OCUPANTES
Corporate Real Estate

Market Bulletin

4th Quarter 2010 - São Paulo / Rio de Janeiro / ABCD and Alphaville

Prompt action and efficiency in the relocation of CRA

When they were still operating in the Heleno Fonseca building (also known as the Trasmontano Buidling), located in the district of Morumbi, Conestoga-Rovers & Associates (CRA) received notice from their landlord to vacate the space upon lease termination. The old building was to give place to a new development and CRA urgently had to find a new office, preferrably in the same region.

Taking advantage of this move, it was important that the new facility offered a more logical occupancy, at a similar overall cost and which transmits well the image of excellence associated with the firm.

CRA is a family of companies that offers services in engineering, environmental consulting and information technology, among others. At present, the group has approximately three thousand employees in over 90 offices, operating globally with the highest quality of service and with the aim of providing to clients a response that joins speed and technical excellence. The CRA group has 36 offices registered under the ISO 9001:2008 standard for Consulting, Engineering, and Design services.

CRA was founded in 1976 in the USA as an engineering firm. In little time the firm already provided services in consulting and, soon after a merger with Frank A. Rovers & Associates, expanded its business into the management of projects in environmentally impaired projects. The famous Love Canal cleanup gave CRA international recognition. The traditional multi-disciplinary civil engineering roots of the firm remain a core service with many of the original clients remaining with CRA since the 70s.

To kick-start the move process, Ocupantes Corporate Real Estate was sought to provide a proposal for services. Ocupantes Corporate Real Estate is the first real estate advisory firm in Brazil to act on the side of industrial and commercial users. Accordingly, Ocupantes' aim is to fully attend its clients' interests in all stages of the relocation process. With a highly experienced team of professionals, and with a director always closely involved in each assignment, Ocupantes conducts each job as if they were in the client's shoes, seeking to obtain the best possible results.

This assignment began with Ocupantes gathering all information required to establish a new occupancy policy that would be adopted in the new office. With this in hand, and additional search criteria provided by the CRA, Ocupantes was able to undertake a well targeted and therefore speedy research of the market.

Of the properties that could attend CRA, Ocupantes presented the five best options. Financial and qualitative comparisons were prepared to provide the client with the data required to make an informed decision about the alternative to choose. CRA instructed Ocupantes to pursue half of the 6th floor of block F of the "Centro Empresarial de São Paulo – CENESP" (Sao Paulo Business Center).

CENESP, São Paulo - SP

The CENESP is a very large office complex comprised of six blocks above a shopping center designed originally to support the huge population of the CENESP. Block F has eight floors, each with a plate of 2,844 m², and a total leasable area of 22,752 m². The CENESP is now 32 years old and within these three decades has kept up to date. Within the 250 thousand square meters, 15,000 people circulate daily. Not only does the CENESP adjoin the Marginal Pinheiros avenue that cuts the city from North to South, but is in a region that offers numerous bus lines and Line 5 of the Metro, linking Capão Redondo to Largo Treze de Maio.

Ocupantes Corporate Real Estate was agile in closing a lease at favorable terms, assisting the drafting of lease documentation through to execution; yet the job did not finish there: Ocupantes Project Management managed the move into the new space. The overall result was an Office located in the CRA's desired region and which offered the new synergies that come with occupation on a single floor plate.

"The services rendered by Ocupantes are of high standard" states Raul Cavallari, Business management Director at CRA, "with a cordial relationship, agility and results that objectively contribute to successfully reaching the solution desired by the company." ■

HIGHLIGHTS

SÃO PAULO

A heated real estate market and positive expectations for 2011

RIO DE JANEIRO

Rio de Janeiro ends 2010 with a very tight market

ABCD e ALPHAVILLE

Construction activity in Alphaville remains high

SUCCESS STORIES

Turner, six years on

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For offices, industries or retail, our services are:

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- *Rent Reviews and Lease Renewals*
- *Lease Terminations*
- *Management of Opportunities and Critical Dates*
- *Valuations*
- *Divestments*
- *Build-to-Suit*
- *Sale & Leaseback*
- *Project Management*

PRESENCE IN:

