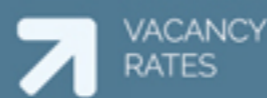


MARKET BULLETIN

2ND QTR 2016 • SÃO PAULO | RIO DE JANEIRO | OTHER CITIES

OFFICES

SÃO PAULO



VACANCY
RATES



AVERAGE
ASKING PRICES

RIO DE JANEIRO



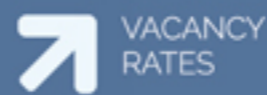
VACANCY
RATES



AVERAGE
ASKING PRICES

INDUSTRIAL

STATE OF SÃO PAULO



VACANCY
RATES



AVERAGE
ASKING PRICES

STATE OF RIO DE JANEIRO



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.

www.ocupantes.com

OFFICES



CONSTRUCTION ACTIVITY
774.041 m²



NEW STOCK
102.064 m²



NET ABSORPTION
-58.851 m²



GROSS ABSORPTION
97.271 m²



VACANCY RATE
16,48%

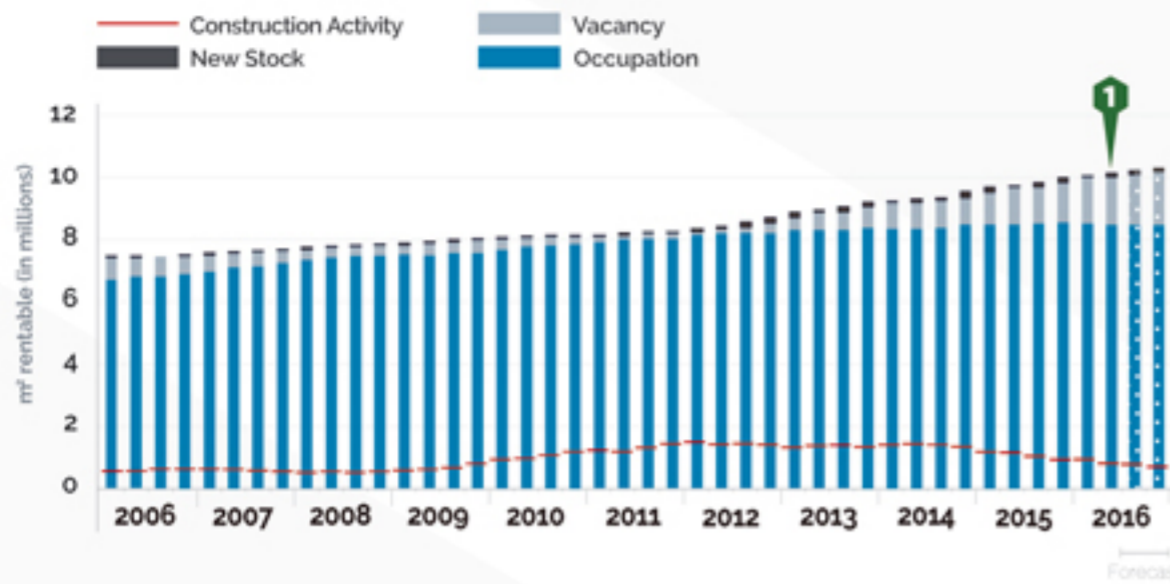


AVERAGE ASKING PRICES

Corporate Universe (Class A and Others)

