

MARKET BULLETIN

1ST QTR 2018 • SÃO PAULO | RIO DE JANEIRO

OFFICES

SÃO PAULO

RIO DE JANEIRO



VACANCY
RATES



AVERAGE
ASKING PRICES



VACANCY
RATES



AVERAGE
ASKING PRICES

INDUSTRIAL

STATE OF SÃO PAULO

STATE OF RIO DE JANEIRO



VACANCY
RATES



AVERAGE
ASKING PRICES



VACANCY
RATES



AVERAGE
ASKING PRICES

MARKET BULLETIN IS A QUARTERLY PUBLICATION PROVIDING THE KEY MARKET INDICATORS
FOR THE CORPORATE REAL ESTATE (OFFICE AND INDUSTRIAL) MARKETS OF SÃO PAULO AND RIO DE JANEIRO BRAZIL.

TAKE A LOOK AT THE COMIC STRIP OVERLEAF

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OFFICES



CONSTRUCTION ACTIVITY
496,547 m²



NEW STOCK
205,435 m²



NET ABSORPTION
107,971 m²



GROSS ABSORPTION
271,217 m²



VACANCY RATE
18,07%

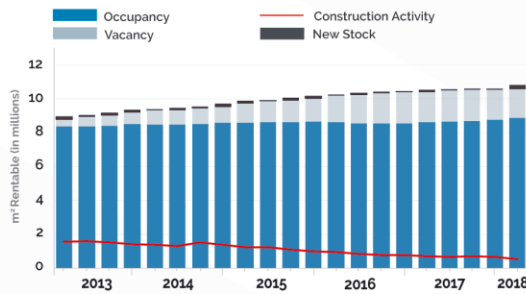


AVERAGE ASKING PRICE
R\$ 62.74

Considering corporate office buildings only (Class A and Others)

SÃO PAULO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK



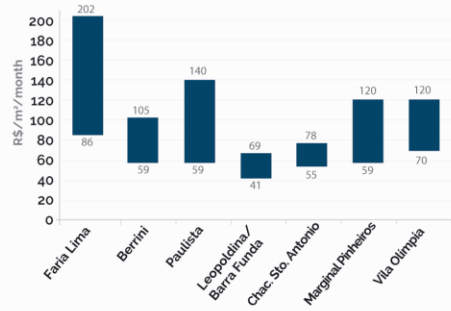
The total stock of office space in the city of São Paulo in was 10.76 million m² of which 205,436 m² was new stock. The vacancy rate in the quarter rose to 18.07% which represents 1.94 million m² of vacant space. In turn, construction activity declined to 496,547 m².

The asking rental prices in the Faria Lima district ranged between R\$86/m²/month and R\$202/m²/month. In the Berrini district they ranged from R\$59/m²/month to R\$105/m²/month, and in the Vila Olímpia district asking prices ranged from R\$70/m²/month to R\$120/m²/month.

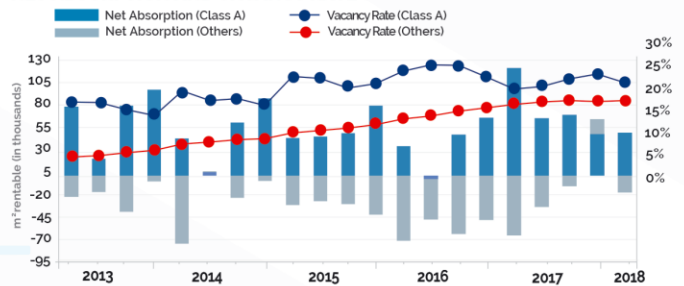
The stock of corporate Class A office buildings of the city of São Paulo recorded a positive net absorption of 127.2 thousand m² and a vacancy rate of 20.70%. And the stock of corporate buildings Class "Others" recorded a negative net absorption of 19,229 m² and a vacancy rate of 16.60%.