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BELO HORIZONTE	ARACAJU
GOIÂNIA	FLORIANÓPOLIS

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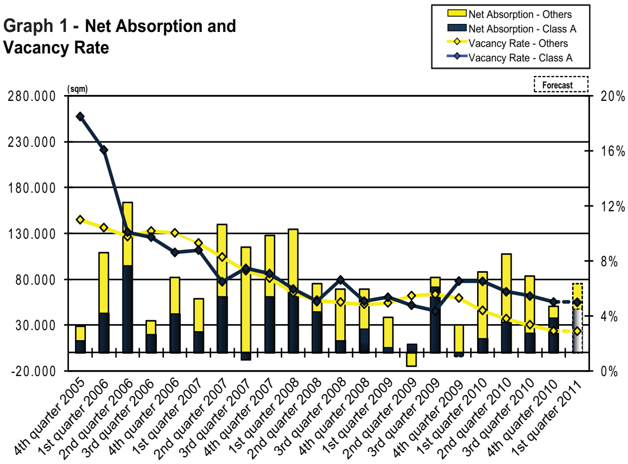
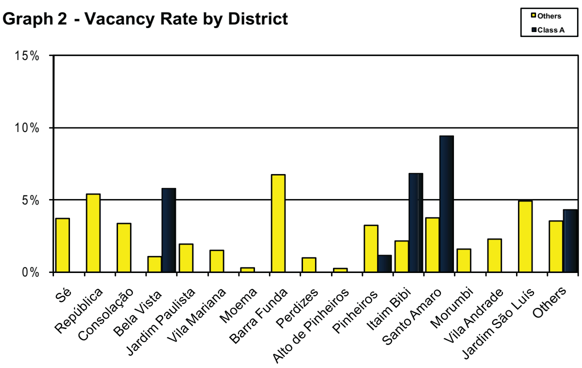
A HEATED REAL ESTATE MARKET AND POSITIVE EXPECTATIONS FOR 2011

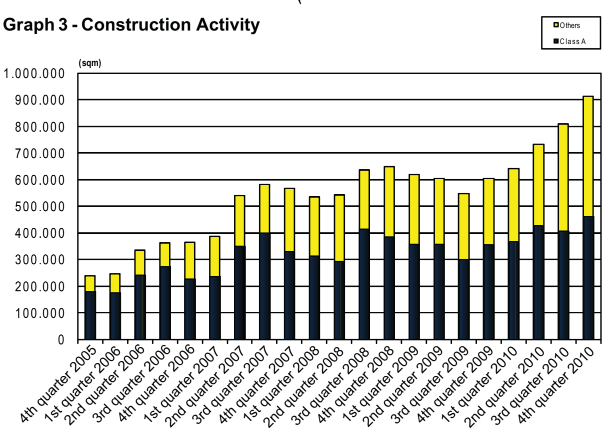
Graph 1 - Net Absorption and Vacancy Rate