SÃO PAULO

NEW STOCK/VACANCY/OCCUPATION

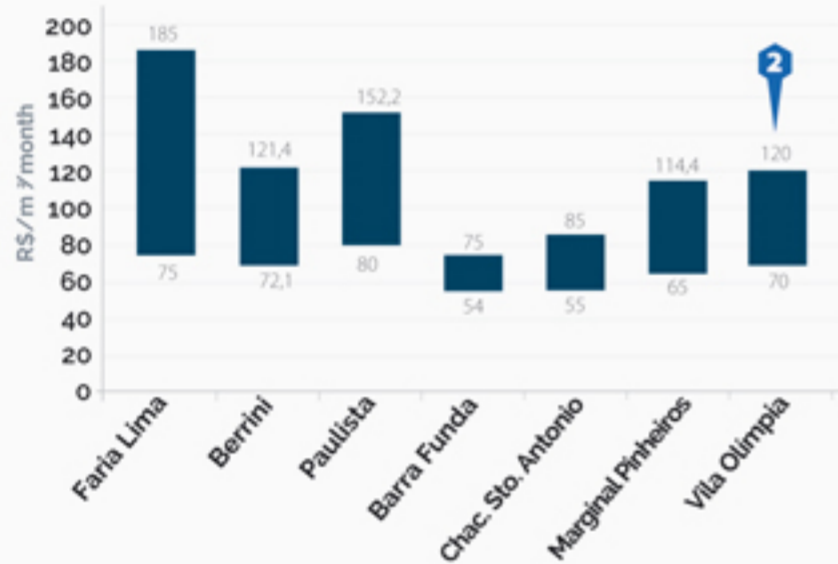


The São Paulo corporate office market continues to suffer the impacts of the Brazilian economic crisis for the second consecutive quarter, as reflected in the record negative net absorption figures for the city of São Paulo. This trend along with the newly added office stock delivered in the market, pressures vacancy rates even further, reaching 16.48% in the 2nd QTR 2016, the highest rate since recordings began, back in 2005.

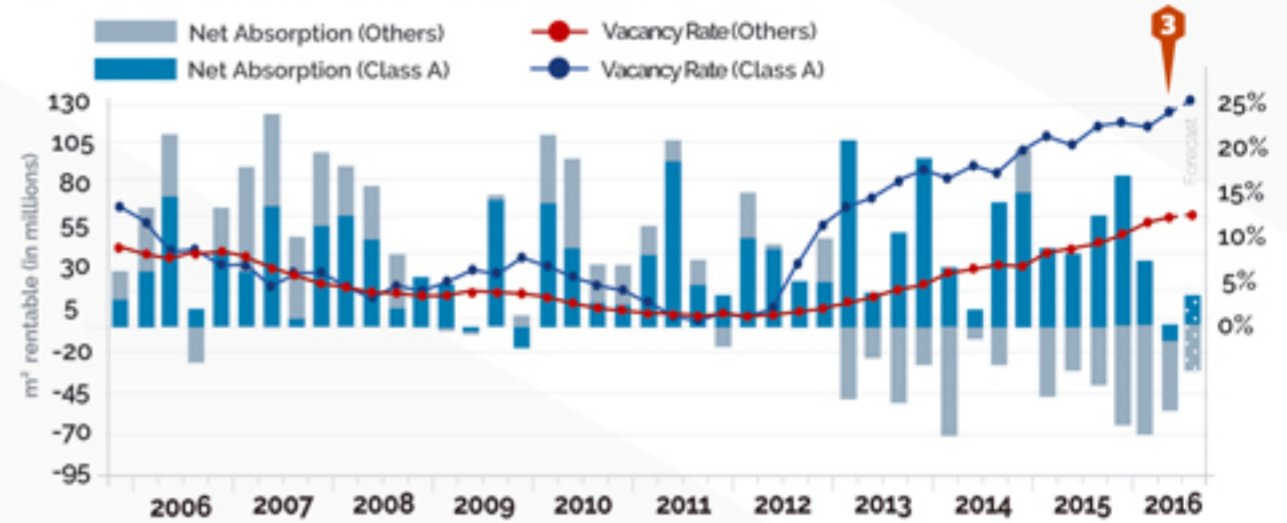
- 1** In the 2nd QTR 2016, a total of eight "corporate" buildings were delivered reaching 102 thousand m² of new stock in the city of São Paulo. Part of this new stock comes from intentional delays in the delivery of new developments, as developers keep a cautious eye on the market, waiting for the most opportune time, from a commercial standpoint to deliver new buildings.
- 2** The political and economic crisis is causing a strong impact on the Brazilian real estate market. The average asking rent prices in buildings with commercial size floor plates has reached the lowest point since 2005. To exemplify this, buildings in the "Corporate Class A" universe have their average asking rent prices approximately 20% lower in comparison to the same period one year ago.
- 3** The demand for corporate office space in the City of São Paulo continues sluggish. This is explained mainly by the increase in the unemployment rate, as companies reduce staff and increasingly occupy less office space. Hence, the noticeable decline in net absorption in this quarter, reaching the lowest volume since 2005. Consequently, the vacancy rate in Class A buildings continues to rise, reaching 23.7% in the 2nd quarter 2016.

