

MARKET BULLETIN

2nd QTR 2019 • SÃO PAULO | RIO DE JANEIRO

OFFICES

SÃO PAULO

RIO DE JANEIRO



VACANCY
RATE



AVERAGE
ASKING PRICE



VACANCY
RATE



AVERAGE
ASKING PRICE

INDUSTRIAL

STATE OF SÃO PAULO

STATE OF RIO DE JANEIRO



VACANCY
RATE



AVERAGE
ASKING PRICE



VACANCY
RATE



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
555,212 m²



NEW STOCK
22,918 m²



NET ABSORPTION
85,768 m²



GROSS ABSORPTION
276,523 m²



VACANCY RATE
16.20 %

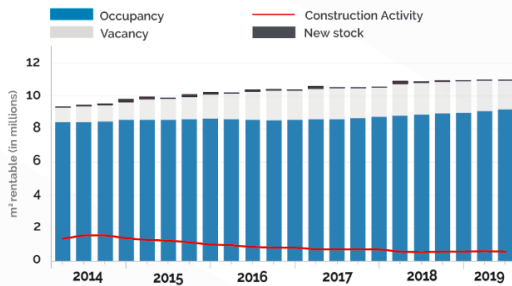


AVERAGE ASKING PRICE
R\$ 61.28

Considering corporate office buildings only (Class A and Others)

SÃO PAULO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK



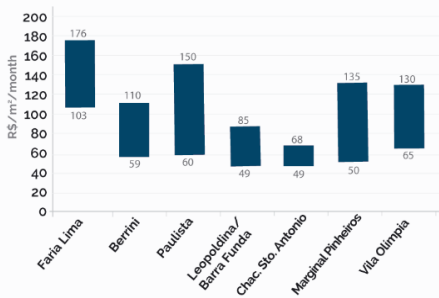
The total stock of office space in the city of São Paulo was 10.9 million m² of which 22.9 thousand m² was new stock. The vacancy rate in the period fell slightly to 16.20% which represents 1.8 million m² of vacant space. In turn, construction activity decreased to 555.2 thousand m².

The asking rental prices in the Faria Lima district ranged between R\$103/m²/month and R\$176/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\$65/m²/month to R\$130/m²/month.

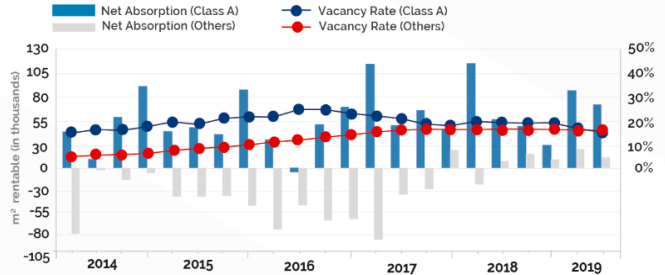
The stock of corporate Class A office buildings of the city in São Paulo recorded a positive net absorption of 73.4 thousand m² and a vacancy rate of 15.93%. The stock of corporate buildings Class "Others" recorded a positive net absorption of 12.4 thousand m² and a vacancy rate of 16.34%.

RANGE OF LEASE ASKING PRICES BY DISTRICT

CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



CONSTRUCTION ACTIVITY
100,756 m²



NEW STOCK
0 m²



NET ABSORPTION
-8,357 m²



GROSS ABSORPTION
48,017 m²



VACANCY RATE
22.76 %

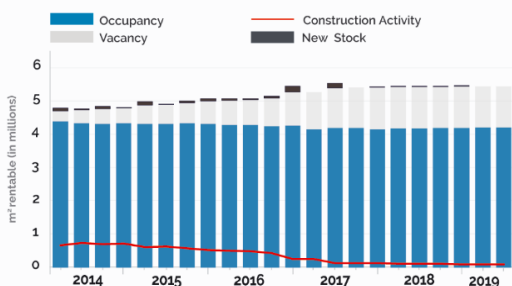


AVERAGE ASKING PRICE
R\$ 72.72

Considering corporate office buildings only (Class A and Others)

RIO DE JANEIRO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK



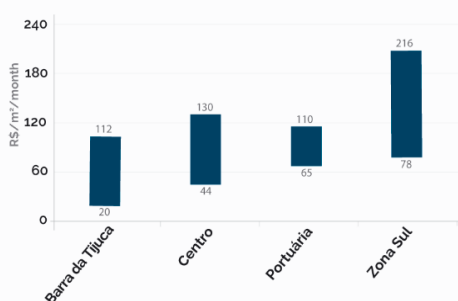
The total office stock in the city of Rio de Janeiro reached 5.4 million m² and there was no delivery of new stock. The vacancy rate in the quarter rose slightly to 22.76% which represents 1.2 million m² vacancy. In turn, construction activity remained at 100.8 thousand m².

