

MARKET BULLETIN

1st QTR 2019 · SÃO PAULO | RIO DE JANEIRO

OFFICES

SÃO PAULO

RIO DE JANEIRO



VACANCY
RATES



AVERAGE
ASKING PRICE



VACANCY
RATES



AVERAGE
ASKING PRICE

INDUSTRIAL

STATE OF SÃO PAULO

STATE OF RIO DE JANEIRO



VACANCY
RATES



AVERAGE
ASKING PRICE



VACANCY
RATES



AVERAGE
ASKING PRICE

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
551,441 m²



NEW STOCK
41,456 m²



NET ABSORPTION
93,317 m²



GROSS ABSORPTION
262,557 m²



VACANCY RATE
16,91 %

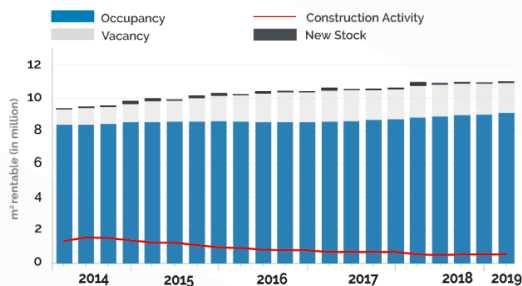


AVERAGE ASKING PRICE
R\$ 97

Considering corporate office buildings only (Class A and Others)

SÃO PAULO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

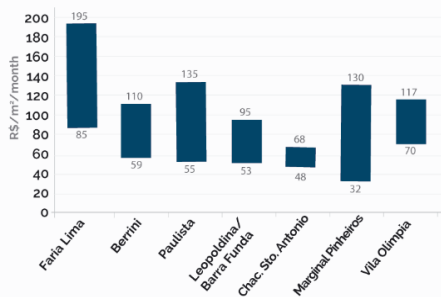


The total stock of office space in the city of São Paulo was 10.95 million m² of which 41.7 thousand m² was new stock. The vacancy rate in the period fell slightly to 16.91% which represents 1.9 million m² of vacant space. In turn, construction activity increased to 551.4 thousand m².

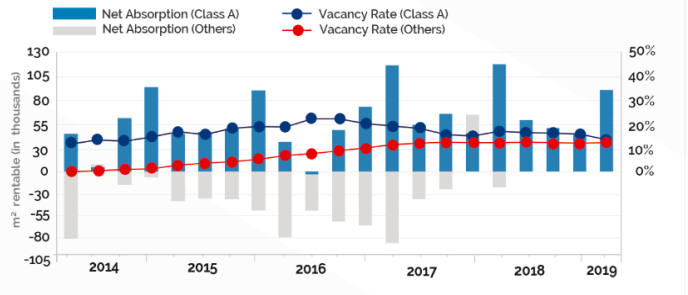
The asking rental prices in the Faria Lima district ranged between R\$85/m²/month and R\$195/m²/month. In the Berrini district they ranged from R\$59/m²/month to R\$110/m²/month, and in the Vila Olímpia district asking prices ranged from R\$70/m²/month to R\$117/m²/month.

The stock of corporate Class A office buildings of the city in São Paulo recorded a positive net absorption of 93.3 thousand m² and a vacancy rate of 17.44%. The stock of corporate buildings Class "Others" recorded a positive net absorption of 2.9 thousand m² and a vacancy rate of 16.61%.

RANGE OF LEASE ASKING PRICES BY DISTRICT CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



CONSTRUCTION ACTIVITY
104,600 m²



NEW STOCK
- m²



NET ABSORPTION
19,457 m²



GROSS ABSORPTION
79,433 m²



VACANCY RATE
22,45 %

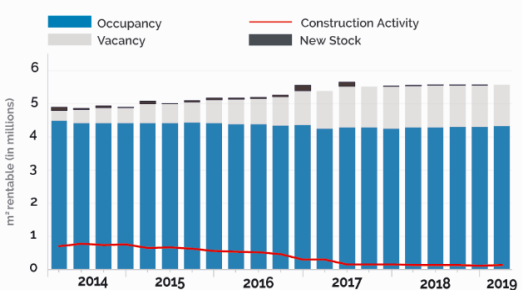


AVERAGE ASKING PRICE
R\$ 75.03

Considering corporate office buildings only (Class A and Others)

RIO DE JANEIRO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

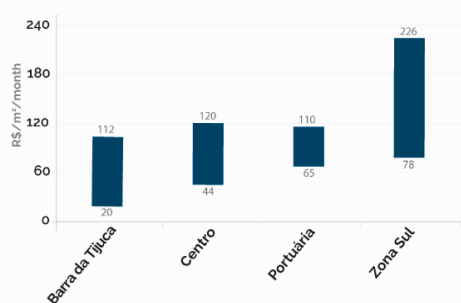


The total office stock in the city of Rio de Janeiro reached 5.3 million m² and there was no delivery of new stock. The vacancy rate in the quarter declined slightly to 22.45% which represents 1.2 million m² vacancy. In turn, construction activity increased to 104.6 thousand m².