RANGE OF LEASE ASKING PRICES/REGION

CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



CONSTRUCTION ACTIVITY
439.282 m²



NEW STOCK
35.387 m²



NET ABSORPTION
8.691 m²



GROSS ABSORPTION
61.132 m²



VACANCY RATE
15,04%

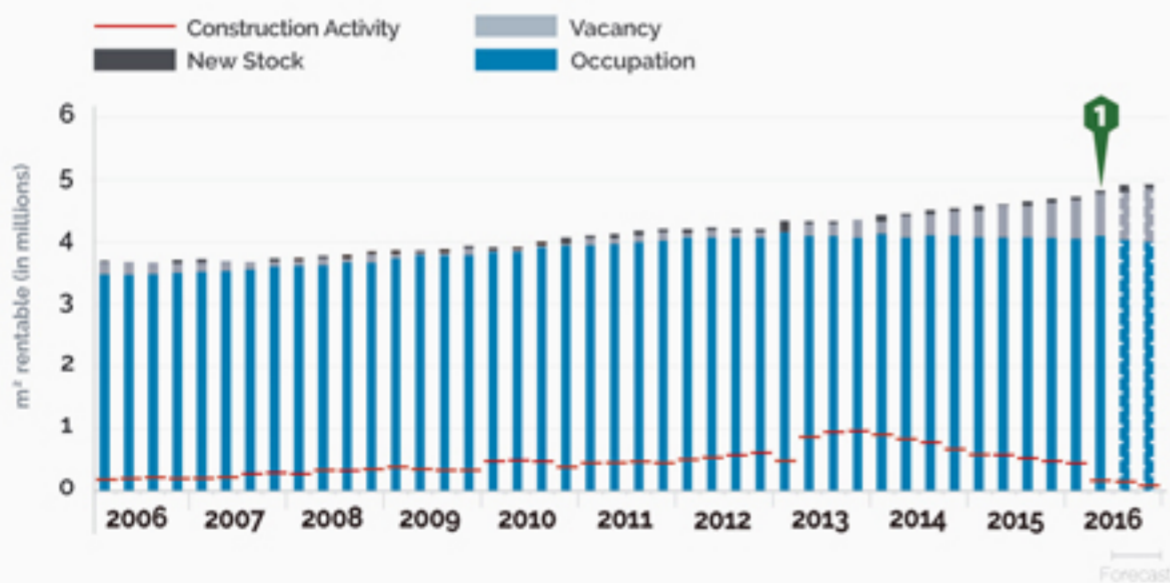


AVERAGE ASKING PRICES

Corporate Universe (Class A and Others)

RIO DE JANEIRO

NEW STOCK/VACANCY/OCCUPATION

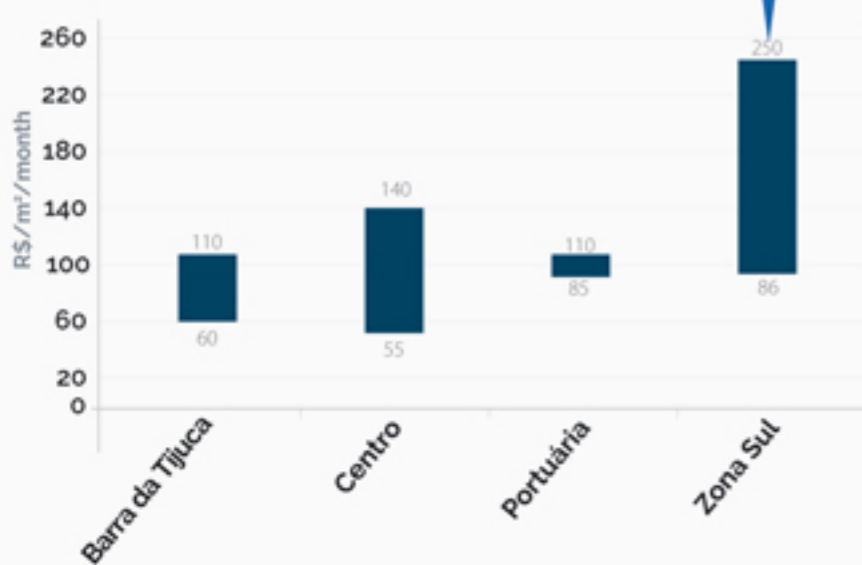


After two consecutive quarters of negative net absorption for all corporate office buildings in Rio de Janeiro, regardless of the building class, the net absorption in the 2nd QTR 2016 for all this universe was positive (8,691 m²), although still very modest. The tourism and hotel sectors received a boost with the arrival of the Olympic Games, but this had no impact on the office market. These indicators continue to reflect the country's recession.