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\$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\$216/m²/month.

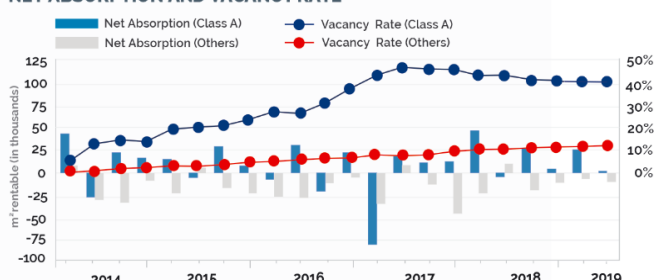
The stock of corporate Class A buildings in the city of Rio de Janeiro recorded a positive net absorption of 1.8 thousand m² and a vacancy rate of 42.27%. The stock of corporate buildings Class "Others" recorded a negative net absorption of 10.2 thousand m² and a vacancy rate of 12.92%.

RANGE OF LEASE ASKING PRICES BY DISTRICT

CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



*The methodology for classification adopted by Ocupantes for office buildings is as follows: "Office" type buildings have office suits under 100 m². "Corporate" type buildings have office suits greater than or equal to 100 m². Class A: buildings with high technical standards.

INDUSTRIAL

CONSTRUCTION ACTIVITY
961,191 m²

NEW STOCK
186,111 m²

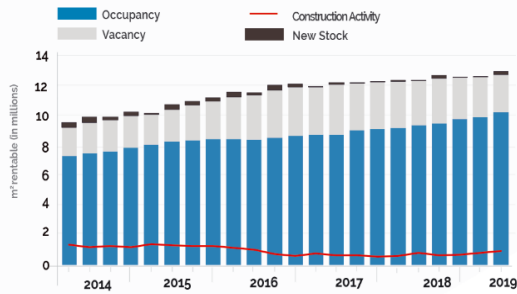
NET ABSORPTION
310,596 m²

GROSS ABSORPTION
613,253 m²

VACANCY RATE
20.05%

AVERAGE ASKING PRICE
R\$ 18.27

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

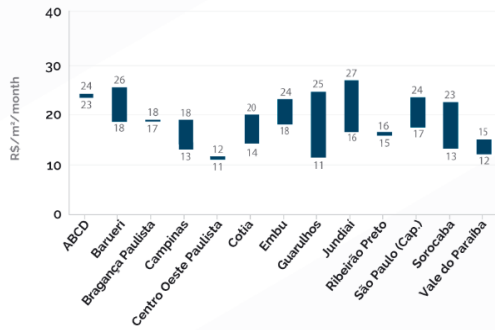


The total stock of gated industrial and logistical condominiums in the state of São Paulo was 12.7 million m² of which 186.1 thousand m² was new stock. The vacancy rate in the quarter declined slightly to 20.05% which represents 2.5 million m² of vacant space. In turn, construction activity increased to 961.2 thousand m².

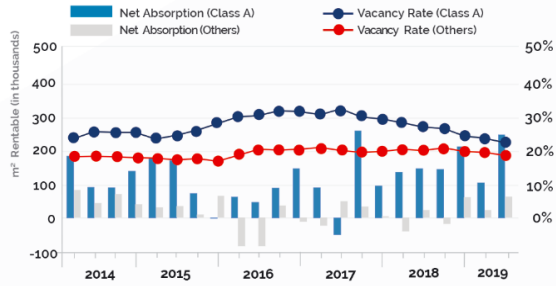
The asking rental prices in the Barueri district ranged between R\$18/m²/month and R\$26/m²/month. In the Campinas district asking prices ranged between R\$13/m²/month and R\$18/m²/month and in the district of Guarulhos between R\$11/m²/month and R\$25/m²/month.

The stock of Class A gated industrial and logistical warehouse condominiums in the state of São Paulo recorded a positive net absorption of 247.4 thousand m² and a vacancy rate of 20.90%. The stock of Class "Others" recorded a positive net absorption of 63.2 thousand m² and a vacancy rate of 18.59%.