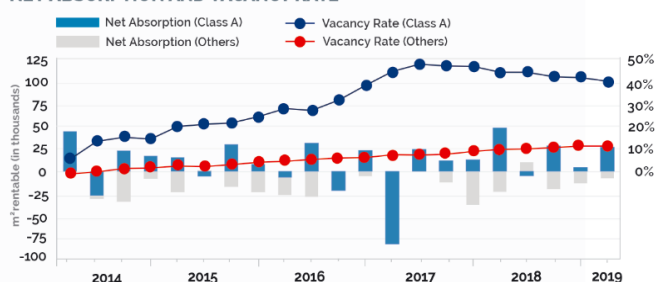
The asking rental prices for Barra da Tijuca district ranged between R\$20/m²/month and R\$112/m²/month. In the Centro district they ranged between R\$44/m²/month and R\$120/m²/month, and in the Portuária district asking prices ranged from R\$65/m²/month and R\$110/m²/month whilst in the Zona Sul district they ranged between R\$78/m²/month and R\$226/m²/month.

The stock of corporate Class A buildings in the city of Rio de Janeiro recorded a positive net absorption of 26.8 thousand m² and a vacancy rate of 42.21%. The stock of corporate buildings Class "Others" recorded a negative net absorption of 7.4 thousand m² and a vacancy rate of 12.44%.

RANGE OF LEASE ASKING PRICES BY DISTRICT CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



INDUSTRIAL

CONSTRUCTION ACTIVITY
749,297 m²

NEW STOCK
66,189 m²

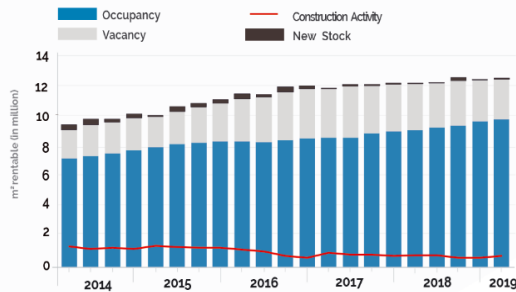
NET ABSORPTION
129,623 m²

GROSS ABSORPTION
248,085 m²

VACANCY RATE
21.43%

AVERAGE ASKING PRICE
R\$ 17.90

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

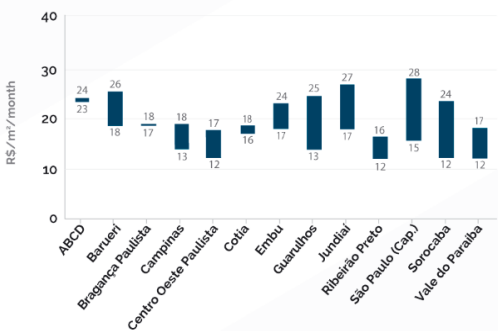


The total stock of gated industrial and logistical condominiums in the state of São Paulo was 12.3 million m² of which 66.1 thousand m² was new stock. The vacancy rate in the quarter declined slightly to 21.43% which represents 2.6 million m² of vacant space. In turn, construction activity increased to 749.2 thousand m².

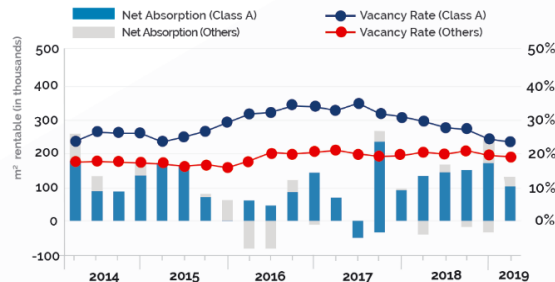
The asking rental prices in the Barueri district ranged between R\$18/m²/month and R\$26/m²/month. In the Campinas district asking prices ranged between R\$13/m²/month and R\$18/m²/month and in the district of Guarulhos between R\$13/m²/month and R\$25/m²/month.

The stock of Class A gated industrial and logistical warehouse condominiums in the state of São Paulo recorded a positive net absorption of 105.5 thousand m² and a vacancy rate of 22.40%. The stock of Class "Others" recorded a positive net absorption of 24.1 thousand m² and a vacancy rate of 19.79%.