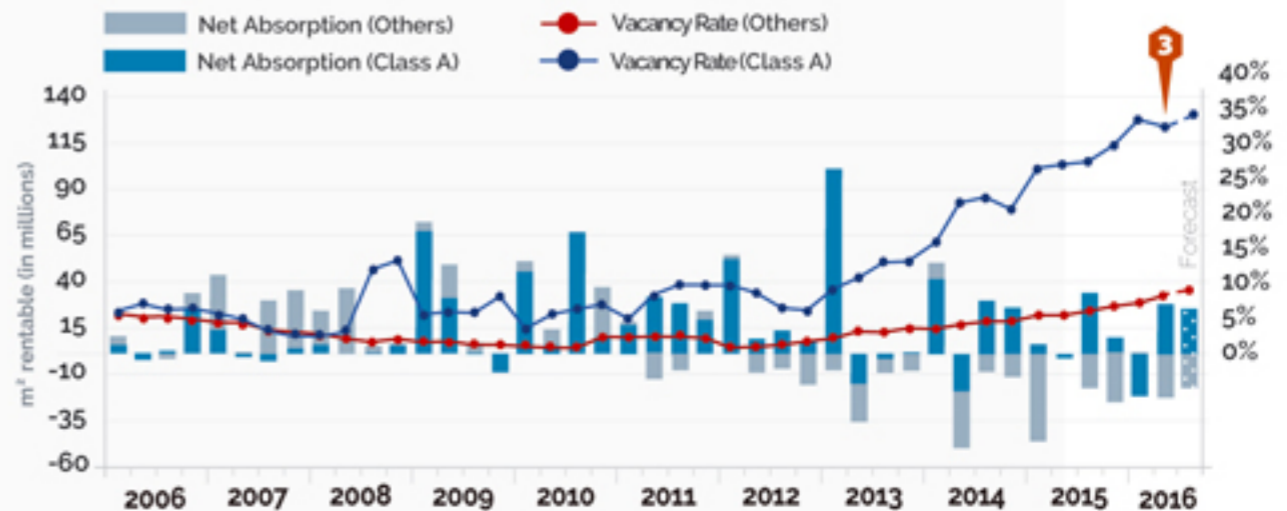
- 1** In the 2nd QTR 2016 a total of 35,000 m² of new stock was delivered in the city, mostly in the Barra da Tijuca region (27,000 m²). Unlike São Paulo, the occupation of corporate offices in Rio had a slight increase in the 2nd QTR 2016, by 0.67% over the previous quarter.
- 2** Yet again, rent prices fell in the 2nd QTR 2016 in the city of Rio de Janeiro compared to the previous quarter. The average rental rates fell from R\$ 99.62 to R\$ 95.74 / m² per month, with the exception of the asking rents in the Corporate Class A universe in the Southern Region, which recorded an increase in asking rent price in the 2nd QTR 2016: The average rental rates rose from R\$ 154.34 to 169.27/m² per month. This universe is limited to 12 office buildings only, with a total stock of 133,000 m² and vacancy rate of 21.89%.
- 3** The figures for the 2nd QTR 2016 for net absorption were well below expectations, reflecting the large volume of corporate spaces returned by companies in the oil and gas sector. This movement is expected to rise in the forthcoming quarters, as Petrobras is expected to vacate two buildings, pushing the vacancy rate upward, which is already at 31.54% in the universe of "Corporate Class A" buildings.

RANGE OF LEASE ASKING PRICES/REGION

CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



*The methodology for classification adopted by Ocupantes for office buildings is as follows - Office: buildings with office units under 100 m².

Corporate: buildings with office units greater than or equal to 100m². Class A: buildings with high technical standards. For the purpose of this bulletin, only buildings classified as Corporate were considered.

