

YoY Change 12-Mo. Forecast

4.90%
Vacancy Rate



142,3K
Net Absorption, sqm



\$7.40
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2023

YoY Change 12-Mo. Forecast

2,350K
Costa Rica Employment



9.60%
Costa Rica Unemployment



2,957M¹
Foreign Direct Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q1 2023, Q2 2023 data currently not available

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

ECONOMY: Companies under the free trade zone regime drive strong figures in goods and services exports

According to the Central Bank of Costa Rica (BCCR), production levels measured by the Monthly Index of Economic Activity (IMAE) recorded an average increase of 5.0% during Q2 2023. During the first half of the year, the country reported a record US\$9,061 million in exports, representing a YOY growth of 24%. This increase was driven by both goods exports, such as medical, pharmaceutical, plastic, agricultural, and food products, and services exports, including digital technologies and business services. On the other hand, the definitive regime experienced an average increase of 2.2%, showing varied performance across industries. Additionally, it is worth noting the new country strategy to position the Foreign Trade Promotion Agency (PROCOMER) as the entity responsible for attracting foreign investment to the country, which is expected to continue boosting Foreign Direct Investment (FDI) both within and outside the Greater Metropolitan Area (GMA).

MARKET OVERVIEW: Market dynamism drives high demand figures and low vacancy rate

During Q2 2023, the country's industrial and logistics market maintained its dynamism and strong growth, especially in the submarkets of Cartago and Alajuela for industrial activities, as well as Downtown San José for logistics operations. In terms of demand, the country continued to report a high transactional level, generating record net and gross absorption figures for the period, reaching 142,300 sqm and 181,300 sqm, respectively. This demand for spaces continues to be driven by companies under the free trade zone regime for manufacturing operations, as well as local and regional logistic operations. Their remarkable performance, the search for strategic locations close to suppliers and customers, as well as for infrastructure that allows high levels of operational efficiency, are the key factors that continue to drive sustained demand.

OUTLOOK: Nearshoring trend generates record real estate requirements, both within and outside the GMA

Throughout the second half of 2023, it is expected that the country will continue to report high absorption levels, as around 100,000 sqm of inventory under construction are delivered to the market. These properties show high prelease levels, both for manufacturing and logistics operations. The nearshoring trend remains a reality in the country, leading to various real estate requirements for sophisticated operations, both within and outside the GAM, which will create hundreds of new qualified jobs and knowledge transfer. The recent reforms to the free trade zone law will further strengthen the country's attractiveness for high-value-added operations.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Industrial Q2 2023



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	265	1,775,200	70,800	4.0%	46,400	46,500	82,200	\$7.20	\$6.90	\$7.20
Cartago	170	785,500	30,200	3.8%	11,000	16,700	-	\$7.00	\$6.90	\$5.40
Heredia	290	1,281,600	42,300	3.3%	15,500	20,700	1,000	\$7.10	\$7.70	\$7.20
Downtown San José	299	1,140,000	72,600	6.4%	13,400	31,900	2,900	\$6.80	\$7.00	\$6.80
East San José	201	724,300	42,800	5.9%	36,900	43,400	-	\$6.80	N/A	\$7.00
West San José	133	645,700	52,400	8.1%	19,100	22,100	11,300	\$6.70	\$9.00	\$7.00
Totals	1,358	6,352,300	311,100	4.9%	142,300	181,300	97,400	\$7.40	\$8.30	\$7.00

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	286	2,598,300	76,000	2.9%	98,600	104,600	96,400	\$8.60	\$8.20	\$7.70
Class B	811	3,275,800	166,000	5.1%	38,700	66,500	1,000	\$6.60	\$8.00	\$6.80
Class C	261	478,200	69,100	14.5%	5,000	10,200	-	\$4.40	N/A	\$5.40

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

KEY TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
La Lima Free Zone	Cartago	Confidential	90,000	Buy
Coyol Free Zone	Alajuela	Establishment Labs	8,000	Lease
LatAm Parque Logístico SJ Verbena	Downtown San José	Ekono	8,400	Lease
Greenpark	Alajuela	Briskheat	6,800	Lease
LatAm Parque Logístico SJ Verbena	Downtown San José	La Guacamaya	5,300	Lease
LatAm Parque Logístico SJ Verbena	Downtown San José	AMPM	4,300	Lease
Coyol Free Zone	Alajuela	Riverpoint Medical	4,200	Lease
Parque Logístico Distrito 7	Downtown San José	Smurfit Kappa	3,100	Lease
LatAm Parque Logístico SJ Verbena	Downtown San José	Cadifar/Calox	3,000	Lease
Parque Empresarial Lindora	West San José	Yobel Logistics	3,000	Lease

KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAIN TENANTS	SQM	DEVELOPER
Flex Center – Phase 1	San José Oeste	Thule	17,100	HBQ Desarrollos
LatAm Parque Logístico Verbena B600	Downtown San José	Ekono/AMPM	15,600	LatAm Logistic Prop.
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

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