

Industrial Q3 2023

YoY Change 12-Mo. Forecast

4.50%

Vacancy Rate



158,3K

Net Absorption, sqm



\$7.40

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: Solid performance in the sector leads to high absorption figures and low vacancy rates

Similar to recent periods, the industrial and logistics real estate market reports robust performance based on two pillars: manufacturing operations in areas such as life sciences, technology, and advanced manufacturing, as well as logistics operations, including local and regional storage and distribution. On the demand side, the country continues to report a high transactional level, generating record figures for the present period, both in net and gross absorption, at 158,300 sqm and 217,600 sqm, respectively. This has led to a persistent decrease in the vacancy rate, dropping from around 8% in 2020 to 4.5% currently. Most of the absorption is primarily attributed to Class A properties and specific Class B projects in various submarkets across the country, both within and outside the Greater Metropolitan Area (GMA).

OUTLOOK: High demand for spaces will persist in the future, due to the country's positioning in global value chains

During Q4 2023 and 2024, it is expected that Costa Rica will continue to report a high demand for spaces, both for industrial and logistics operations. The country's efforts to promote the attraction of foreign direct investment outside GMA are expected to continue materializing in transactions in areas such as Grecia, generating hundreds of new jobs, as well as subsequent real estate transactions by related companies, forming a specialized cluster in the future. Meanwhile, the delivery of the approximately 120,000 sqm of new inventory under construction is not expected to substantially increase the vacancy rate, as they report high levels of pre-lease commitments.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Industrial Q3 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	267	1,779,800	70,500	4.0%	45,000	49,700	83,200	\$7.20	\$7.00	\$7.10
Cartago	173	790,500	27,400	3.5%	14,700	24,200	-	\$6.90	\$6.90	\$5.50
Heredia	291	1,288,200	38,500	3.0%	21,900	27,400	3,300	\$7.00	\$7.90	\$7.20
Downtown San José	305	1,206,300	71,600	5.9%	44,500	73,700	14,600	\$6.90	\$7.00	\$6.90
East San José	200	669,000	27,100	4.1%	10,900	17,600	-	\$6.80	N/A	\$6.80
West San José	133	645,700	50,300	7.8%	21,300	25,000	17,900	\$6.70	\$9.10	\$6.90
Totals	1,369	6,379,500	285,400	4.5%	158,300	217,600	119,000	\$7.40	\$8.50	\$6.90

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	291	2,617,900	75,900	2.9%	104,300	110,600	119,100	\$8.60	\$8.30	\$7.70
Class B	817	3,283,400	150,600	4.6%	45,800	91,700	-	\$6.60	\$8.00	\$6.80
Class C	261	478,200	58,900	12.3%	8,200	15,300	(100)	\$4.50	N/A	\$5.50

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

KEY TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Evolution Free Zone	Grecia	Johnson & Johnson	90,000	Compra
La Lima Free Zone	Cartago	Boston Scientific	90,000	Compra
Coyol Free Zone	Alajuela	Establishment Labs	8,000	Alquiler
LatAm Parque Logístico SJ Verbena	San José Centro	Ekono	8,400	Alquiler
Greenpark	Alajuela	Briskheat	6,800	Alquiler
LatAm Parque Logístico SJ Verbena	San José Centro	La Guacamaya	5,300	Alquiler
LatAm Parque Logístico SJ Verbena	San José Centro	AMPM	4,300	Alquiler
Coyol Free Zone	Alajuela	Riverpoint Medical	4,200	Alquiler
Parque Logístico Distrito 7	San José Centro	Smurfit Kappa	3,100	Alquiler
LatAm Parque Logístico SJ Verbena	San José Centro	Cadifar/Calox	3,000	Alquiler

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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