INDUSTRIAL

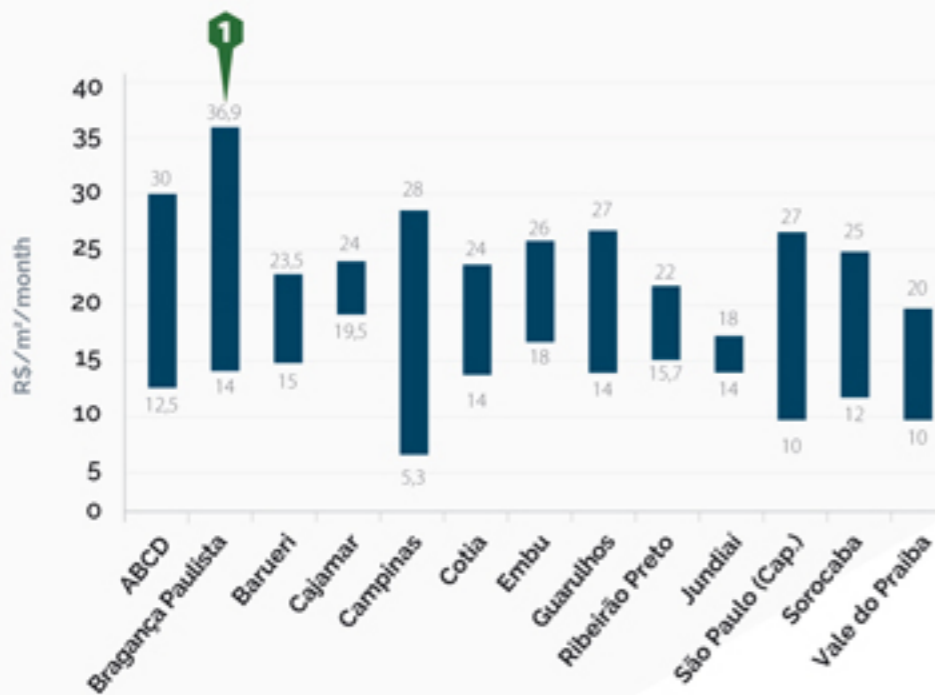
CONSTRUCTION ACTIVITY
1.170.825 m²

NEW STOCK
55.073 m²

VACANCY RATE
25,69%

AVERAGE ASKING PRICES

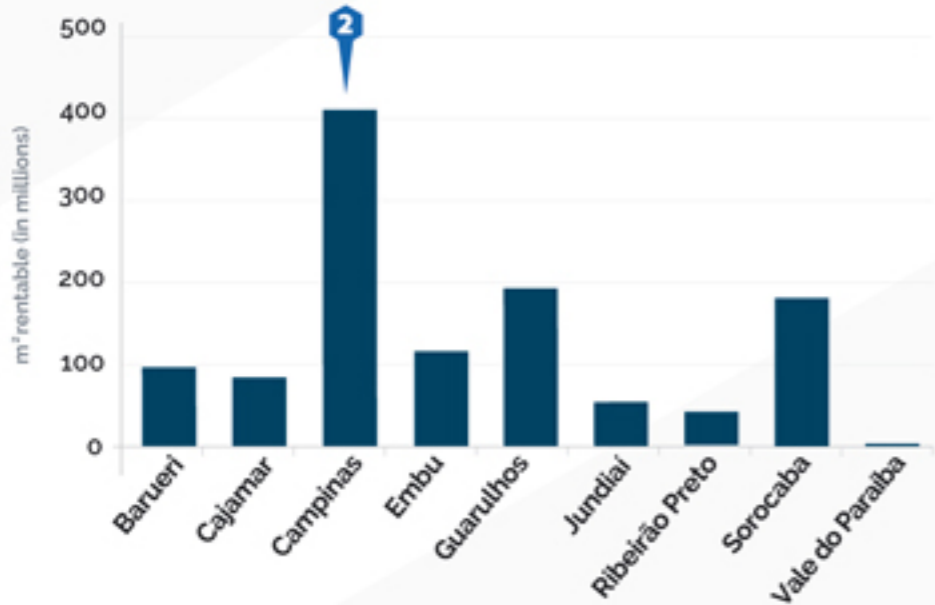
RANGE OF LEASE ASKING PRICES/REGION



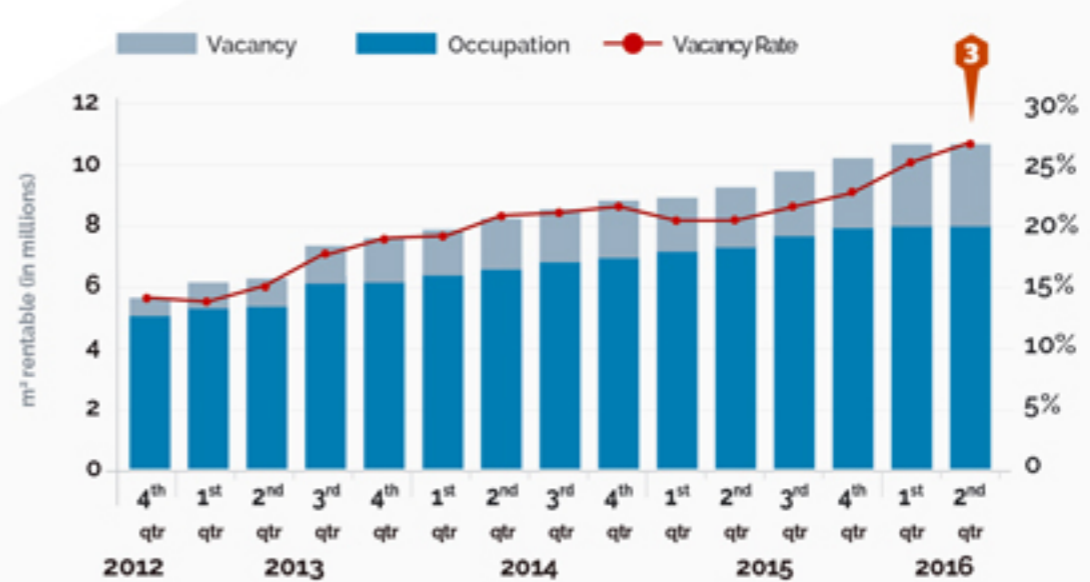
Over the past four years, the occupancy of warehouses in industrial and logistical parks in the state of São Paulo is growing quarter after quarter, from a total load of 4.9 million square meters in 2012 to 7.94 million m² in 1st QTR 2016, an increase of 62%. However, in the 2nd QTR 2016 for the first time since the start of the series in 2005, occupation levels decreased, falling to 7.88 million m², down 0.68% when compared to the 1st QTR 2016.

- 1 The fall in occupation, coupled with the high vacancy rate, have pushed rental prices downwards. The average asking rental rates in gated logistical parks in the state of São Paulo fell by 2.00% in the 2nd QTR 2016 relative to 1st QTR 2016, from R\$ 19.97 / m² per month down to 19.57 / m² per month. The graph shows the range of rental rates for each region.
- 2 Campinas is still the region of Brazil with the highest construction activity of gated logistical parks in Brazil – in excess of 400,000 m² under construction. The economic and political crisis affecting Brazil has encouraged developers to start new projects subject to signing pre-lease agreements, in order to avoid contributing to further sharp rises in the vacancy rate. Campinas also has the largest inventory of new projects in the design phase, totaling more than 2.6 million square meters.
- 3 The drop in occupation of gated industrial and logistical parks, together with the new stock delivered in the 2nd QTR 2016 caused the vacancy rate to increase for the fifth consecutive quarter, reaching 25.69%. The vacancy rate increased 11.66 percentage points between 2012 and 2016, rising from 14.03% at the end of 2012 to 25.69% in the 2nd QTR 2016.

