

COSTA RICA

Retail Q1 2024

YoY Change 12-Mo. Forecast

7.2%
Vacancy Rate



13,7K
YTD Net Absorption, sqm



\$20.10
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

YoY Change 12-Mo. Forecast

2,340K
Costa Rica Employment



7.8%
Costa Rica Unemployment



5.1%¹
Commerce - Monthly Economic Activity Index (MEAI)²



¹ Average of data reported during the Q1 2024 months

² MEAI reflects YOY variation

Sources: 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.

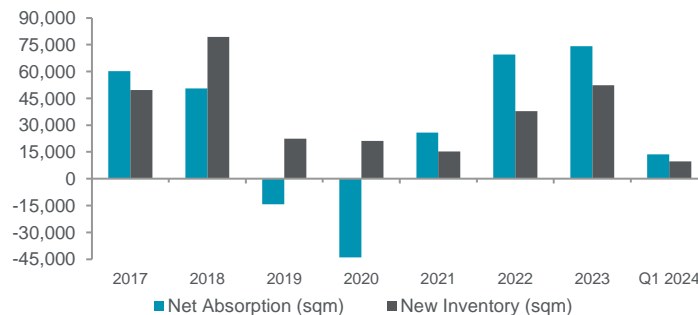
MARKET OVERVIEW: Increasing domestic consumption continues to lower retail vacancy rates

During Q1 2024, the country's retail market continued to demonstrate strong performance, reflected in a persistent downward trend in vacancy rates, reaching 7%. This trend is driven by high demand across various subtypes of assets, such as regional shopping centers and free-standing stores. This ongoing demand has been pushing up the average market prices, particularly in more modern, attractive commercial projects located in strategic areas. This performance is further supported by a rise in domestic consumption, reflected in a 5.1% average growth of the commercial activities during the first quarter of the year, according to the Monthly Economic Activity Index (IMAE).

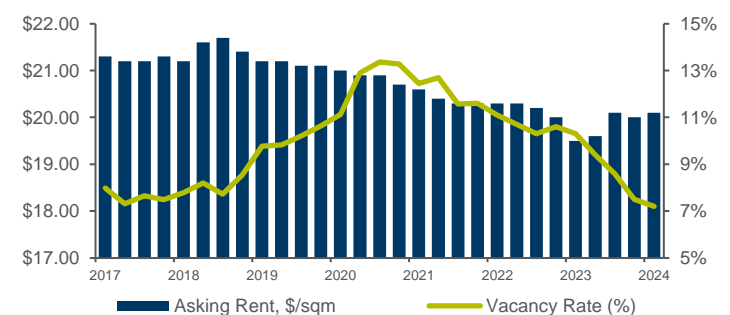
OUTLOOK: Projects under development continue reporting high pre-lease levels

For the remainder of the year, high demand for retail spaces is expected to continue, further reducing availability. Following this trend, nationwide vacancy rates are projected to reach historic lows not reported in over six years. Currently, around 33,000 sqm of retail inventory are under construction across various submarkets in the Greater Metropolitan Area (GAM), with completion expected throughout the year. These projects report high pre-lease levels, exceeding 75%. This thriving demand supports the market's appetite for retail spaces in appealing and modern projects, which have strong fundamentals and have been strategically conceptualized according to their target market.

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	66	146,700	5,600	3.8%	500	500	500	5,900	\$19.30	\$22.20
Cartago	85	137,700	6,600	4.8%	2,300	2,300	2,600	8,200	\$18.00	\$21.70
Heredia	179	317,900	27,000	8.5%	2,800	2,800	4,600	3,900	\$18.10	\$20.90
Downtown San Jose	214	226,300	21,600	9.5%	5,300	5,300	6,000	5,800	\$15.10	\$17.50
East San Jose	303	594,800	40,700	6.8%	(600)	(600)	5,000	2,000	\$20.80	\$23.40
West San Jose	225	437,600	32,700	7.5%	3,400	3,400	4,100	7,600	\$23.40	\$26.30
Totals	1,072	1,861,000	134,200	7.2%	13,700	13,700	22,800	33,400	\$20.10	\$23.20

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	349	1,038,000	73,000	7.0%	9,100	9,100	12,000	12,700	N/A	\$23.20
Class B	723	823,000	61,200	7.4%	4,700	4,600	10,800	20,700	N/A	\$15.80

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	113	201,900	13,000	6.4%	3,500	3,500	4,500	4,000	\$20.00	\$20.90
Community Center	71	368,200	34,500	9.4%	1,400	1,400	3,000	6,400	\$18.20	\$19.70
Regional Center	16	520,200	23,000	4.4%	2,700	2,600	3,900	-	\$29.00	\$30.00
Free Standing	342	332,400	17,400	5.2%	1,000	1,000	5,100	13,300	\$12.30	\$13.90
Strip Center	430	370,100	37,900	10.2%	3,500	3,500	4,400	6,800	\$14.30	\$19.10
Urban	100	68,200	8,300	12.2%	1,600	1,700	1,900	2,900	\$16.90	\$24.10

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