



4Q14

LATIN AMERICA OFFICE REPORT



Office Inventory and Absorption on the Rise in LATAM

Construction activity in LATAM has maintained a strong pace by adding nearly 2 million square meters to the inventory. Additionally, absorption grew by over 25% over the previous quarter in the whole region, especially in markets such as Sao Paulo, Brazil and Lima, Peru.

Once again, Río de Janeiro and Sao Paulo recorded the highest asking rates at US\$46.09 and US\$43.32 per square meter per month.

BUENOS AIRES, ARGENTINA

The uncertainty generated by volatility in the upward trend in the exchange rate has led to low absorption in consecutive quarters. However, construction saw strong activity over the quarter with over 450,000 square meters added to the market over the previous quarter which pressured vacancy rate slightly upward to 9.10%. Asking rates dropped by a little over a dollar during the quarter and now stand at \$25.80 per square meter per month.

RIO DE JANEIRO, BRAZIL

Despite adding over 450,000 square meters to its Class A and A+ inventory, absorption posed positive figures in the last quarter of the year with over 13,000 square meters to contrast with the negative 5,500 registered in 3Q14.

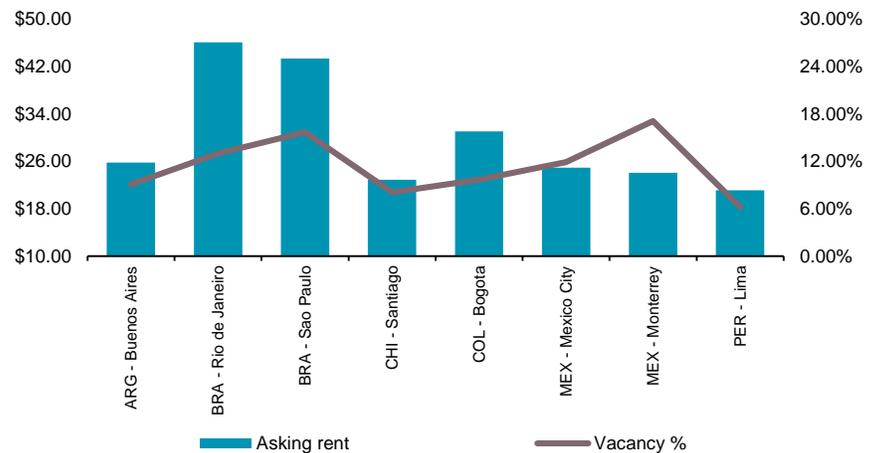
The vacancy rate was also driven down from 16.5% to 13% by the end of the year, while also recording a slight 2% drop in the asking rate to US\$46.09. Asking rates in Río still exceed the region's average by 38%.

SÃO PAULO, BRAZIL

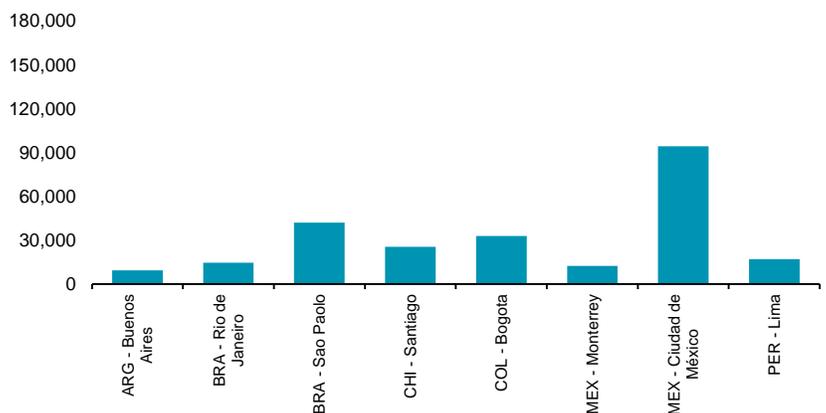
With the largest inventory in LATAM, second only to Mexico City's, Sao Paulo added over 500,000 square meters to its Class A and A+ inventory. And like Río de Janeiro, it also saw a declining vacancy rate which now stands at 15.7% for a 3.2% drop over the previous quarter.

Asking rent in Sao Paulo currently stands at US\$43.32 per square meter per month; the second highest in the region..

Asking rates vs. vacancy rates



Net Absorption



Key Office Market Indicators—Class A and A+

| | 4Q14 | 3Q14 | 4Q13 |
|-----------------------------------|----------------|---------|---------|
| Total inventory (m ²) | 16,191,737 sqm | | |
| Asking rent (US/sqm/month) | \$29.63 | \$29.03 | \$30.18 |
| Vacancy rate (%) | 11.61% | 11.11% | 11.60% |
| Net absorption (m ²) | 401,782 | 235,978 | 149,112 |



SANTIAGO, CHILE

This market saw lower absorption levels over the previous quarter despite asking rents dropping by US\$1 averaging US\$22.87 throughout the quarter with a slight increase in vacancy at 8.06%

Construction, on the other hand, continued to show dynamism with 327,331 square meters of new space added to its stock.

BOGOTA, COLOMBIA

The third highest asking rents in the market were registered in this market for the second consecutive quarter at \$31.02 per square per month. It also ranked third in terms of absorption.

While its inventory only increased by 99,445 square meters, there are a number of projects currently under construction which will add up to 375,000 square meters to its stock.

MEXICO CITY, MEXICO

In spite of the economic slowdown, investors continued to drive the construction of new office developments, particularly in the Polanco, Reforma, Insurgentes, and Norte submarkets. Mexico City's office market grew by 8.0% and the inventory reached over 4.74 million square meters. Around 2.1 million square meters of office space is either under construction or in planning stages, and at this pace, the inventory could exceed 7 million square meters by 2018. The fourth quarter of 2014 saw net absorption of more than 94,367 square meters, for a yearly accumulated absorption of 404,713 square meters with average lease rates standing at US\$24.90 per square meter per month

MONTERREY, MEXICO

This market only grew by a little over 59,000 square meters throughout the quarter.