CONSTRUCTION ACTIVITY



VACANCY, OCCUPATION AND VACANCY RATE



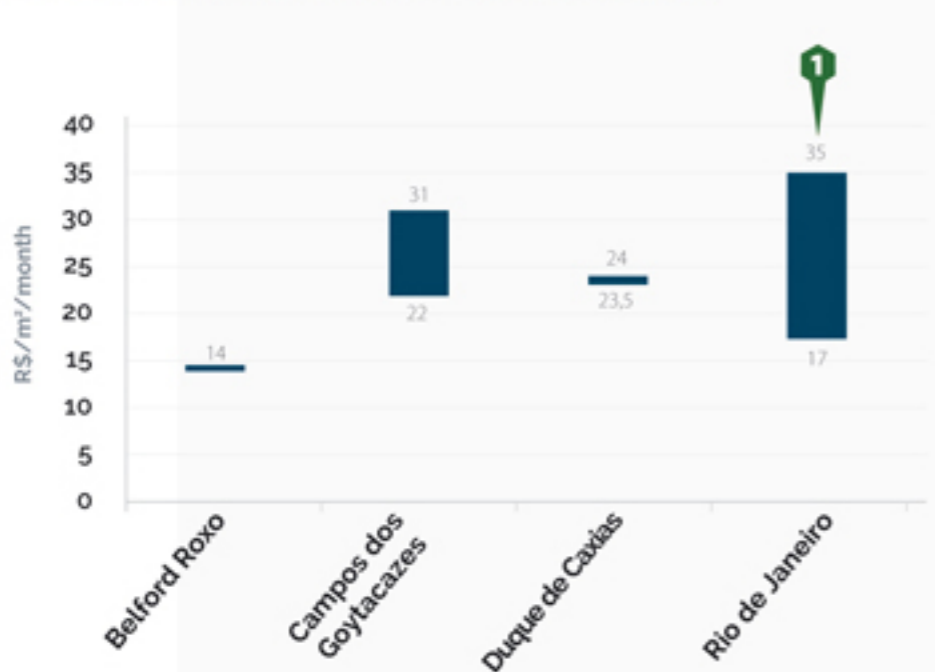
CONSTRUCTION ACTIVITY
309.289 m²

NEW STOCK
80.145 m²

VACANCY RATE
23,79%

AVERAGE ASKING PRICES

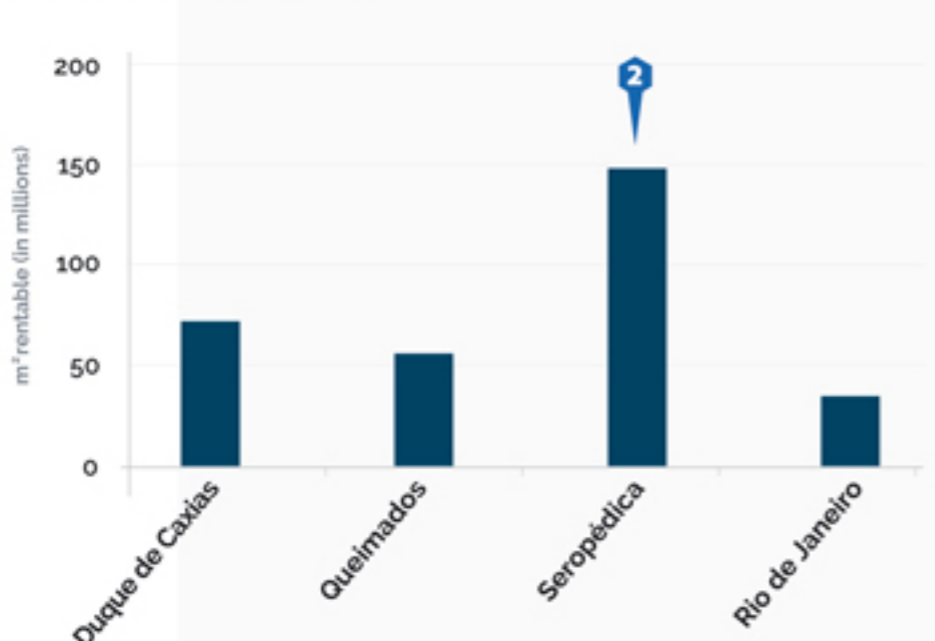
RANGE OF LEASE ASKING PRICES/REGION



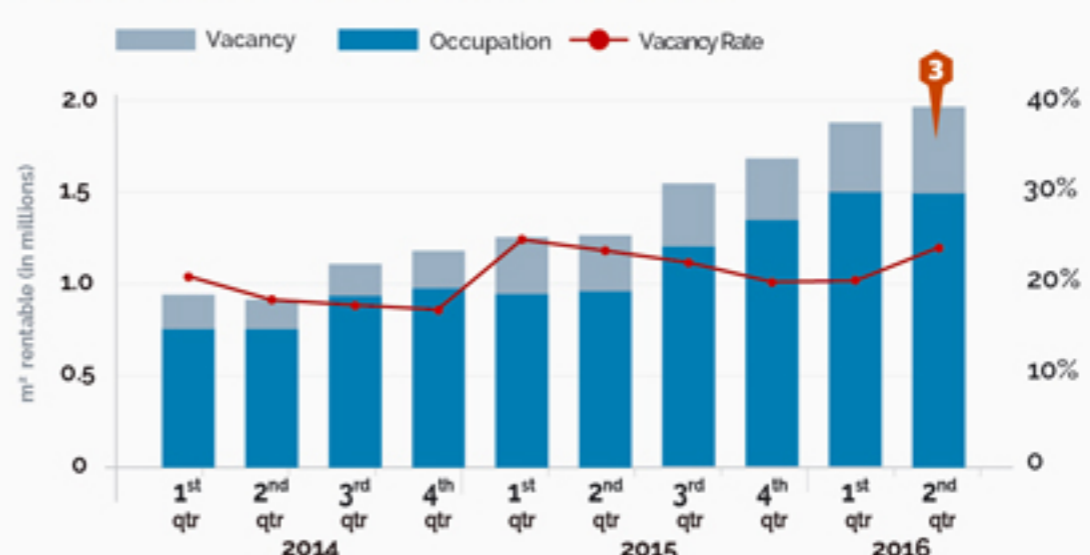
The vacancy rate in gated industrial and logistical parks in the state of Rio de Janeiro rose again in the 2nd QTR 2016 and reached 23.79%. The increase is connected with the delivery of new stock in this period, rather than the fall in occupation, since the occupation remained stable in 2nd QTR 2016, when compared to the previous quarter.