RANGE OF LEASE ASKING PRICES BY DISTRICT

CORPORATE BUILDINGS (CLASS A)



NET ABSORPTION AND VACANCY RATE



CONSTRUCTION ACTIVITY
106,974 m²



NEW STOCK
0 m²



NET ABSORPTION
23,709 m²



GROSS ABSORPTION
112,447 m²



VACANCY RATE
22,70%

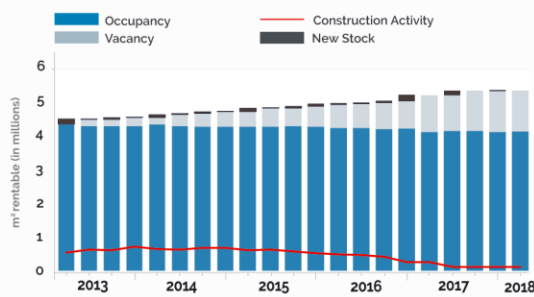


AVERAGE ASKING PRICE
R\$ 77.44

Considering corporate office buildings only (Class A and Others)

RIO DE JANEIRO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK



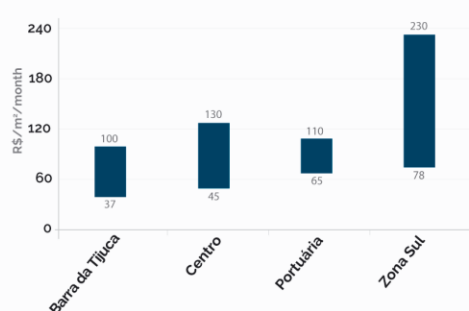
The total office stock in the city of Rio de Janeiro reached 5.3 million m² of which there was zero new stock. The vacancy rate in the period decreased to 22.70% which represents 1.2 million m² vacancy. In turn, construction activity remained at 106,975 m².

The asking rental prices for Barra da Tijuca district ranged between R\$37/m²/month and R\$100/m²/month. In the Centro district they ranged between R\$45/m²/month and R\$130/m²/month, and in the Portuária district asking prices ranged from R\$65/m²/month and R\$110/m²/month whilst in the Zona Sul district they ranged between R\$78/m²/month and R\$230/m²/month.

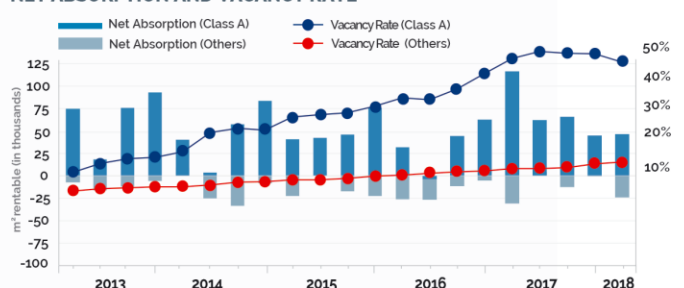
The stock of corporate Class A buildings in the city of Rio de Janeiro recorded a positive net absorption of 48,692 m² and a vacancy rate of 44.64%. And the stock of corporate buildings Class "Others" recorded a negative net absorption of 24,982 m² and a vacancy rate of 11.79%.

RANGE OF LEASE ASKING PRICES BY DISTRICT

CORPORATE BUILDINGS (CLASS A)



NET ABSORPTION AND VACANCY RATE



INDUSTRIAL

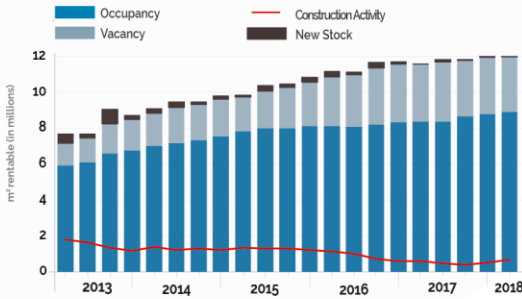
CONSTRUCTION ACTIVITY
703,928 m²

NEW STOCK
49,017 m²

VACANCY RATE
25.45%

AVERAGE ASKING PRICE
R\$ 17.95

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

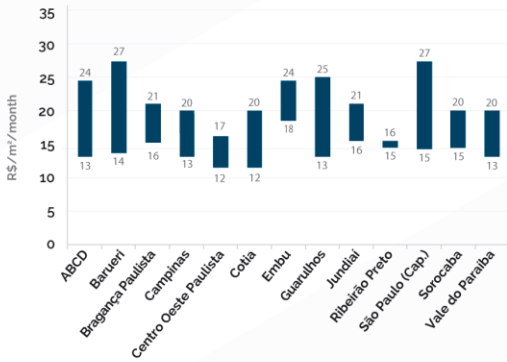


The total stock of gated industrial and logistical condominiums in the state of São Paulo was 11.9 million m² of which 49,017 m² was new stock. The vacancy rate dropped to 25.45% which represents 3 million m² of vacant space. In turn, construction activity increased slightly to 703,928 m².