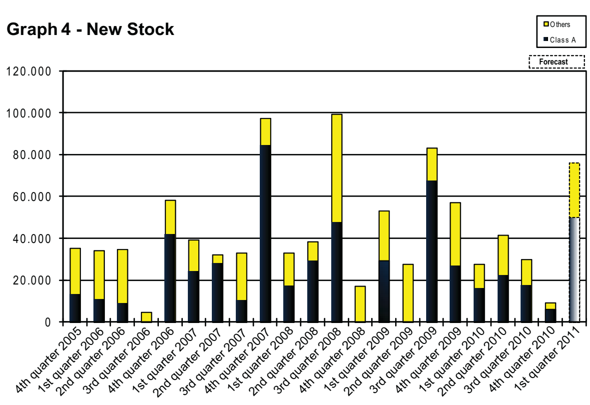
Graph 2 - Vacancy Rate by District



Graph 3 - Construction Activity



Graph 4 - New Stock

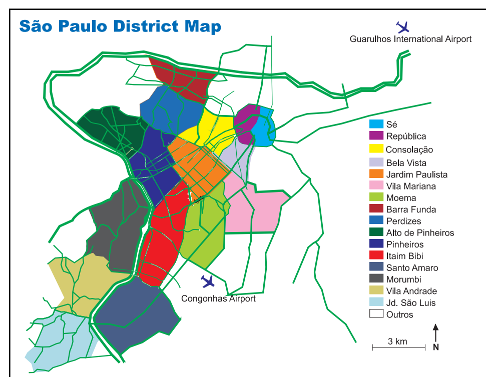


Net Absorption and Vacancy Rate (Graph 1) – The year 2010 ends with a positive outlook and a market continuously on the up. Net Absorption in 2010 was measured at 329,061 m², which is 143% more than in 2009, when the result was 135,299 m². The demand for Class A* space is continually growing and, therefore, the supply is becoming shorter in this segment. Now, even with the delivery of more than 100,000 m² during 2010, the Vacancy Rate for the Class A segment is at 5.02% and for the "Others" segment at 2.90%. This is the reason behind the sharp increase in rents, which have reached over R$ 150,00 / m² in the most prime locations of São Paulo. In the main office districts such as Itaim Bibi, where the Vacancy Rate is 3.69%, Pinheiros, at 2,76%, and the Paulista region with 1.37%, the demand for new space continues intense.

Market Indicators

- Vacancy Rate ↘
- Net Absorption ↘
- Construction Activity ↗
- New Stock ↘

Vacancy Rate by District (Graph 2) – The Vacancy Rate continues to drop for the 4th consecutive quarter. The district which mosts calls attention is Itaim Bibi, with the large take-ups in Edifício Atrium IX (5,412 m²), Brumadinho (4,214 m²), International Plaza II (2,966 m²) and Spazio Faria Lima (8,750 m²). Other regions that showed a considerable drop in Vacancy Rate were Bela Vista, with a further floor being leased at the Edifício Parque Cultural Paulista and several at the "Paulista 500" (1,971 m²); and Jardim São Luís, with the total occupancy of Block 2 of the Panamérica Business Park. Other regions have shown a slightly milder drop in vacancy.



Construction Activity (Graph 3) The last months in 2010 had another increase in Construction activity for both segments measured, Class A and Others. Construction Activity of Class A buildings reached 462,734 m², and 450,549 m² of Others, totaling 913,283 m² in the 4th quarter of 2010, an increase of 42,45% in comparison to the same period of 2009. 45,94% of the total space under construction is concentrated in the Santo Amaro and Itaim Bibi districts.

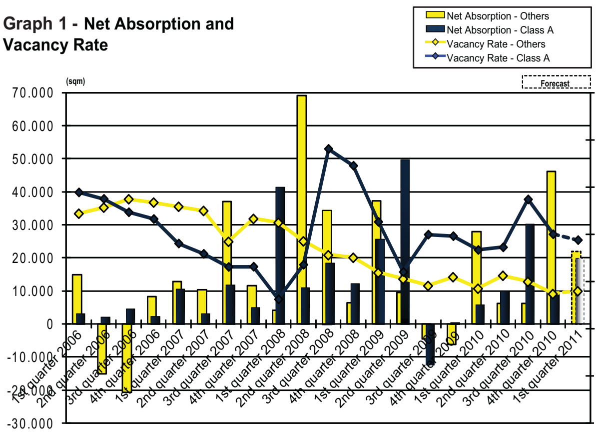
New Stock (Graph 4) – Once again there has been postponement in the delivery of some buildings. Out of the 107,000 m² predicted to be delivered in the 4th quarter 2010, only 9,326 m² were actually delivered: the Class A Berrini Park (6,128m²), and the Seattle Office Center (3,197 m²), classed in the Others segment. The remainder is predicted to be delivered over the next quarter, with highlight to the delivery in early 2011 of the five buildings in the Villa Lobos Office Park (39.799 m²), in a new location in the Alto de Pinheiros submarket. It is expected that over 170,000 m² of new office space will be delivered during 2011**.

** Class A: Buildings delivered after 1990, with a leasable area of 700 m² per floor-plate, and high technical standards.*

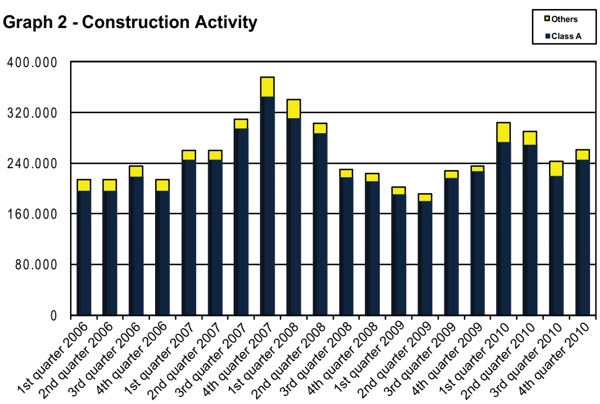
*** Ocupantes works with information supplied by constructors and developers.*

