OCUPANTES
Corporate Real Estate

Market Bulletin

1st Quarter 2011 - São Paulo / Rio de Janeiro / ABCD and Alphaville

Record speed transaction for Galderma

Galderma, born of a joint venture between Nestlé and L'Oreal in 1981, is a pharmaceutical company specializing in the research, development and marketing of therapeutic, corrective and aesthetic solutions for dermatology patients. They have operations in 35 countries, over 3,000 employees and representatives around the globe. In Brazil Galderma began operations in 1995 and since then have been growing their operation; in 2005 Galderma inaugurated a new production plant in the town of Hortolândia in the state of São Paulo, their third production unit in the world.

As a result of this growth, Galderma needed to relocate and expand their head office operation in the city of São Paulo from 1,000 m² to 1,600 m². The desire was to find this amount of space on only one floor-plate in a modern building in the Berrini region, where Nestlé are also located.

Following the client's instructions, the project team at Ocupantes Corporate Real Estate, lead by Richard Pacey, undertook a detailed search for alternatives within the region of interest. The team was responsible for all the steps in the relocation process, which included verification of alternatives in neighboring sub-markets, gathering and comparing technical specifications and costs of the buildings and, once the final choice had been made, support to the Galderma's local counsel in collecting and analyzing lessor and property documentation and the drafting of the lease contract, as well as interacting with the client's selected team of architects and engineers assigned to execute the fit-out.

An operation such as this could in some situations take from as little as three to as much as nine months, but was concluded successfully by Ocupantes within one month. The floor leased by Galderma comprises 1,580 m² in the brand-new "Jatobá Green Building", located just off the Berrini avenue, which, as its name suggests, is a LEED certified building with several modern and ecologically-correct characteristics.

Fast action by Ocupantes, the only firm in Brazil specialized in end-user representation, was key to the success in identifying and negotiating the new office space.

In parallel, Ocupantes assisted in identifying a firm to absorb Galderma's old offices in the "e-Tower", which will reduce the need for reinstatement work thereby making for a much easier move into the new space. ■


Jatobá Green Building, São Paulo - SP

Richard Pacey

Richard Pacey has over 9 years experience in corporate real estate. From 2001 to 2007 he worked in the Tenant Representation team of one of the large multinational real estate advisors. Richard joined Ocupantes in 2007. With his native English and extensive experience in the office and retail markets, he has conducted many assignments for national and international clients.

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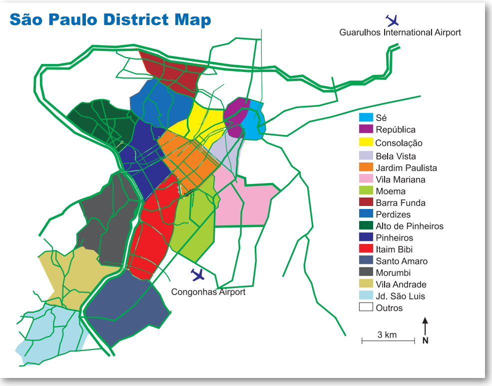
A hot market in São Paulo

Market Indicators	Vacancy Rate	Net Absorption	Construction Activity	New Stock
	↔	↗	↗	↗

As shown in the graphs below, São Paulo's real estate market has maintained its heat during the 1st quarter of 2011. The numbers show a net absorption of 119,356 m² in both the Class A and Others segments. All signs point to continued demand, resulting from the growth of established firms, the birth of new firms and the entry into Brazil of international companies seeking to establish a presence in Brazil's strong economy.

Even with this high absorption, vacancy has not dropped proportionally, due to the delivery of 62,977 m² of new office space in São Paulo, keeping the overall vacancy rate at a level of approximately de 3.25%. Two of the main Class A deliveries are the "Villa Lobos Office Park", with five office blocks totaling 39,799 m², in the region of Alto de Pinheiros, and the "New Worker Tower" with 7,785 m², in the Barra Funda region. In the "Others" segment (non-Class A), 15,412 m² have been delivered.

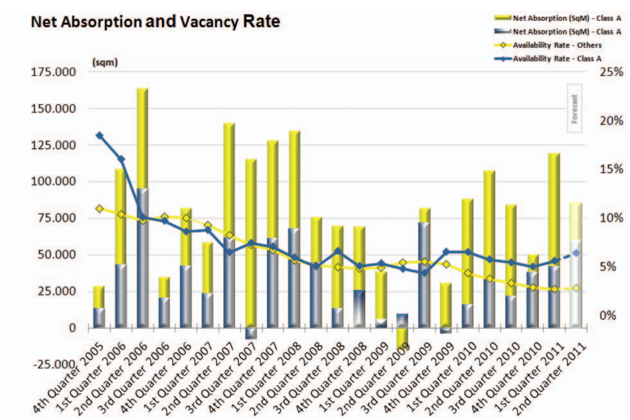
The expectation over the next quarters is for a slight increase in vacancy assuming that 100,000 m² of deliveries are confirmed.