Monterrey recorded the highest vacancy rate across the region at 17.1% and asking rate at US\$24.06 per square meter per month.

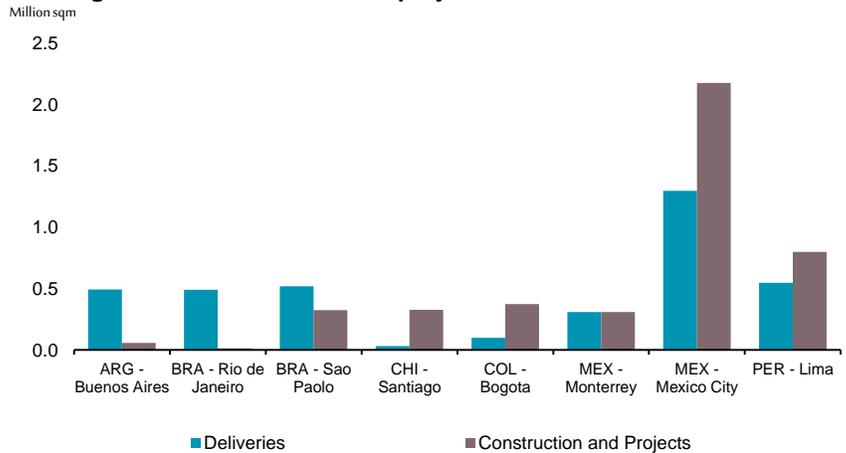
LIMA, PERU

With the lowest asking rates in the region at \$21.09 per square meter per month, absorption increased by nearly 11,000 square meters. Office space also grew to over 1,000,000 square meters along with the vacancy rate which now stands at 6.22% for a 2.09% increase over the third quarter of the year.

| Country | Submarket | Metropolitan Area Km2 | Population | GDP US\$ Per Capita | Unemployment rate | Currency | Exchange Rate US\$ US\$1 = Local Currency |
|-----------|------------------|-----------------------|------------|---------------------|-------------------|----------|---|
| Argentina | Buenos Aires | 2,681 | 12,801,364 | \$6,966 | 7.5% | Peso | \$8.65 |
| Brasil | Río Janeiro | 1,870 | 11,600,000 | \$16,282 | 3.6% | Real | \$2.77 |
| Brasil | Sao Paulo | 3,175 | 20,500,000 | \$23,704 | 4.9% | Real | \$2.77 |
| Chile | Santiago (Metro) | 641 | 6,300,000 | \$23,165 | 5.9% | Peso | \$627.49 |
| Colombia | Bogotá | 1,637 | 7,776,845 | \$12,371 | 9.9% | Peso | \$2,381.49 |
| Mexico | Monterrey | 969 | 1,135,000 | \$18,323 | 5.3% | Peso | \$14.86 |
| Mexico | Mexico City | 7,854 | 20,116,842 | \$19,940 | 6.8% | Peso | \$14.86 |
| Perú | Lima | 2,672 | 8,693,387 | \$6,092 | 5.8% | Sol | \$3.06 |

Source: INEI: National Institute of Statistics and Informatics of Peru
 Source: National Statistics Institute of Chile
 Source: CIA. <https://www.cia.gov/library/publications/the-world-factbook/geos/co.htm>
 Source: INEGI–National Institute of Statistics and Geography of Mexico

Buildings under construction and projects



Asking rates range per city





| Submarket Statistics | | | | | |
|--------------------------|-----------------------|------------------|------------------|-----------------------|--------------------------------------|
| | Total Inventory (sqm) | Vacancy (sqm) | Vacancy Rate (%) | Absorption 3Q14 (sqm) | Average asking price (USD/sqm/month) |
| Argentina – Buenos Aires | 1,782,625 | 162,219 | 9.10% | 9,500 | \$25.80 |
| Brazil – Rio de Janeiro | 1,271,958 | 165,355 | 13.00% | 14,600 | \$46.09 |
| Brazil – Sao Paulo | 2,690,400 | 422,393 | 15.70% | 42,100 | \$43.32 |
| Chile - Santiago | 2,169,646 | 174,873 | 8.06% | 25,443 | \$22.87 |
| Colombia – Bogotá | 1,385,176 | 134,362 | 9.70% | 32,946 | \$31.02 |
| Mexico—Mexico City | 4,742,139 | 563,366 | 11.88% | 94,366 | \$24.90 |
| Mexico—Monterrey | 1,135,477 | 194,167 | 17.10% | 165,733 | \$24.06 |
| Peru - Lima | 1,014,316 | 63,090 | 6.2% | 17,094 | \$21.09 |
| Total | 16,191,737 | 1,879,825 | 11.61% | 401,782 | \$29.89 |

OFFICE SUBMARKETS

GLOSSARY OF TERMS

**Absorption**

The measure of total square feet occupied over a given period of time with no consideration for space vacated during the same time period.

Net Absorption

The measure of total square feet occupied less the total space vacated over a given period of time. Sublet space and lease renewals are not factored into net absorption.

Existing Inventory

All facilities with attachments and installations constructed to serve a particular industrial processing, measured in square meters or square feet, excluding those under construction or in project.

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied.

Deliveries

The total rentable building area of properties added to the inventory once construction has been completed.

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy.

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs.

Occupied Space

Any space physically occupied by a tenant, regardless of lease status of the space.

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation.

The office inventory includes all the multi-tenant buildings. The buildings that have been occupied by their owner are not taken into account in the inventory.



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