RIO DE JANEIRO ENDS 2010 WITH A VERY TIGHT MARKET

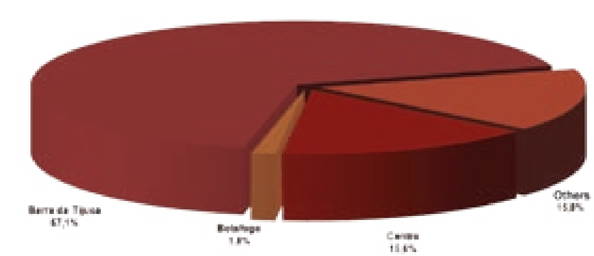
Graph 1 - Net Absorption and Vacancy Rate



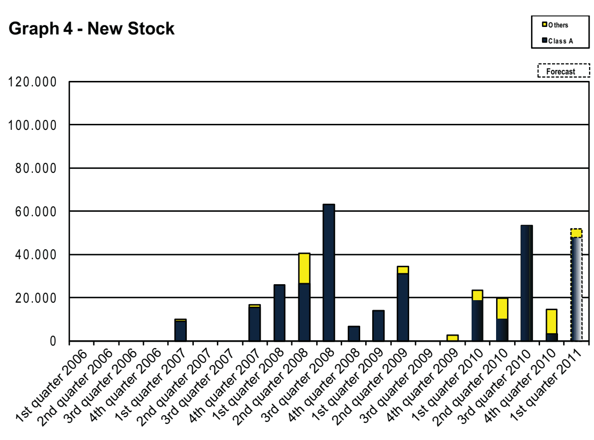
Graph 2 - Construction Activity



Graph 3 - Construction Activity Distribuition by District



Graph 4 - New Stock

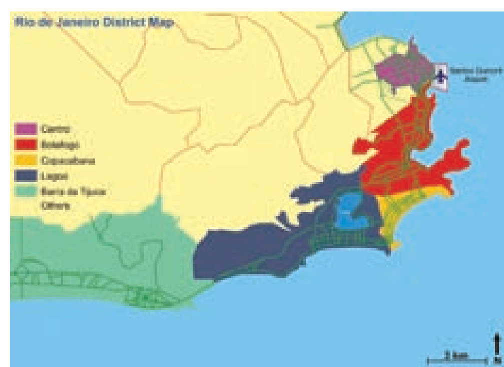


Net Absorption and Vacancy Rate (Graph 1) – Rio also closed the year with a vey hot office market. With the postponement of the deliveries expected in the 4th quarter 2010, the vacancy rate continued to fall in both segments of the market: Class A* dropped from 5.47% to 4% wile Others dropped from 2% to 1.43%. This low number results in a reduced amount of activity, considering that it is standard to assume that a 10% vacancy is a healthy vacancy for any market. For the Class A segment, the net absorption is mostly due to the fast take-up of almost all of Ventura Corporate Tower 2, comprising 53,000 m² delivered in the 3rd quarter. In the Others segment, the absorption was mainly a result of the lease of almost 70% of the "Rio Branco 115" building (11,344 m²). Another new building where space has been leased is the Leblon Corporate (4,200 m²).

Market Indicators

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

Construction Activity (Graph 2) and Construction Activity per Administrative Region (Graph 3) – With the added attractiveness of Rio due to the proximity of the Soccer World Cup in 1014 and of the Olympics in 2016, and the resulting economic activity being generated, it is believed that construction in the office market will also see an aggressive increase. In the 4th quarter 2010, Construction Activity was measured at 260,789 m², under two types (names in English taking hold): "Corporate" towers (offer large open floor plates) and "Office" towers (offer several suites per floor, often with separate ownership). Compared to the same period in 2009, when construction activity was 235,334 m², we now measure an increase of 10.82%. Even after the reduction in overall construction during the 3rd quarter due to the delivery of the Ventura Corporate Tower, with 53,000 m², activity has once again risen as several new projects have broken ground. The Barra da Tijuca region, 30km West of downtown, continues being the main focus of new developments. Once known as a location for small businesses, the profile of Barra has long since changed. Large companies are in the regions due to its ability to offer modern buildings with large floor-plates. The Centro region continues to offer retrofits, since the availability of land is close to zero. The developer that is able to identify an opportunity for a retrofit will strip the building to the bone and offer in its place an ecologically friendly building.