RANGE OF LEASE ASKING PRICES BY DISTRICT INDUSTRIAL (CLASS A)



NET ABSORPTION AND VACANCY RATE



CONSTRUCTION ACTIVITY
278,335 m²

NEW STOCK
93,258 m²

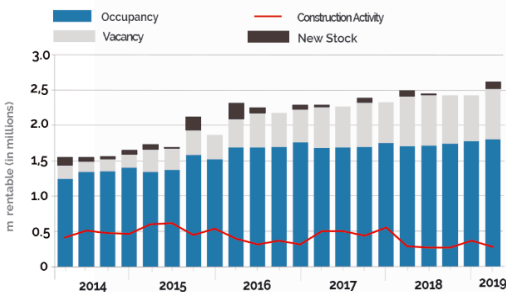
NET ABSORPTION
23,538 m²

GROSS ABSORPTION
75,905 m²

VACANCY RATE
28.50%

AVERAGE ASKING PRICE
R\$ 20.04

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

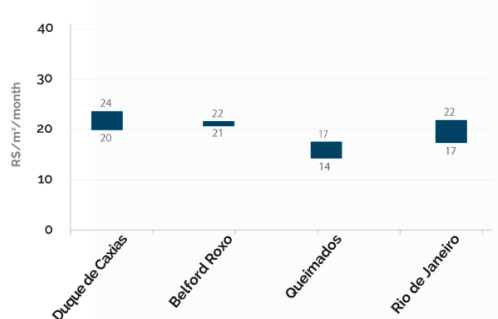


The total stock of gated industrial and logistical condominiums in the state of Rio de Janeiro reached 2.5 million m², of which 93.2 thousand m² was new stock. The vacancy rate in the quarter rose slightly to 28.50% which represents 718.5 thousand m² vacancy. In turn, construction activity decreased to 278.3 thousand m².

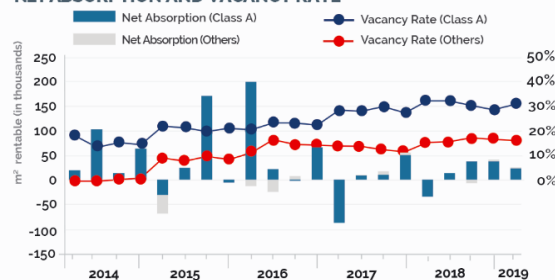
The asking rental prices for Duque de Caxias district ranged between R\$20/m²/month and R\$24/m²/month and for Belford Roxo district it was R\$21/m²/month and R\$22/m²/month. In the district of Queimados asking prices ranged from R\$14/m²/month to R\$17/m²/month, while in the city of Rio de Janeiro they ranged from R\$17/m²/month to R\$22/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 21.6 thousand m² and a vacancy rate of 30.62%. Gated industrial and logistical condominiums considered Class "Others" recorded a positive net absorption of 1.8 thousand m² and a vacancy rate of 18.78%.

RANGE OF LEASE ASKING PRICES BY DISTRICT INDUSTRIAL (CLASS A)



NET ABSORPTION AND VACANCY RATE



STATE OF SÃO PAULO

STATE OF RIO DE JANEIRO

CREATIVE SOLUTIONS

THE LATAM HEAD OF AFS INC. CALLS IN HIS REAL ESTATE MANAGER...

Have you made any progress with finding a "Triple A" space to relocate our Rio Office to São Paulo?



Unfortunately, we still don't have a single option. We've been told repeatedly that there aren't any other Corporate solutions.

What seems to be the problem?

Well, the brokers tell us that "Triple A" buildings are only available on large floor plates.

That doesn't seem right. We're looking for prime real estate to meet our Corporate Image requirements. We have no more time.

Any ideas?

As a matter of fact I do. I'm going to call a Tenant Rep. company I know.

THE LATAM HEAD CALLS OCUPANTES...

Hi Bruce, I need your help. I'm being told by the local broker that there's nothing else on the market that can meet our Corporate Image requirements because we're looking for around 500 m2.

I see. Let us have a shot at this. I'll get Jonathan Govier, our specialist, to look into it right now. He'll prepare a very thorough market search and he'll consider all options.

WHEN OCUPANTES HAVE SUBMITTED THEIR REPORT...

Thank you very much for your very thorough report and for finding new options. I particularly like this option. Are you sure the landlord will agree to lease a quarter of a floor?



That's a fair concern. We believe we can convince the landlord.

THE REAL ESTATE MANAGER VISITS THE SELECTED PROPERTY

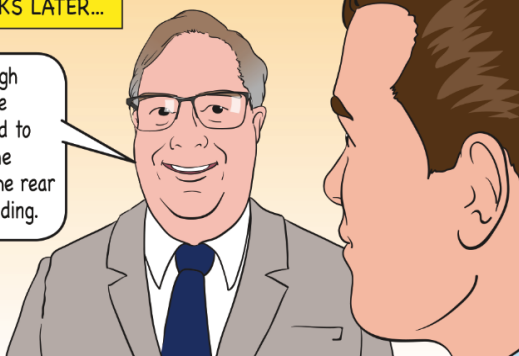
I really like this space. I'm pretty sure it will be approved by our LATAM Head. But, let me be clear: we can only accept the suite facing the Faria Lima Avenue. I WANT that view!



Ok. Leave it to us!

TWO WEEKS LATER...

This was a tough negotiation. The landlord wanted to move you to the suites facing the rear end of the building.



Well, you did a great job convincing them we needed to have this suite. This is just the Corporate Image we need!



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.