

YoY Change 12-Mo. Forecast

6.70%
Vacancy Rate



25,9K
YTD Net Absorption, sqm



\$20.20
Asking Rent, per sqm



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2024

YoY Change 12-Mo. Forecast

2,358 K
Costa Rica Employment



7.40%
Costa Rica Unemployment



3.80%¹
Commerce - Monthly Economic Activity Index (MEAI)²



¹ Average of data reported during the Q2 2024 months

² MEAI reflects YOY variation

Sources: Central Bank of Costa Rica (BCCR) and National Institute of Statistics and Censur (INEC)

ECONOMY: Sustained economic growth driven by Foreign Direct Investment and exports

According to the Central Bank of Costa Rica (BCCR), economic activity measured by the Monthly Index of Economic Activity (IMAE) increased by an average of 3.8% year-on-year during the second quarter of the year. This growth has been primarily driven by activities under Special Regimes, which grew by an average of 9.0% during these months. Foreign Direct Investment (FDI) inflows in the first quarter increased by 42% compared to the same period the previous year, reaching a historic figure of US\$ 1,188.9 million, with 61.5% of this investment directed to Free Trade Zones. Additionally, during the first quarter of the year, exports of goods increased by 7% compared to the same period in 2023, with the medical components sector leading, accounting for 43% of the total.

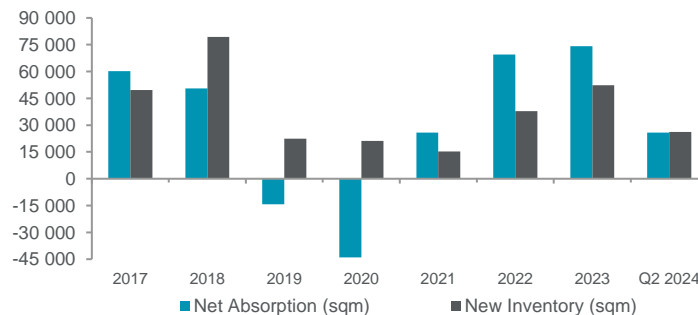
MARKET OVERVIEW: Increase in internal consumption drives decrease in retail vacancy

During the second quarter of the year, the commercial real estate market in Costa Rica continued to show a downward trend in vacancy rates. This is primarily driven by an increase in internal consumption which generates strong demand figures, leading to a current vacancy rate of 6.70%, a level not reported in over seven years. Despite this, price levels have remained stable, with only less competitive products offering rental discounts to increase occupancy. The above demonstrates the high resilience of the retail market after the effects of the pandemic on occupancy levels.

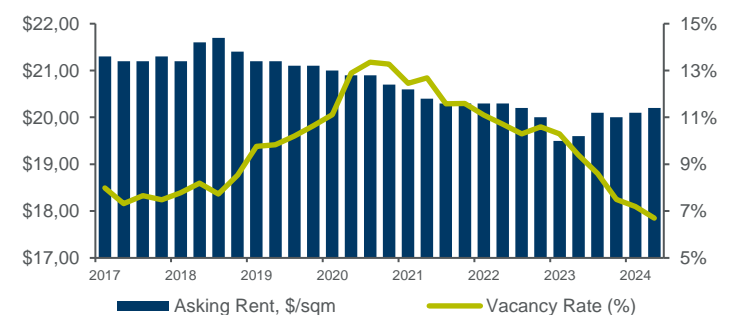
OUTLOOK: Future will bring projects with high pre-lease levels and structural changes in shopping centers

For the remainder of the year, the demand for commercial spaces is anticipated to remain robust, continuing to exert downward pressure on inventory vacancy levels. Projects under construction, totaling over 30,000 sqm and mostly set to be delivered this year and in the first half of 2025, are expected to start operations with high pre-leasing levels, exceeding 75%. The commercial sector continues to perform well; however, there is higher vacancy in older properties and less competitive locations. Shopping centers are evolving into more dynamic and modern lifestyle spaces, aligning with the interests and priorities of their target markets.

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	70	154,100	5,600	3.6%	3,400	3,900	4,000	3,000	\$19.80	\$22.90
Cartago	86	138,800	6,000	4.3%	1,100	3,400	4,800	2,700	\$18.80	\$23.10
Heredia	180	318,500	24,800	7.8%	4,000	6,800	9,600	10,500	\$18.60	\$21.60
Downtown San José	215	229,200	25,000	10.9%	2,600	8,000	11,000	5,100	\$15.30	\$17.50
East San José	304	595,200	36,000	6.0%	(1,600)	(2,200)	7,400	3,100	\$20.80	\$23.40
West San José	227	438,700	28,100	6.4%	2,600	6,000	11,200	8,300	\$23.80	\$26.70
Totals	1,082	1,874,500	125,500	6.7%	12,100	25,900	48,000	32,700	\$20.20	\$23.60

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	354	1,043,800	63,400	6.1%	5,000	14,100	24,400	15,300	N/A	\$23.60
Class B	728	830,700	62,100	7.5%	7,100	11,800	23,600	17,400	N/A	\$15.90

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	114	203,000	12,800	6.3%	2,000	5,500	7,100	4,800	\$20.40	\$21.40
Community Center	75	373,700	32,200	8.6%	(2,300)	(900)	6,300	7,500	\$18.30	\$20.10
Regional Center	17	523,400	22,300	4.3%	3,000	5,600	9,000	-	\$30.00	\$30.60
Free Standing	344	334,300	17,800	5.3%	3,200	4,200	10,400	12,700	\$12.30	\$16.00
Strip Center	432	369,800	30,600	8.3%	5,800	9,300	12,600	7,700	\$15.80	\$19.40
Urban	100	70,300	9,800	13.9%	400	2,200	2,600	-	\$17.30	\$24.10

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in 400 offices and 60 countries. In 2023, the firm had revenue of US\$9.5 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.<

Daniel Alvarez, CCIM
Chief Executive Officer
daniel.alvarez@ab-latam.com

Daniilo Manzanares
VP – Capital Markets & Retail Group
daniilo.manzanares@ab-latam.com

Franco Moiso
Managing Director – TAS
franco.moiso@ab-latam.com

CONTACT US

Cushman & Wakefield | AB Advisory
 Plaza Tempo, 4th Floor, Module B
 Escazu, San Jose, Costa Rica
+506 4031-1040
www.ab-latam.com
www.cushwake.com