

YoY Change 12-Mo. Forecast

8.60%
Vacancy Rate



39,7K
YTD Net Absorption, sqm



\$20.10
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



3.10%¹
Commerce - Monthly Economic Activity Index (MEAI)²



¹ Average of data reported during the Q3 2023 months

² MEAI reflects YOY variation

Sources: 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.

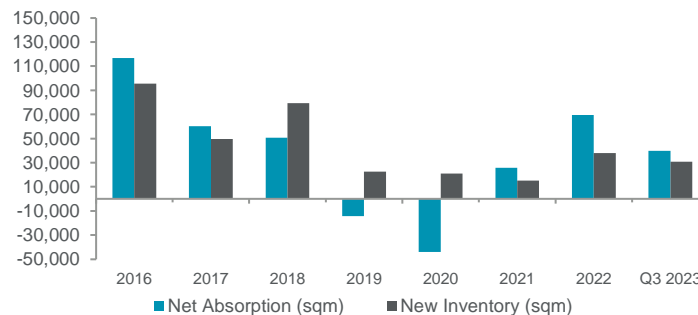
MARKET OVERVIEW: Increased domestic consumption generates high demand for retail spaces

Following an increase in vacancy rates between 2019 and 2020, a marked downward trend began in 2021, continuing and deepening during 2023. Consequently, the reported vacancy rate reached 8.6%, the lowest figure observed in the last 19 quarters. This dynamism in the commercial market has led to a gradual increase in average list prices for various formats, driven by increased domestic consumption and its positive impact on greater demand for commercial spaces. Among product subtypes, the positive performance of regional centers, neighborhood or community shopping centers, and free-standing spaces stands out.

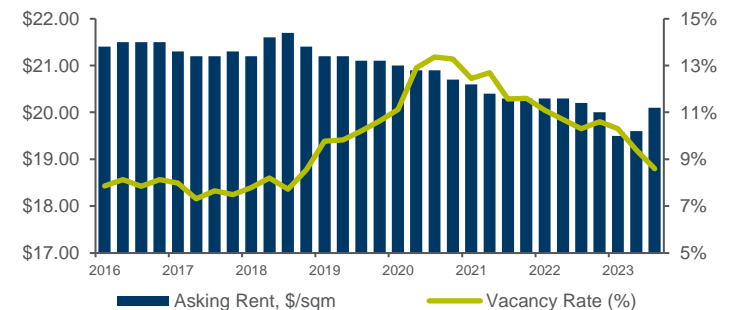
OUTLOOK: Construction projects report high pre-leasing levels, reflecting market dynamism

Towards the end of 2023 and the beginning of 2024, a continued downward pressure on the vacancy rate and a subsequent upward pressure on average prices are expected. Currently, over 31,000 sqm of commercial spaces in various formats are under construction in the submarkets of the Greater Metropolitan Area (GAM). This under-construction inventory reports high pre-leasing levels exceeding 75%, indicating a strong commercial appetite for these spaces. In the context of this economic dynamism, it is crucial to study location and commercial format options before developing any project, to generate real estate developments aligned with different target markets and to avoid oversupply that could negatively impact expected returns.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Retail Q3 2023

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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	3,900	2.7%	300	2,800	4,100	3,400	\$20.80	\$24.30
Cartago	83	136,400	7,900	5.8%	400	9,500	11,400	2,800	\$17.40	\$20.90
Heredia	177	313,700	39,200	12.5%	3,600	9,400	13,700	7,600	\$18.10	\$20.70
San José Centro	209	222,000	27,100	12.2%	3,100	6,700	13,900	4,900	\$15.30	\$17.00
San José Este	299	582,900	42,300	7.3%	(600)	900	18,600	11,000	\$21.00	\$23.00
San José Oeste	223	436,100	37,900	8.7%	2,100	10,400	18,100	1,500	\$23.20	\$26.00
Totales	1,055	1,837,100	158,300	8.6%	8,900	39,700	79,800	31,200	\$20.10	\$23.10

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 (CLASS A)
Clase A	338	1,028,600	84,900	8.3%	11,100	34,900	51,800	9,000	N/A	\$23.60
Clase B	717	808,500	73,400	9.1%	(2,200)	4,800	28,000	22,200	N/A	\$16.30

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)
Centro Barrio	112	198,300	13,500	6.8%	(800)	6,300	10,200	4,500	\$19.70	\$20.60
Centro Comunidad	69	367,000	40,800	11.1%	(700)	4,600	15,900	1,000	\$18.20	\$19.30
Centro Regional	16	519,700	34,900	6.7%	3,300	3,900	9,500	-	\$30.00	\$30.20
Free Standing	336	320,300	19,800	6.2%	400	7,900	15,400	17,900	\$12.40	\$13.80
Strip Center	424	366,900	42,100	11.5%	6,000	13,800	24,800	7,800	\$15.40	\$19.00
Urbana	98	64,900	7,200	11.2%	700	3,200	4,000	-	\$15.90	\$19.60

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