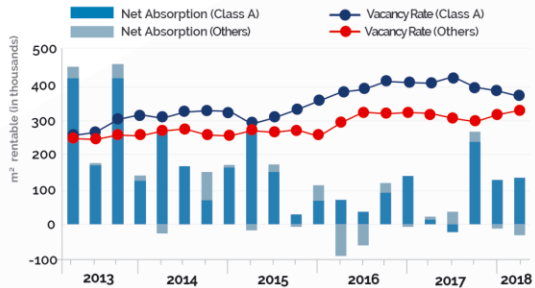
The asking rental prices in the Barueri district ranged between R\$14/m²/month and R\$27/m²/month. In the Campinas district asking prices ranged between R\$13/m²/month and R\$20/m²/month and in the district of Guarulhos between R\$13/m²/month and R\$25/m²/month.

The stock of Class A gated industrial and logistical warehouse condominiums in the state of São Paulo recorded a positive net absorption of 139,820 m² and a vacancy rate of 26.34%. And the stock of Class "Others" recorded a negative net absorption of 32,959 m² and a vacancy rate of 23.20%.

RANGE OF LEASE ASKING PRICES BY DISTRICT



NET ABSORPTION AND VACANCY RATE



STATE OF SÃO PAULO

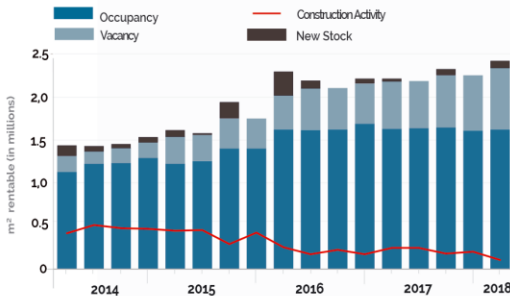
CONSTRUCTION ACTIVITY
102,317 m²

NEW STOCK
84,652

VACANCY RATE
30.51%

AVERAGE ASKING PRICE
R\$ 22.23

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

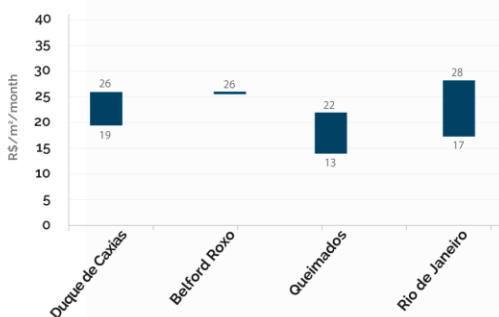


The total stock of gated industrial and logistical condominiums in the state of Rio de Janeiro reached 2.3 million m² of which 84,652 m² was new stock. The vacancy rate in the quarter increased to 30.51% which represents 712,276 m² vacancy. In turn, construction activity declined to 102,317 m².

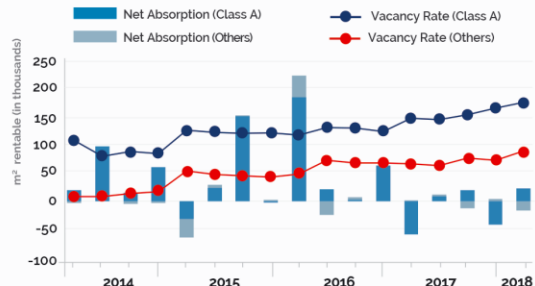
The asking rental prices for Duque de Caxias district ranged between R\$19/m²/month and R\$26/m²/month and for Belford Roxo district it was R\$26/m²/month. In the district of Queimados asking prices ranged from R\$13/m²/month to R\$22/m²/month, while in the city of Rio de Janeiro they ranged from R\$17/m²/month to R\$28/m²/month.

The stock of gated Class A industrial and logistical condominiums in the state of Rio de Janeiro recorded a positive net absorption of 30,784 m² and a vacancy rate of 34.11%. And gated industrial and logistical condominiums considered Class "Others" recorded a negative net absorption of 16,196 m² and a vacancy rate of 17.51%.

