

# MARKETBEAT COSTA RICA

Office Q1 2024



**CUSHMAN &  
WAKEFIELD**  
AB Advisory

**19.3%**  
Vacancy Rate



**6,8K**  
YTD Net Absorption, sqm



**\$18.70**  
Asking Rent, per sqm



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2024

**2,340K**  
Costa Rica  
Employment



**7.8%**  
Costa Rica  
Unemployment



**3,921M<sup>1</sup>**  
Foreign Direct  
Investment (FDI)<sup>2</sup>



<sup>1</sup> FDI reflects YOY data in US\$

<sup>2</sup> Data reported for Q4 2023, Q1 2024 data currently not available

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

## ECONOMY: Stable economic growth with moderate external demand expected for upcoming years

According to the Central Bank of Costa Rica (BCCR), the economy is projected to grow steadily at a rate of 3.8% for both 2024 and 2025. Aligned with this, the quarterly economic activity for the first quarter of the year remained consistent with the previous period, averaging 4.9%. This outcome is attributed to the stabilization of investments from both the public and private sectors, alongside moderate external demand and cautiousness due to constant fluctuations in the exchange rate. On the inflation front, the country continued to experience negative values, with expectations to return to target values by the first quarter of 2025. Labor indicators showed positive signs, with increased employment rates and improvements in formality and wages in the private sector compared to 2023.

## MARKET OVERVIEW: Turnkey and Plug & Play options remain leading the demand for office spaces

During the first quarter of 2024, the office market exhibited stable performance due to increased physical presence of businesses in their office spaces, reflected in positive net absorption figures. Despite this, the vacancy rate remains above 19%, driven by the influx of speculative inventory and the optimization of leased space by various companies, particularly those focused on service centers. Turnkey and Plug & Play delivery conditions continue to be the most sought-after by tenants, especially in the submarkets of Heredia and West San José. Additionally, the market continues to focus on the Fly to Quality trend, where companies seek higher-quality spaces in strategic locations.

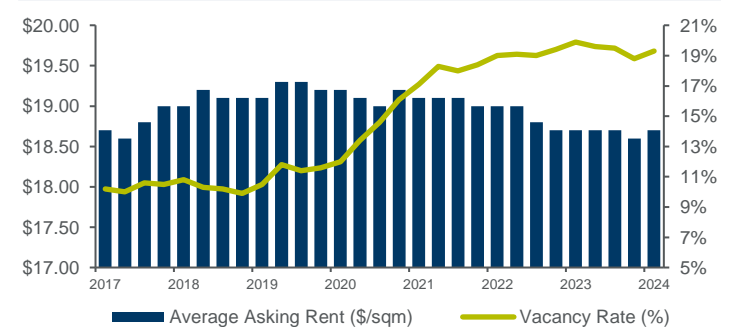
## OUTLOOK: Companies will continue promoting a balanced hybrid work model with increased physical presence

In 2024, most service companies are expected to continue emphasizing a more balanced hybrid work model, promoting greater physical presence of employees in their office spaces to foster corporate culture, professional development, and team collaboration. Accordingly, the average size of office transactions is expected to increase slightly, still focusing on Turnkey and Plug & Play spaces. Regarding the market's future, approximately 30,000 sqm of corporate offices are under construction, mostly with low pre-lease levels. This is anticipated to continue exerting upward pressure on the office vacancy rate throughout the different submarkets of the country.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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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	13	39,100	4,500	11.5%	-	-	-	-	\$15.50	\$23.70
Cartago	13	27,100	4,300	15.9%	-	-	-	9,000	\$17.10	\$20.80
Heredia	87	593,900	115,300	19.4%	3,800	3,800	10,400	13,300	\$19.00	\$19.40
Downtown San José	141	504,100	84,100	16.7%	4,600	4,600	11,300	2,500	\$17.60	\$20.00
East San José	90	347,800	88,300	25.4%	1,400	1,400	2,800	-	\$17.90	\$18.50
West San José	119	569,700	104,700	18.4%	(3,000)	(3,000)	4,700	7,700	\$20.20	\$20.00
<b>Totals</b>	<b>463</b>	<b>2,081,700</b>	<b>401,200</b>	<b>19.3%</b>	<b>6,800</b>	<b>6,800</b>	<b>29,200</b>	<b>32,500</b>	<b>\$18.70</b>	<b>\$19.60</b>

### 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+	15	218,700	53,300	24.4%	(700)	1,400	5,000	-	N/A	\$22.10
Class A	104	837,500	145,100	17.3%	3,200	3,600	12,200	32,500	N/A	\$19.60
Class B	344	1,025,500	202,800	19.8%	4,300	1,800	12,000	-	N/A	\$15.80

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

### KEY TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Grand Motors – Dongfeng Corporate Office	Downtown San José	Grand Motors – Dongfeng	4,000	Lease
Escazú Village	West San José	Deloitte	2,400	Lease
Ultrapark LAG	Heredia	Teleperformance	2,100	Lease
Ayra Corporate Center	Downtown San José	Quálitas	1,600	Lease
Eurocenter	Heredia	Client Services	1,200	Lease
Wimmer Building	Downtown San José	MOPT	1,200	Lease
Ultrapark II	Heredia	Confidential	1,100	Lease

### KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAIN TENANTS	SQM	DEVELOPER
Avenida Escazú - AE 301	West San José	N/A	12,100	Portafolio Inmobiliario
Ayra Corporate Center	Downtown San José	Quálitas	9,800	Quálitas
City Towers Alajuela	Alajuela	N/A	6,100	Lady Lee Corporation

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