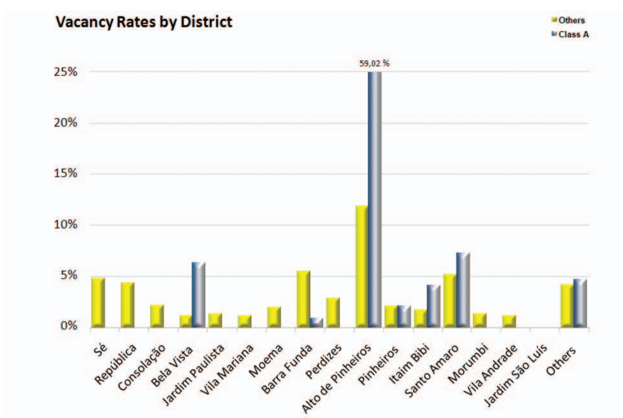


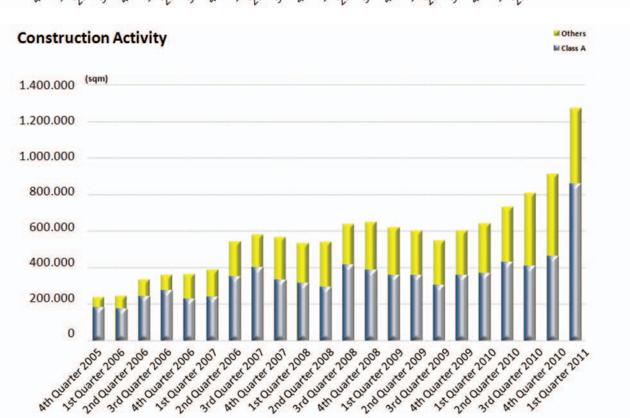
Construction activity at full speed

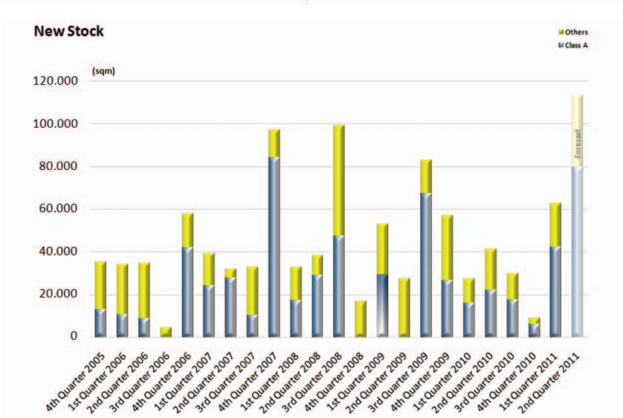
Construction activity in São Paulo remains at an accelerated pace and investors and developers continue bullish regarding the corporate Office market. Land being banked and used temporarily as parking lots in are giving way to new buildings of all sizes and types. It is expected that much of this space will be taken up to satisfy held-back demand by firms who have been unable to identify adequate space in the current market.

The Itaim Bibi district continues to be the target of most construction activity, with a measured 377,496 m² still under construction by the end of the first quarter of 2011.**





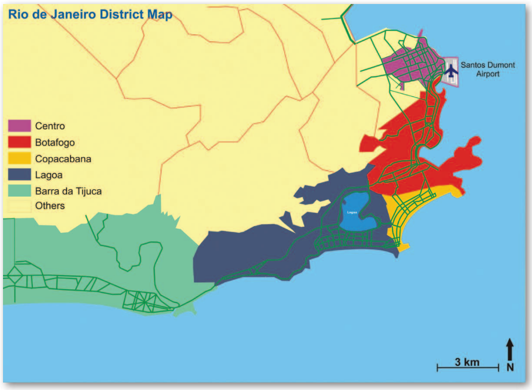




** Class A: Buildings delivered after 1990, with a leasable area of 700 m2 per floor-plate, and high technical standards.   ** Ocupantes works with information supplied by constructors and developers.*

Vacancy Rate in Rio de Janeiro: how low can it go?

