

MARKET BULLETIN

4th QTR 2018 · 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
549,955 m²



NEW STOCK
13,711 m²



NET ABSORPTION
50,477 m²



GROSS ABSORPTION
216,795 m²



VACANCY RATE
17,31 %

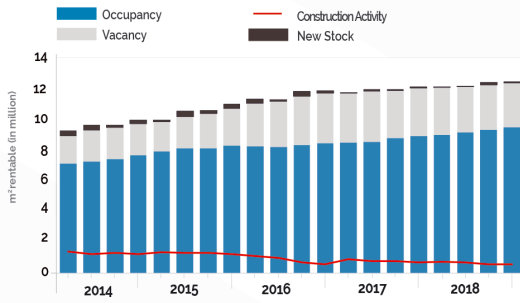


AVERAGE ASKING PRICE
R\$ 63.23

Considering corporate office buildings only (Class A and Others)

SÃO PAULO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

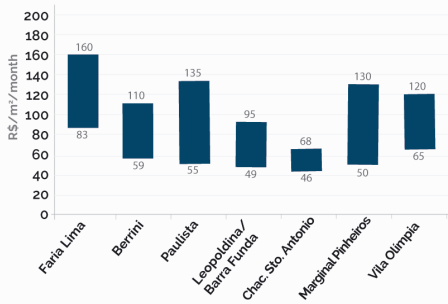


The total stock of office space in the city of São Paulo was 10.85 million m² of which 13.7 thousand m² was new stock. The vacancy rate in the period fell slightly to 17.31% which represents 1.8 million m² of vacant space. In turn, construction activity increased to 549.9 thousand m².

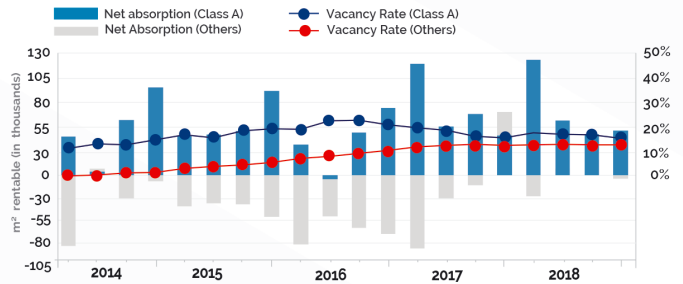
The asking rental prices in the Faria Lima district ranged between R\$83/m²/month and R\$160/m²/month. In the Berrini district they ranged from R\$59/m²/month to R\$110/m²/month, and in the Vila Olímpia district asking prices ranged from R\$65/m²/month to R\$120/m²/month.

The stock of corporate Class A office buildings of the city in São Paulo recorded a positive net absorption of 54.3 thousand m² and a vacancy rate of 18.61%. The stock of corporate buildings Class "Others" recorded a negative net absorption of 3.8 thousand m² and a vacancy rate of 16.58%.

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



NET ABSORPTION AND VACANCY RATE



CONSTRUCTION ACTIVITY
97,156 m²



NEW STOCK
5,200 m²



NET ABSORPTION
-7,206 m²



GROSS ABSORPTION
66,500 m²



VACANCY RATE
23.01 %

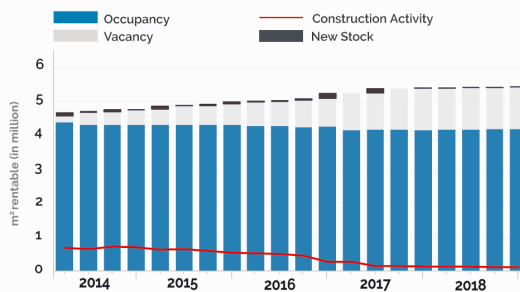


AVERAGE ASKING PRICE
R\$ 74.41

Considering corporate office buildings only (Class A and Others)

RIO DE JANEIRO

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

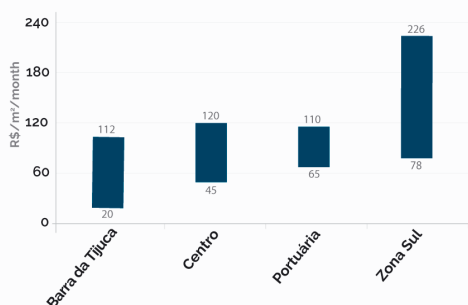


The total office stock in the city of Rio de Janeiro reached 5.4 million m² of which 5.2 thousand m² was new stock. The vacancy rate in the period increased to 23.01% which represents 1.2 million m² vacancy. In turn, construction activity decreased to 97.1 thousand m².