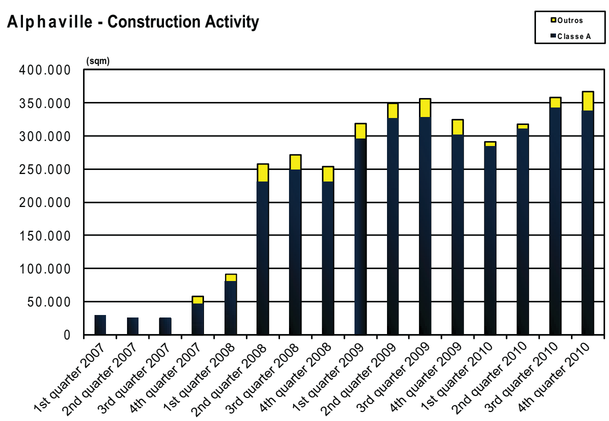
New Stock (Graph 4) – In the 4th quarter 2010 Centro received its latest retrofit, the 22-story "Rio Branco 115", included into the Others class due to its reduced floor-plate size, each with 544 m² totaling 11,344 m² of leasable space. Not for the floor-plate size, this would be a Class A building, offering modern infrastructure, energy-saving systems, and water-saving and re-use systems. With the scarcity of space in downtown, 70% of the Rio Branco was pre-leased. In the Class A segment, Barra da Tijuca received the "Edifício Alfa Business Barra da Tijuca", a small stand-alone with 3,301 m². The forecast is that another 51,000 m² ** will be delivered within the first three months of 2011.

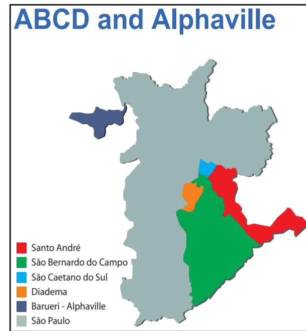
** Class A: Buildings delivered after 1990, with a leasable area of 700 m² per floor-plate, and high technical standards.*

*** Ocupantes works with information supplied by constructors and developers.*

CONSTRUCTION ACTIVITY IN ALPHAVILLE REMAINS HIGH

Currently there is over 420,000 m² of office space under construction, not only in Alphaville but also in the south eastern ABCD region of Greater São Paulo. But 90% of this is in Alphaville. Alphaville continues to be a busy market, and the amount of construction activity continues high as we await new deliveries. The availability of large land plots in Alphaville is attractive to developers, and although land prices are fast rising to reach prices in some of the São Paulo districts, Alphaville continues to attract occupiers since it can offer Class A quality space at a lower rent. Additionally, the Barueri municipality, in which Alphaville is located, has lower service tax and property tax rate than São Paulo. This attractiveness has caused the Vacancy Rate to fall to 3.56%, with some companies taking large amounts of space and whole buildings. Alphaville has another factor in its benefit: a developer can develop between 5 to 8 times the land area, while in São Paulo it is necessary to purchase from City Hall the right to build above 1 times the land area, with the ability to reach only 2 or 4 times depending on location.





SUCCESS STORIES

Turner, six years on

Six years after considering the services offered by Ocupantes as "the best experience in Latin America" and taking space at the West Tower of the CENU Complex (Centro Empresarial Nações Unidas) in São Paulo, Turner Broadcasting System requested that Ocupantes assist them in their expansion process.

Better known as owner of the international news channel CNN, Turner Broadcasting System is part of the Time Warner Group, headquartered in New York. With the growth of business in Brazil, Turner needed more space.

The Berrini submarket is under constant and high demand, and Turner could have been at risk of moving to another building or even of splitting its operation into two regions.

The quick response by Ocupantes Corporate Real Estate was paramount in identifying and securing the last floor available in the West Tower despite competition for the space. Even with this competition, Ocupantes was able to reach favorable terms for Turner.

Throughout the assignment, Ocupantes reported in Portuguese to the local team and in English to Turner's Real Estate team in the US.

CENU West Tower, São Paulo - SP