RANGE OF LEASE ASKING PRICES BY DISTRICT



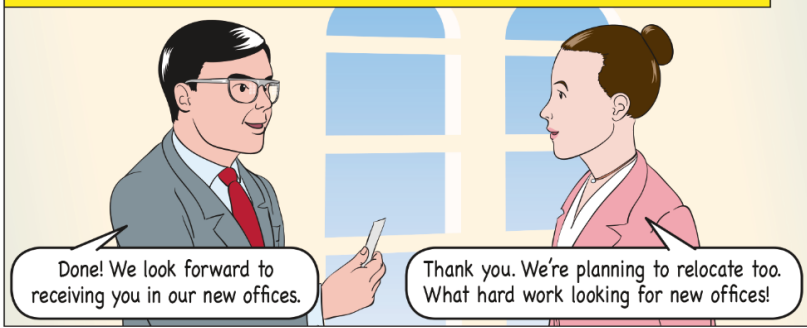
NET ABSORPTION AND VACANCY RATE



STATE OF RIO DE JANEIRO

COMPLETE AND TRANSPARENT INFORMATION

AT THE CLOSE OF MEETING BETWEEN MRS. HANDERSON AND HER SUPPLIER...



Done! We look forward to receiving you in our new offices.

Thank you. We're planning to relocate too. What hard work looking for new offices!



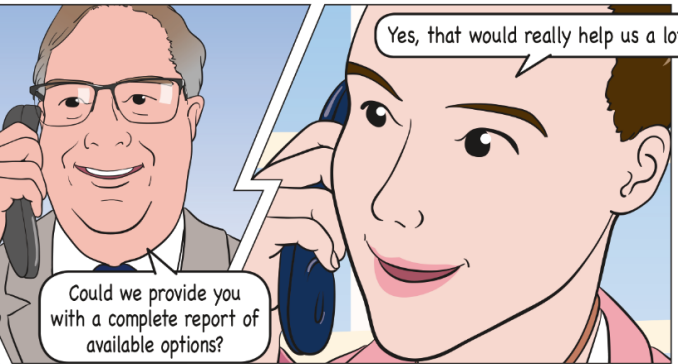
How true. Thankfully we engaged **Ocupantes**. They saved us a lot of time and money.

MRS. HANDERSON CALLS OCUPANTES...



Good morning gentlemen. You have been highly recommended.

We have decided to consolidate onto a single floorplate. We have received a few options, but the information received from brokers on equal-sized properties differs. Could you revise the list?



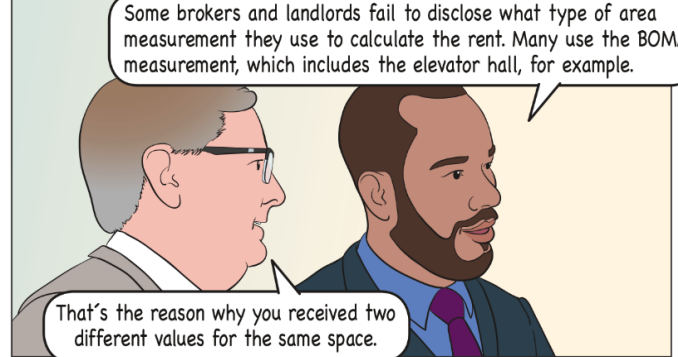
Yes, that would really help us a lot!

Could we provide you with a complete report of available options?

A FEW DAYS LATER...



Here is our complete report. The options have been ordered based on the same criteria.



Some brokers and landlords fail to disclose what type of area measurement they use to calculate the rent. Many use the BOMA measurement, which includes the elevator hall, for example.

That's the reason why you received two different values for the same space.

When we compiled our list the values were confusing...



Exactly. Our report rectifies that. And, as we have the CAD drawings of the floorplates we can compare the area quoted by the landlord with the actual usable area. Our recommendation is to visit the more efficient properties.



Excellent. We're short on time. We'll follow your recommendations. We would like to schedule the visit next week with our CEO.

No problem. We'll arrange the visits!

Ocupantes' research includes a comprehensive database including actual transaction values in each district or region of São Paulo, Rio de Janeiro and other capitals throughout Brazil. It also includes detailed historical track records of vacancy rates, new stock, absorption and construction activity, all of which provide the necessary knowledge to its consultants and clients in order to forecast future trends and maximise the net benefits of every negotiation.