- 1 As a business strategy, landlords in some regions of the state of Rio de Janeiro have preferred not to disclose the asking prices for their developments, preferring a more flexible negotiation approach than pricing their warehouses at more competitive price levels. The average asking rental rate for gated logistical parks in the state of Rio de Janeiro increased by 4.08% in the 2nd QTR 2016 compared to the previous quarter, rising from R\$ 23.29 / m² per month to R\$ 24.24 / m² per month. The chart shows the range of asking rental rates for each region.
- 2 Seropédica is the region with the highest construction activity in the state of Rio de Janeiro, almost 150,000 m² of warehouses in gated logistical and industrial parks under construction. Currently, Seropédica is one of the regions which attracts some of the highest interest among investors and developers, who are betting on the growth of gated logistical and industrial parks in the region.
- 3 The occupancy levels in gated industrial and logistical parks in the state of Rio de Janeiro remained stable in the 2nd QTR 2016. The increase in the vacancy rate to 23.79% can be attributed mainly to the delivery of new stock in the regions of Duque de Caxias (51,460 m²) and Seropédica (28,685 m²).

CONSTRUCTION ACTIVITY



VACANCY, OCCUPATION AND VACANCY RATE



Past trends should not be taken as indicative of future results. Ocupantes shall not be held liable for decisions taken based on the information contained herein.

OTHERS CITIES OFFICES

	VACANCY RATE	AVERAGE ASKING PRICES <i>R\$/m²/month</i>	TOTAL STOCK <i>m²</i>	CONSTRUCTION ACTIVITY <i>m²</i>
BARUERI	↗ 29,44%	↗ 51,91	— 675.596	— 61.305
BRASÍLIA	↗ 8,42%	↘ 63,46	— 1.668.303	— 98.857
SANTOS	↗ 26,68%	↗ 59,28	— 189.237	— 63.475
CAMPINAS	↗ 24,02%	↘ 58,39	— 207.445	— 23.972
CURITIBA	↗ 8,65%	↗ 47,90	↗ 764.801	↘ 17.221
FLORIANÓPOLIS	↗ 14,86%	↗ 37,15	— 180.107	— 8.041
PORTO ALEGRE	↗ 5,73%	↘ 52,07	— 545.013	— 33.279
RECIFE	↗ 19,70%	↘ 53,56	— 266.400	— CONSTRUCTION ACTIVITY
SALVADOR	↗ 18,86%	↘ 46,25	— 222.360	— 7.640

Information for the universe Corporate (Class A and Others) of each city.

SERVICES

If you require accurate information on the region where your offices or warehouses are located, whether your aim is to review your current rent or undertake a comparative analysis of the other available options in the market, please contact us. Ocupantes has the experience and the comprehensive market data available to assist your company in reaching the best decision.

LOCATION ANALYSIS	RELOCATION, LEASE CONTRACT RENEWALS, RENT REVIEWS AND TERMINATIONS	INDUSTRIAL SERVICES	ACQUISITIONS AND EXPANSIONS	SALE & LEASEBACK	MANAGEMENT OF OPPORTUNITIES AND CRITICAL DATES	VALUATIONS AND DISPOSITIONS	PROJECT MANAGEMENT (THROUGH OCUPANTES PROJECT MANAGEMENT)
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Corporate Real Estate

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Ocupantes is the first and largest Corporate Real Estate consulting company in Brazil specializing in the representation of commercial and industrial users. Ocupantes team consists of skilled professionals with extensive experience in providing advisory services as well as conducting real estate requirements for national and multinational companies in their plans for occupation.