



18.80%
Vacancy Rate



2K
YTD Net Absorption, sqm



\$18.60
Asking Rent, per sqm



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q4 2023**

2,245K
Costa Rica
Employment



7.30%
Costa Rica
Unemployment



3,541M¹
Foreign Direct
Investment (FDI)²



¹ FDI reflects YOY data in US\$

² Data reported for Q3 2023, Q4 2023 data currently not available

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

ECONOMY: Construction, services, and manufacturing sectors will continue to drive economic growth

According to the Central Bank of Costa Rica (BCCR), the country is projected to achieve a growth rate of 4.0% in 2024 and 3.9% in 2025. In 2023, the sectors experiencing the highest growth were construction, services, and manufacturing with annual variations of 13.5%, 10.9%, and 8.4%, respectively. The inflation rate continues to decrease with a YoY variation of -1.77%; however, it is anticipated that the indicator will increase during the second half of 2024 and return to its target range (3.0%±1p.p.). Regarding the unemployment rate, it continued its downward trend from previous periods, reaching 7.3%. The pressure towards an appreciation of the colon against the dollar is expected to continue during 2024, an aspect that has raised the attention of economic groups in the country's commercial, touristic, and productive sectors.

MARKET OVERVIEW: Continuous arrival of new companies in the country reaffirms its attractiveness for service operations

During 2023, the market reported positive net absorption figures of 2,000 sqm. This led to a stabilization in the vacancy rate around 18%, representing a decrease of 0.6% compared to the end of 2022. Transactionally, it is worth noting the continuous arrival of new operations in the country, as well as the evaluation and renegotiation of lease contracts by various companies, highlighting the importance of the office as part of the widespread adoption of hybrid workplace strategies. Additionally, more landlords are understanding the importance of implementing greater flexibility in their lease agreements and offering comprehensive services to their tenants. Thus, they have introduced a greater number of activities aimed at generating value experiences for them, in order to maintain their occupancy rates and attract new companies to their projects.

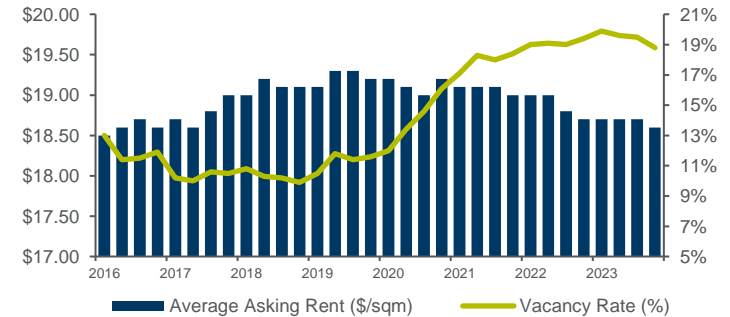
OUTLOOK: Amid persistently high vacancy rate, demand will focus on spaces requiring low investment levels

During 2024, a stabilization of the vacancy figures and list prices is expected, resulting from higher demand levels for office spaces. Amid a persisting tenant's market, the demand will concentrate in spaces that require low investment levels, both for companies with new operations in the country, as well as relocations and expansions. Additionally, during 2024, the delivery of over 45,000 sqm of new inventory is expected, concentrated in the Downtown and West San José submarkets, which aim to supply specific locations with limited vacancy figures.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COSTA RICA

Office Q4 2023



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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	4,500	13.6%	(200)	(300)	900	6,100	\$14.10	\$23.80
Cartago	13	27,100	4,300	15.9%	600	(800)	600	9,000	\$17.10	\$20.80
Heredia	87	595,300	113,300	19.0%	12,500	36,300	52,700	13,300	\$19.00	\$19.50
Downtown San Jose	140	494,400	83,600	16.9%	1,700	(20,400)	16,000	12,300	\$17.60	\$19.90
East San Jose	90	347,800	88,800	25.5%	(1,200)	(16,800)	12,700	-	\$17.80	\$18.40
West San Jose	117	553,700	92,000	16.6%	3,100	4,000	15,200	19,800	\$19.90	\$19.70
Total	459	2,051,300	386,500	18.8%	16,500	2,000	98,100	60,500	\$18.60	\$19.50

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+	14	196,100	31,900	16.3%	11,700	(9,700)	18,800	-	N/A	\$22.10
Class A	101	829,600	143,000	17.2%	5,000	23,300	50,700	60,500	N/A	\$19.50
Class B	344	1,025,600	211,600	20.6%	(200)	(11,600)	28,600	-	N/A	\$15.90

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

KEY TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Ultrapark LAG	Heredia	Movate	4,000	Lease
Ultrapark II	Heredia	Kaiser Permanente	3,500	Lease
IMAS Building Barrio Tournón	Downtown San José	IMAS	3,000	Lease
Cityzen Belén	Heredia	JLL	2,000	Lease
El Cafetal Corporate Center	Heredia	Active Campaign	1,900	Lease
El Cafetal Corporate Center	Heredia	Neodent	1,600	Lease
Centro 27	West San José	ConfidentIal	1,600	Lease
Ultrapark II	Heredia	Genpact	1,600	Lease
Cityzen Belén	Heredia	Brenntag	1,400	Lease
Sabanilla Corporativo	East San José	Istmo Center	1,200	Lease
Ultrapark I	Heredia	Globant	1,000	Lease

KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAIN TENANTS	SQM	DEVELOPER
Atmos Business Campus – Phase I	Heredia	-	19,800	CLS Group
Flex Center - Stage 1 – Offices	West San Jose	-	2,000	HBQ Desarrollos
Oficentro Magose	East San Jose	-	1,600	Magose M.G.S

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