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



NET ABSORPTION AND VACANCY RATE



STATE OF SÃO PAULO

CONSTRUCTION ACTIVITY
274,532 m²

NEW STOCK
19,440 m²

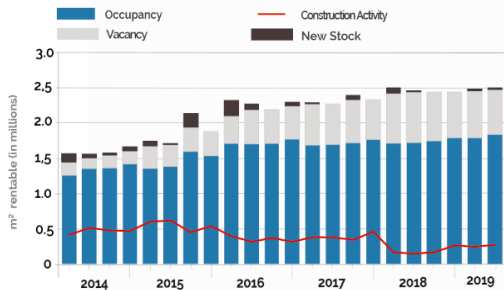
NET ABSORPTION
49,311 m²

GROSS ABSORPTION
113,009 m²

VACANCY RATE
25.90%

AVERAGE ASKING PRICE
R\$ 20.20

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

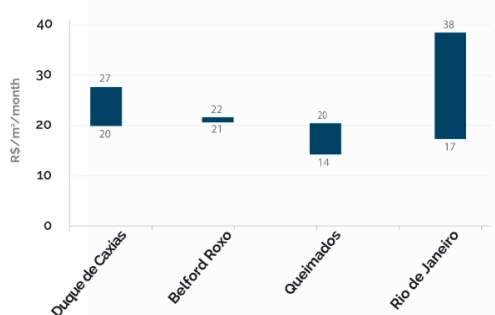


The total stock of gated industrial and logistical condominiums in the state of Rio de Janeiro reached 2.5 million m², of which 19.4 thousand m² was new stock. The vacancy rate in the quarter dropped slightly to 25.90% which represents 641.6 thousand m² vacancy. In turn, construction activity increased to 274.5 thousand m².

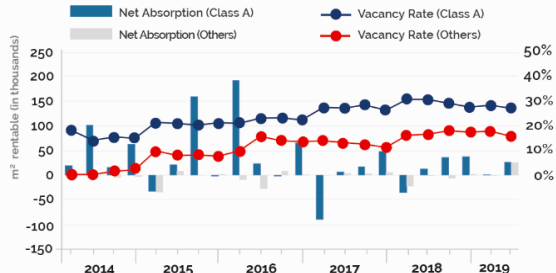
The asking rental prices for Duque de Caxias district ranged between R\$20/m²/month and R\$27/m²/month and for Belford Roxo district asking prices ranged from R\$21/m²/month and R\$22/m²/month. In the district of Queimados asking prices ranged from R\$14/m²/month to R\$20/m²/month, while in the city of Rio de Janeiro they ranged from R\$17/m²/month to R\$38/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 24.7 thousand m² and a vacancy rate of 27.28%. Gated industrial and logistical condominiums considered Class "Others" recorded a positive net absorption of 24.6 thousand m² and a vacancy rate of 18.90%.

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



NET ABSORPTION AND VACANCY RATE

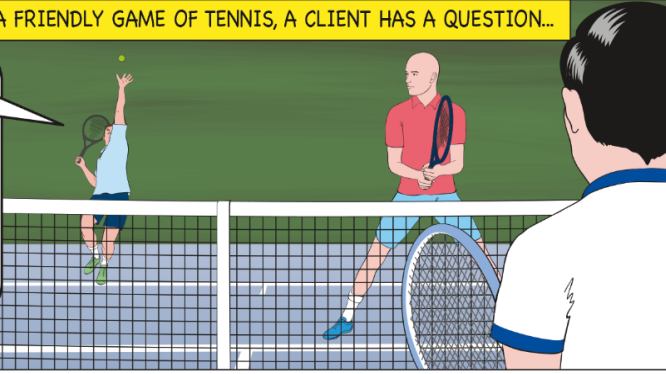


STATE OF RIO DE JANEIRO

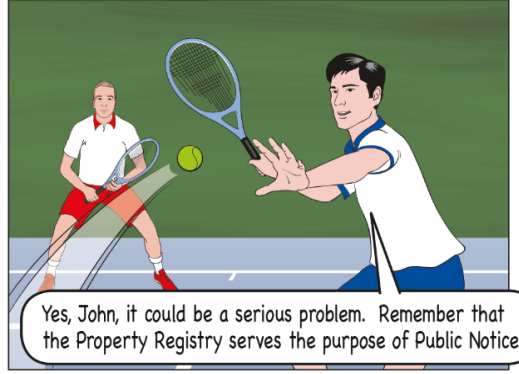
LEASE REGISTRATION ON THE PROPERTY REGISTER

DURING A FRIENDLY GAME OF TENNIS, A CLIENT HAS A QUESTION...