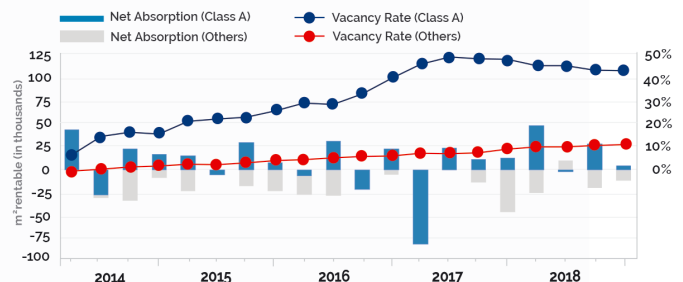
The asking rental prices for Barra da Tijuca district ranged between R\$20/m²/month and R\$112/m²/month. In the Centro district they ranged between R\$45/m²/month and R\$120/m²/month, and in the Portuária district asking prices ranged from R\$65/m²/month and R\$110/m²/month whilst in the Zona Sul district 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 4.6 thousand m² and a vacancy rate of 43.91%. The stock of corporate buildings Class "Others" recorded a negative net absorption of 11.8 thousand m² and a vacancy rate of 12.59%.

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 units under 100 m². "Corporate" type buildings have office units greater than or equal to 100 m². Class A: buildings with high technical standards.

INDUSTRIAL

CONSTRUCTION ACTIVITY
548,949 m²

NEW STOCK
70,966 m²

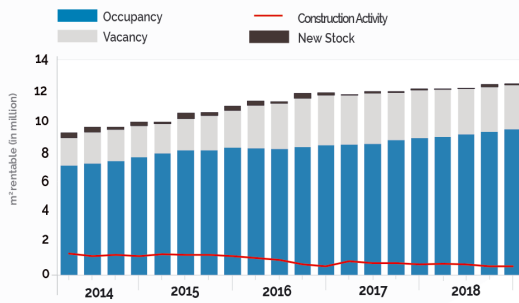
NET ABSORPTION
191,421 m²

GROSS ABSORPTION
249,924 m²

VACANCY RATE
23.14%

AVERAGE ASKING PRICE
R\$ 17.89

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

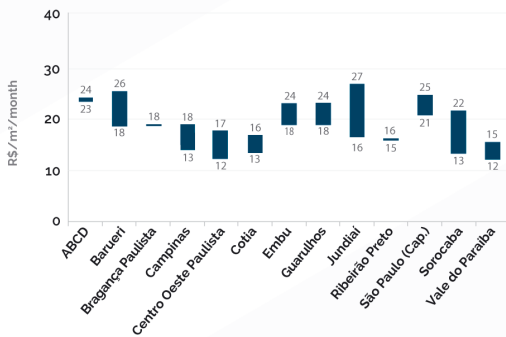


The total stock of gated industrial and logistical condominiums in the state of São Paulo was 12.3 million m² of which 70.9 thousand m² was new stock. The vacancy rate declined to 23.14% which represents 2.8 million m² of vacant space. In turn, construction activity decreased slightly to 548.9 thousand m².

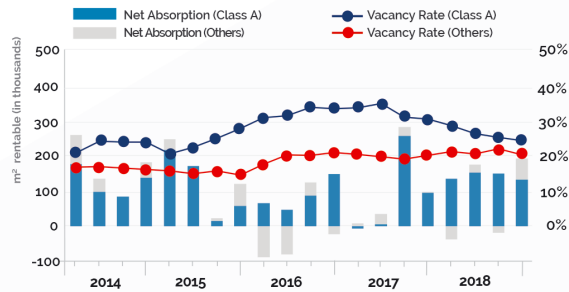
The asking rental prices in the Barueri district ranged between R\$18/m²/month and R\$26/m²/month. In the Campinas district asking prices ranged between R\$13/m²/month and R\$18/m²/month and in the district of Guarulhos between R\$18/m²/month and R\$24/m²/month.

The stock of Class A gated industrial and logistical warehouse condominiums in the state of São Paulo recorded a positive net absorption of 132.1 thousand m² and a vacancy rate of 24.80%. The stock of Class "Others" recorded a positive net absorption of 59.2 thousand m² and a vacancy rate of 20.27%.

