

YoY Change      12-Mo. Forecast

**9.40%**  
Vacancy Rate



**30.7K**  
YTD Net Absorption, sqm



**\$19.60**  
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



**1.70%<sup>1</sup>**  
Commerce - Monthly Economic Activity Index (MEAI)<sup>2</sup>



<sup>1</sup> Average of data reported during the Q1 2023 months

<sup>2</sup> MEAI reflects YOY variation

Sources: 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).

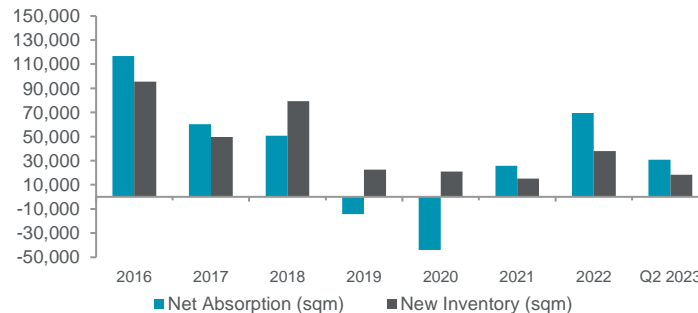
## MARKET OVERVIEW: Strong demand continues to drive vacancy rate decrease

During the first half of 2023, the commercial market continued to experience a widespread downward trend in the vacancy rate across all commercial product subtypes. Such vacancy levels have not been seen in the country for over 48 months, since 2019. The traditional submarkets with the largest commercial inventory, such as East and West of San Jose, have reported significant transactional activity, with absorption figures exceeding 10,000 sqm and 13,000 sqm respectively, allowing them to return to healthy vacancy figures below 9%. Meanwhile, the average listing prices appear to be stabilizing around \$19.50/sqm, after several months of a downward trend from figures above \$21.00/sqm.

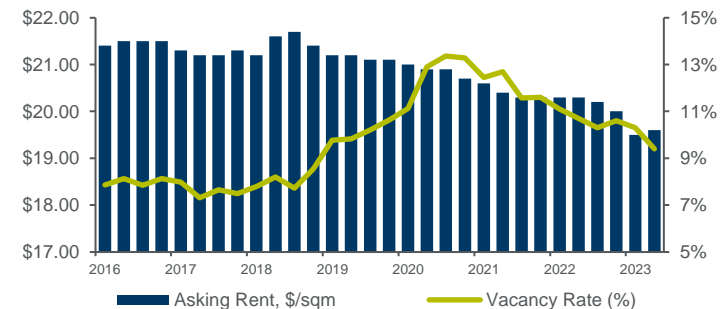
## OUTLOOK: Inventory under development reports high prelease levels

Over the next few months, approximately 20,000 sqm of new inventory under construction will be delivered, mainly composed of medium-sized shopping centers, as well as stand-alone units. These projects report high prelease levels, so it is not expected that they will significantly increase market vacancy levels as they are delivered. However, the IMAE highlights a slowdown in household consumption during the recent periods, mainly due to caution related to the complex global economic context. Therefore, it is essential to stay tuned on the country's consumption trends and its impact on real estate demand.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# MARKETBEAT COSTA RICA

## Retail Q2 2023

**CUSHMAN &  
WAKEFIELD**  
AB Advisory

### MARKET STATISTICS (BY SUBMARKET)

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

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	64	146,000	4,100	2.8%	3,500	2,500	3,800	300	\$21.20	\$24.80
Cartago	83	136,400	8,100	5.9%	4,000	9,100	10,400	800	\$17.40	\$20.80
Heredia	176	313,300	42,700	13.6%	2,200	5,800	8,900	5,000	\$18.20	\$20.90
Downtown San José	210	223,000	28,000	12.6%	3,200	3,600	8,300	4,700	\$15.50	\$17.30
East San José	298	576,100	51,600	9.0%	2,200	1,400	10,500	7,400	\$19.30	\$19.90
West San José	222	435,200	37,500	8.6%	2,600	8,300	13,300	1,100	\$23.20	\$26.00
<b>Totals</b>	<b>1,053</b>	<b>1,830,000</b>	<b>172,000</b>	<b>9.4%</b>	<b>17,700</b>	<b>30,700</b>	<b>55,200</b>	<b>19,300</b>	<b>\$19.60</b>	<b>\$22.50</b>

### 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 (ALL CLASSES)	OVERALL AVG ASKING RENT (ALL CLASSES)
Class A	335	1,021,000	91,900	9.0%	12,300	23,800	36,300	15,600	N/A	\$22.90
Class B	718	809,000	80,100	9.9%	5,400	6,900	18,900	3,700	N/A	\$16.10

### MARKET STATISTICS (BY SUBTYPE)

SUBTYPE	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)
Neighborhood Center	112	198,300	14,900	7.5%	1,000	7,100	9,300	3,400	\$19.60	\$20.60
Community Center	67	359,900	39,100	10.9%	2,500	5,300	8,400	8,500	\$18.10	\$19.20
Regional Center	16	519,700	40,800	7.9%	2,900	700	6,000	-	\$28.50	\$28.50
Free Standing	338	322,300	19,600	6.1%	6,200	7,500	12,500	5,100	\$12.40	\$13.80
Strip Center	422	365,100	49,600	13.6%	2,800	7,800	15,900	2,100	\$15.30	\$19.00
Urban	98	64,700	8,000	12.4%	2,300	2,300	3,100	200	\$16.90	\$19.60

### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in 400 offices and 60 countries. In 2022, the firm had revenue of US\$10.1 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

Daniel Alvarez, CCIM  
**Chief Executive Officer**  
[daniel.alvarez@ab-latam.com](mailto:daniel.alvarez@ab-latam.com)

Daniilo Manzanares  
**VP – Capital Markets & Retail Group**  
[daniilo.manzanares@ab-latam.com](mailto:daniilo.manzanares@ab-latam.com)

José Ignacio González  
**Business Intelligence Director**  
[jose.gonzalez@ab-latam.com](mailto:jose.gonzalez@ab-latam.com)

### CONTACT US

Cushman & Wakefield | AB Advisory  
 Plaza Tempo, 4<sup>th</sup> Floor, Module B  
 Escazú, San José, Costa Rica  
**+506 4031-1040**  
[www.ab-latam.com](http://www.ab-latam.com)  
[www.cushwake.com](http://www.cushwake.com)