Market Indicators	Vacancy Rate	Net Absorption	Construction Activity	New Stock
	↘	↘	↗	↘



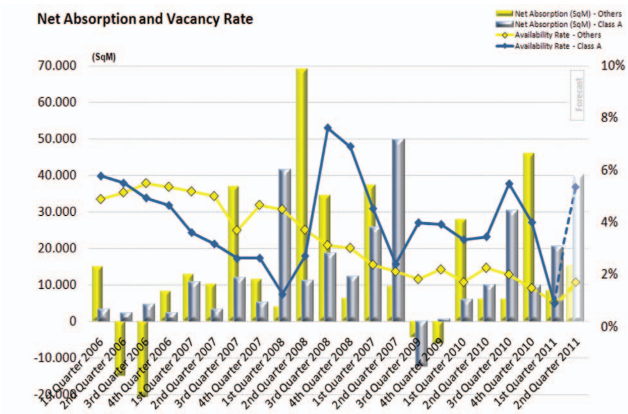
As shown in the graphs below, the vacancy rate in Rio at the end of the first quarter of 2011 has had a significant drop, especially in the Class A* segment, falling from 4% in the previous quarter to 0,91%. This drop is due mainly to the delay in delivery of new stock of 51,000 m² was expected to have been delivered in the last months of 2010 and beginning of 2011, but which was postponed. During the first quarter the Class A "Ventura Corporate 2" became fully occupied, as well as the "Torre Sul" in the Cidade Nova district and the "Torre Norte Shopping". Additionally, the recently retrofitted "Rio Branco 115", classed in the "Others" segment due to it small floor-plate, has also become fully occupied.

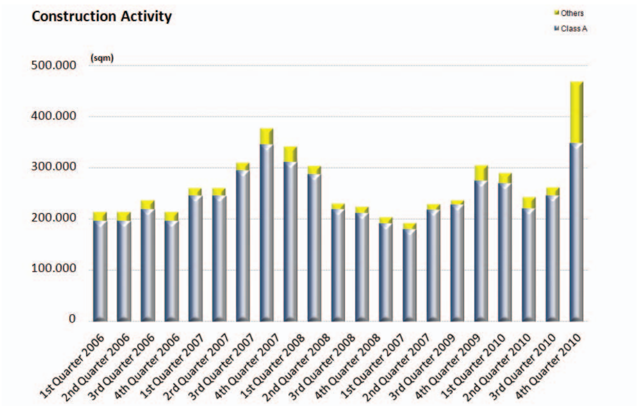
With the delay in deliveries, it is now expected that during the 2nd quarter of 2011 as much as 117,714 m² should be delivered, assuming no further delays, which should give some relief to the market and a momentary increase in vacancy. Of the buildings to be delivered, one highlight is the "O² Corporate & Offices" complex in Barra da Tijuca, with 8 blocks totaling 48,000 m² of Class A leasable area.

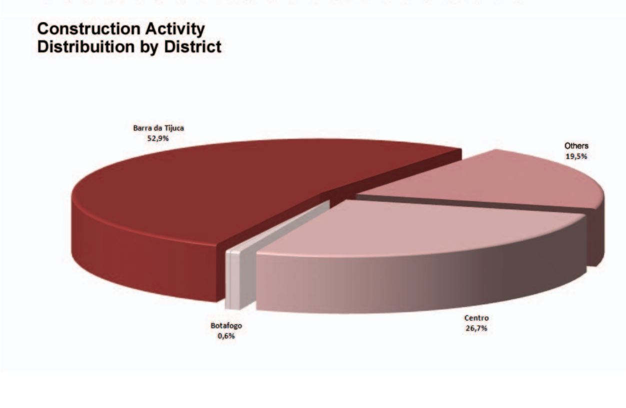
Construction activity in Rio on the rise

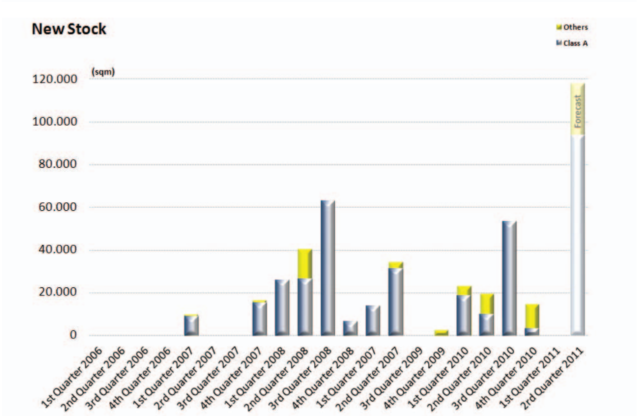
Buildings that were on the drawing board at the end of 2010 have since been initiated. There has been an increase of 50% in office construction activity measured during the first quarter of 2011; in December there was 260,789 m² under construction, now there are 466,509 m², the largest amount measured in the last 5 years.

