustained demand for spaces that require low capital investments by companies. Furthermore, the physical return to offices under the hybrid work format is expected to continue, aiming to enhance employee productivity and integration into the corporate culture.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





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%	-	-	-	-	\$15.00	\$18.00
Cartago	10	24,600	4,200	17.1%	-	-	-	-	\$16.00	\$19.00
Heredia	86	578,900	110,500	19.1%	6,100	6,100	8,700	19,800	\$18.40	\$20.00
Downtown San Jose	139	488,800	102,400	20.9%	(13,200)	(13,200)	3,000	34,000	\$17.50	\$19.80
East San Jose	89	346,200	83,300	24.1%	(1,000)	(1,000)	2,300	1,600	\$17.80	\$19.70
West San Jose	116	553,200	99,300	18.0%	(1,800)	(1,800)	4,900	20,200	\$19.50	\$19.80
Total	452	2,024,700	403,900	19.9%	(9,900)	(9,900)	18,900	75,600	\$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+	19	229,900	41,200	17.9%	1,400	1,400	1,400	-	N/A	\$22.60
Class A	95	776,300	141,500	18.2%	(600)	(600)	10,000	74,000	N/A	\$19.60
Class B	338	1,018,500	221,200	21.7%	(10,700)	(10,700)	7,500	1,600	N/A	\$16.00

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

KEY TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Cityzen Belen Offices - Stage 1	Heredia	JLL	2,000	Lease
Ultrapark I	Heredia	Globant	1,000	Lease
Cityzen Belen Offices - Stage 1	Heredia	Ricoh	700	Lease
America Free Zone	Heredia	Spectraforce	600	Lease
America Free Zone	Heredia	Huntsman	400	Lease

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KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAIN TENANTS	SQM	DEVELOPER
Flex Center - Stage 1 - Offices	West San José	-	2,000	HBQ Desarrollos