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



NET ABSORPTION AND VACANCY RATE



STATE OF SÃO PAULO

CONSTRUCTION ACTIVITY
220,733 m²

NEW STOCK
- m²

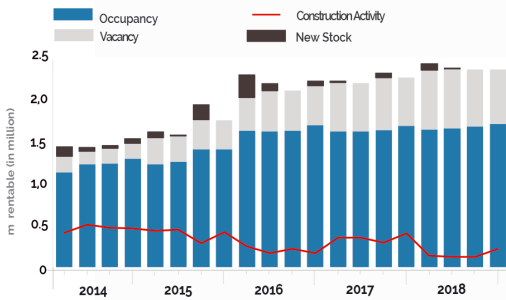
NET ABSORPTION
29,073 m²

GROSS ABSORPTION
39,441 m²

VACANCY RATE
27.72%

AVERAGE ASKING PRICE
R\$ 19.75

OCCUPANCY/VACANCY/CONSTRUCTION ACTIVITY/NEW STOCK

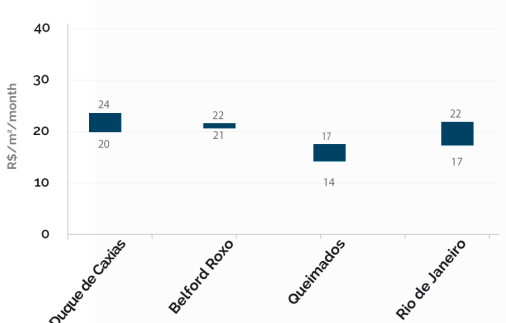


The total stock of gated industrial and logistical condominiums in the state of Rio de Janeiro reached 2.3 million m², and there was no delivery of new stock. The vacancy rate in the quarter declined slightly to 27.72% which represents 655.1 thousand m² vacancy. In turn, construction activity increased to 220.7 thousand m².

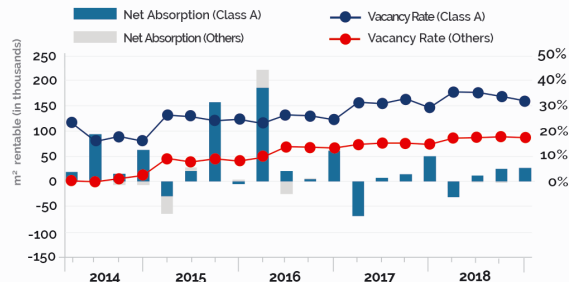
The asking rental prices for Duque de Caxias district ranged between R\$20/m²/month and R\$24/m²/month and for Belford Roxo district it was R\$21/m²/month and R\$22/m²/month. In the district of Queimados asking prices ranged from R\$14/m²/month to R\$17/m²/month, while in the city of Rio de Janeiro they 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 26.7 thousand m² and a vacancy rate of 31.67%. Gated industrial and logistical condominiums considered Class "Others" recorded a positive net absorption of 2.2 thousand m² and a vacancy rate of 17.06%.

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



NET ABSORPTION AND VACANCY RATE

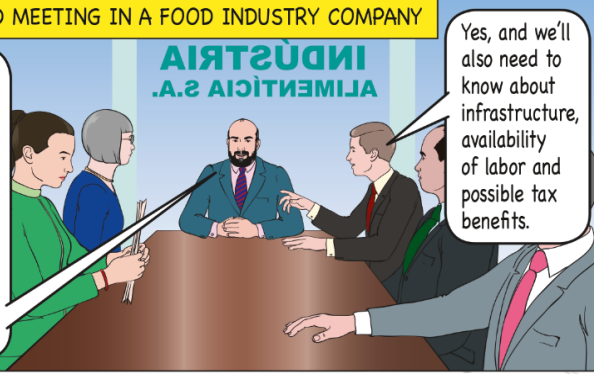


STATE OF RIO DE JANEIRO

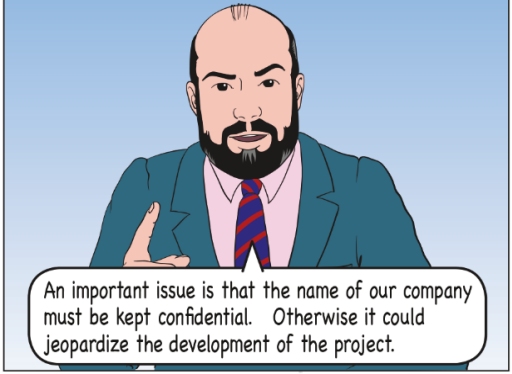
CONFIDENCE IN CONFIDENTIALITY

DURING A BOARD MEETING IN A FOOD INDUSTRY COMPANY

If we're going forward with this expansion, we'll need a new industrial complex somewhere in Brazil's southern region. Our first priority must be to gather information about the real estate market in different cities in the area.

