

YoY Change 12-Mo. Forecast

7.50%
Vacancy Rate



74,2K
YTD Net Absorption, sqm



\$20.00
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Change 12-Mo. Forecast

2,245K
Costa Rica Employment



7.30%
Costa Rica Unemployment



4.3%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: 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.

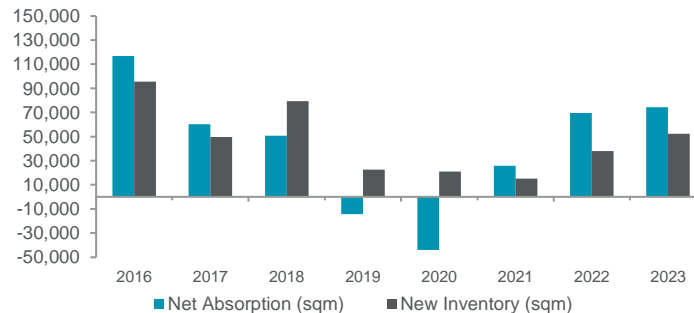
MARKET OVERVIEW: High demand drives persistent downward pressure on vacancy rate

During Q4 2023, the retail sector of Costa Rica continued to report high demand levels. The vacancy rate experienced a steady decrease, reaching its lowest point in the last 5 years, standing at 7.5%. This decline is attributed to the increase in domestic consumption that drove demand in the sector, also resulting in an increase in average asking prices. Throughout the year, over 52,000 sqm of new retail inventory in various formats were delivered, distributed across different submarkets of the Greater Metropolitan Area (GMA). While developing, this inventory reported high pre-lease levels of over 75%, demonstrating strong interest and demand for these spaces.

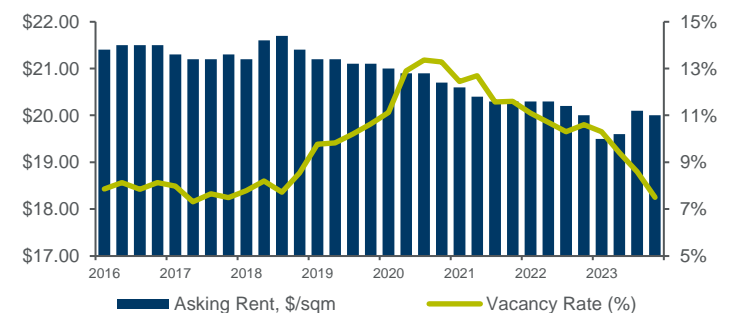
OUTLOOK: Limited vacancy of retail spaces will continue characterizing the market

For 2024, the outlook for the retail sector is positive, with continued downward pressure on the vacancy rate and a consequent increase in average prices. The momentum in the construction of new commercial spaces, coupled with high pre-lease figures, suggests high confidence levels in the market. It is expected that the increase in domestic consumption, which marked the end of 2023, will support demand in the commercial sector during 2024. Additionally, regional centers, neighborhood or community shopping centers, and freestanding spaces are projected to continue standing out in the upcoming periods.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	65	146,300	3,600	2.5%	2,400	5,200	5,600	3,100	\$20.80	\$24.20
Cartago	84	137,100	7,900	5.8%	800	10,300	11,900	1,700	\$17.70	\$21.10
Heredia	178	314,400	30,400	9.7%	7,400	16,900	19,700	3,900	\$17.80	\$20.70
Downtown San Jose	214	226,300	23,000	10.2%	(600)	6,200	12,800	7,400	\$15.60	\$17.50
East San Jose	301	593,600	39,400	6.6%	22,500	23,300	33,300	2,300	\$20.90	\$23.40
West San Jose	224	436,900	33,900	7.8%	1,900	12,300	18,600	1,700	\$23.20	\$26.00
Total	1,066	1,854,600	138,200	7.5%	34,400	74,200	101,900	20,100	\$20.00	\$23.30

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)
Class A	346	1,032,700	74,700	7.2%	12,100	47,000	59,900	8,300	N/A	\$23.30
Class B	720	821,900	63,500	7.7%	22,300	27,200	42,000	11,800	N/A	\$16.00

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	198,500	12,800	6.4%	3,000	9,300	11,700	4,500	\$20.10	\$21.00
Community Center	70	367,400	34,900	9.5%	6,900	11,500	18,200	700	\$18.10	\$19.20
Regional Center	16	520,100	27,200	5.2%	11,700	15,500	16,200	-	\$30.00	\$30.40
Free Standing	341	331,600	16,700	5.0%	6,300	14,200	24,500	6,100	\$12.30	\$13.80
Strip Center	427	368,800	38,200	10.4%	7,200	21,200	27,500	8,800	\$15.50	\$19.10
Urban	100	68,200	8,400	12.3%	(700)	2,500	3,800	-	\$16.40	\$19.80

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