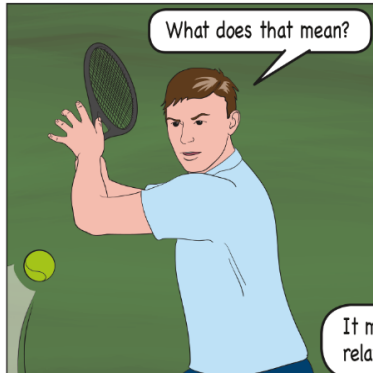
So, Bruce, I have not bothered to register my lease on the Property Register. Is that a problem?



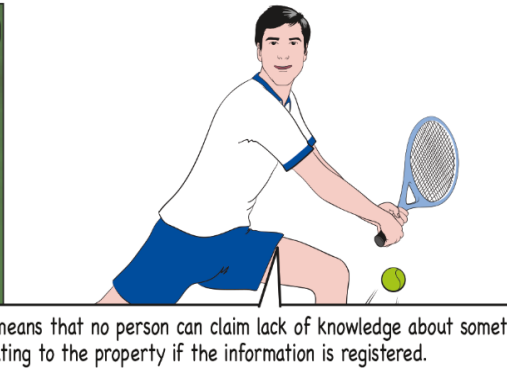
Yes, John, it could be a serious problem. Remember that the Property Registry serves the purpose of Public Notice.



What does that mean?



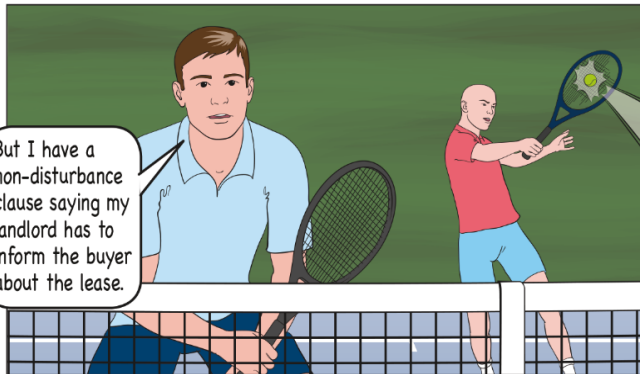
It means that no person can claim lack of knowledge about something relating to the property if the information is registered.



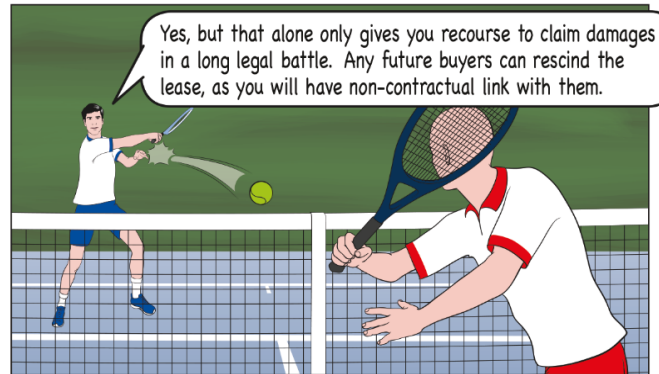
Say your lessor were to sell to another investor; that investor cannot claim he had no knowledge of your lease, if it is registered.



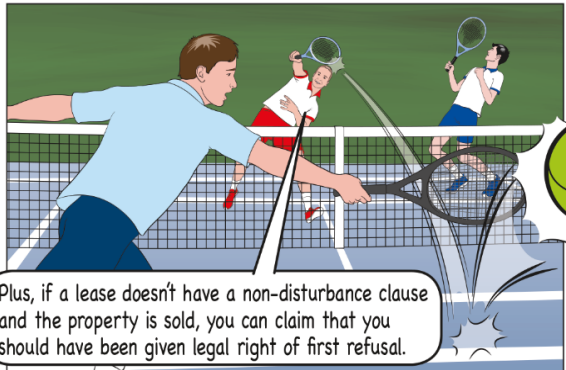
But I have a non-disturbance clause saying my landlord has to inform the buyer about the lease.



Yes, but that alone only gives you recourse to claim damages in a long legal battle. Any future buyers can rescind the lease, as you will have non-contractual link with them.



Plus, if a lease doesn't have a non-disturbance clause and the property is sold, you can claim that you should have been given legal right of first refusal.



OK, now I understand. I will have my legal team take immediate steps. Thank you so much for your guidance.



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.