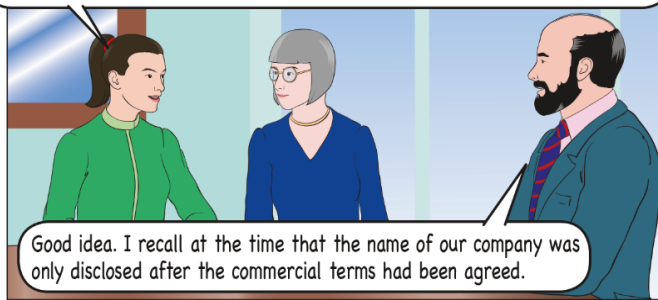


Yes, and we'll also need to know about infrastructure, availability of labor and possible tax benefits.



An important issue is that the name of our company must be kept confidential. Otherwise it could jeopardize the development of the project.

I suggest we call **Ocupantes**. They supported us very well in our office relocation and I noticed in their Market Bulletin that they also service industrial clients.



Good idea. I recall at the time that the name of our company was only disclosed after the commercial terms had been agreed.

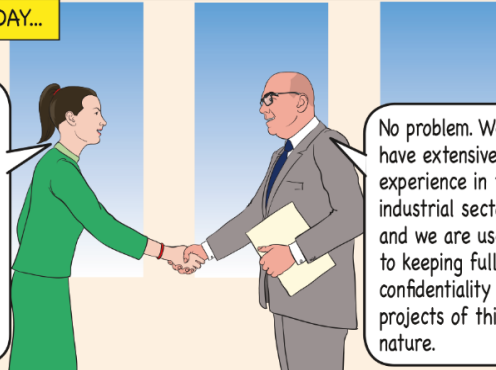
Hi Haroldo? Are you available for a meeting? We have a new industrial project and we would like to know whether you could assist us.



Yes of course. Let's meet next Thursday.

THAT THURSDAY...

Haroldo, as I explained, we require a large amount of detailed information, but we must keep the project confidential.



No problem. We have extensive experience in the industrial sector and we are used to keeping full confidentiality on projects of this nature.

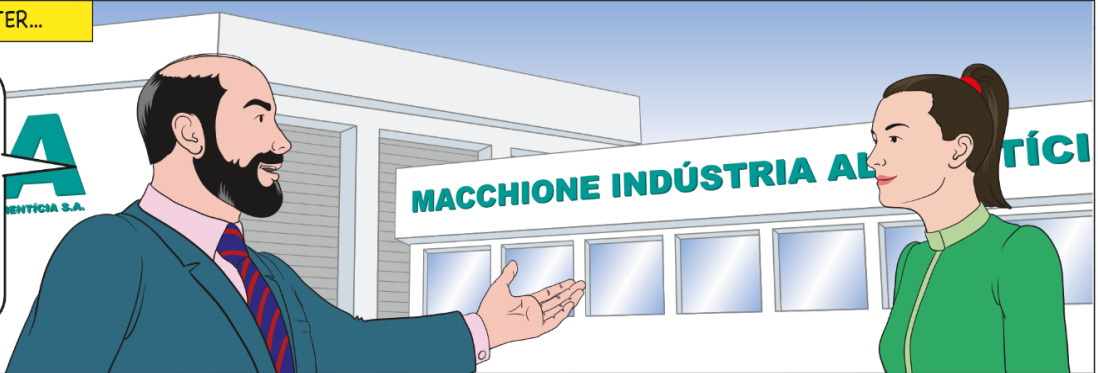
THREE WEEKS LATER **OCUPANTES** PRESENTS THE RESULTS OF THE MARKET SURVEY:



Our team of 3 consultants assigned for this project visited the selected cities and we will now present you the best options we recommend to take up negotiations.

A FEW MONTHS LATER...

Great call to bring in **Ocupantes**! Negotiations concluded and the agreement executed all within two months. The next phase of our company's growth is assured!



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.