Barra da Tijuca is the region with by far the greatest amount of construction activity, accounting for 50% of the total. This is not only a reflection of demand but also the fact that other Rio markets do not have large land sites that can accommodate new, large developments, and opportunities for retrofits in downtown Rio are dwindling.**



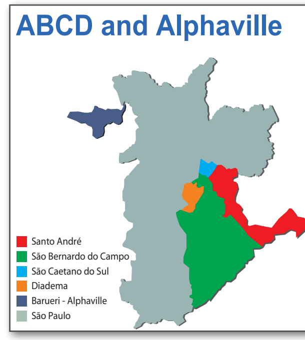




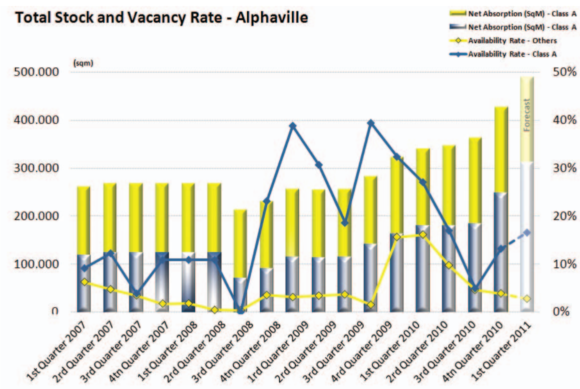


Information contained in this document is a result of research undertaken by Ocupantes, with the aim of estimating trends in the corporate real estate market. It does not constitute a legal document.

Greater São Paulo: Alphaville remains in the spotlight



After seeing a drop in vacancy over four consecutive quarters in Alphaville, starting at 24.11% in the first quarter of 2010 and ending the year at 4.76%, the first quarter has seen an upturn due to the delivery of 64.435 m² of leasable floor space, in buildings such as the "CEA II - North Tower" (12,192 m²), the "CEA II - South Tower" (11,585 m²) and the "iTower" (40.656 m²) above the new Iguatemi Alphaville Shopping center. As can be seen in the graphs, there have been several deliveries, Class A and Others, since the end of 2009.



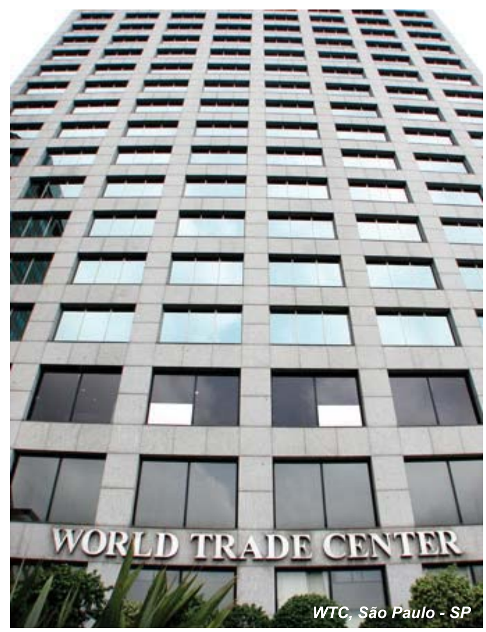
In the first quarter of 2011, total stock surpassed 400,000 m² and if the forecast for the following quarter is realized, Alphaville's total stock will be double what existed in January 2007.

A alta da atividade construtiva indica que o crescimento da região continuará pelos próximos meses.

In the markets that fall within Greater São Paulo's "ABCD" region, there has been little change in numbers, and these markets have yet to become expressive as corporate office locations.

Success Stories - Ocupantes exceeds Nintendo's expectations

Nintendo, global leader in videogame technology and games for computers, is a Japanese company that grew extremely rapidly around the globe. In Brazil there is a very strong demand and growth has not been different here.



WTC, São Paulo - SP

A clear need arose to identify space that would accommodate the planned future growth in Brazil. The local branch would need to have sufficient size to allow for the growth expected over the next 5 years. This would avoid the challenges faced by the Mexico office that had to be relocated three times as each office became overcrowded and inadequate to support the continued growth.

Having been recommended to Ocupantes by another client satisfied with the real estate services received, Nintendo reached out to Ocupantes, and the Corporate Services team lead by Bruce Lorimer, came into action. The ideal first step is to properly understand the client's current and expected situation, starting with individual interviews of key executives within the client's office. This lead to a well defined space-planning stage, with which Ocupantes were able to undertake a directed and thorough research in the regions in the city of São Paulo that best suit the client. Technical specifications of each of the alternative buildings were gathered, and financial analyses were prepared to compare their overall costs. These were reported in both English and Portuguese. Ocupantes also coordinated the communication between each party's lawyers, including the transit and checking of documentation, and prepared the inspection report that is appended to the lease. It took merely one month from the hiring of Ocupantes until the signing of the lease contract, a very short time frame yet essential in the current market.

The satisfaction of Nintendo's local management was at the highest level and they specifically referred to the speed and professionalism. The success of the assignment exceeded the client's expectations; Nintendo were keen to state that if future needs arose they would no doubt seek the services of Ocupantes.