2Q2025

Rio de Janeiro Offices Market Report

NEWMARK

Market Information

Economy

– The global outlook remains marked by economic and geopolitical uncertainties. The IMF and World Bank project moderate growth for 2025 and 2026 (3.2% and 2.7%, respectively). Economic slowdowns are expected in the US and China whereas the Euro zone could grow slightly. Inflation and interest rates in the more developed economies should continue to drop, but risks remain high, especially if geopolitical tensions increase, such as the military conflicts pressuring market volatility and global trade;

– In Brazil, according to IBGE data, GDP grew by 1.4% in the 1st quarter of 2025, driven by agribusiness, the labor market, and increased income. The annual growth forecast was revised upward to 2.1%, but household consumption is already feeling the effects of higher interest rates — the Selic rate reached 15%. Inflation has slowed to 5.32%, and gradual interest rate cuts are expected to begin later in 2025;

– The outlook for 2025 points to a gradual slowdown, with more modest growth projected for 2026 (1.6%). Inflation is expected to continue falling, though likely to remain above the target. The exchange rate is projected to remain under pressure (R$ 5.70), and fiscal challenges persist, with rising public debt and uncertainty surrounding the government's ability to control spending and move forward with structural reforms

Transactions

– Net absorption in 2Q25 was close to zero as lease activity tapers off and previously occupied premises are returned;

– Centro and Porto Maravilha have experienced the largest drop in occupied premises. In other regions net absorption was small, but positive

Market Indicators

– The market for high-end corporate buildings in Rio de Janeiro remained sluggish in the 2nd quarter, reflecting a scenario of very little change in leases;

– Occupied volume is essentially stable, and net absorption close to zero;

– The vacancy rate was stable at 27.2%, still reflecting excess supply;

– The average asking lease ended the quarter at R$ 75,28/m²/month, slightly higher than the previous quarter (R$ 74,27//m²/month), suggesting the downward cycle may be ending

Outlook

– Recovery in Rio de Janeiro will be slow, especially in the areas affected by significant supply, and/or those less attractive to the companies established in that city;

– The year is likely to close with a still-elevated vacancy rate, although on a downward trend, and rental values are expected to stabilize — except in high-demand areas such as Zona Sul;

– The outlook for the second half of 2025 will also be influenced by a combination of macroeconomic and political factors. The gradual reduction in the Selic rate, expected to consolidate by year-end, tends to support investment in the real estate market. Additionally, progress in the implementation of the tax reform may contribute to increased investor confidence

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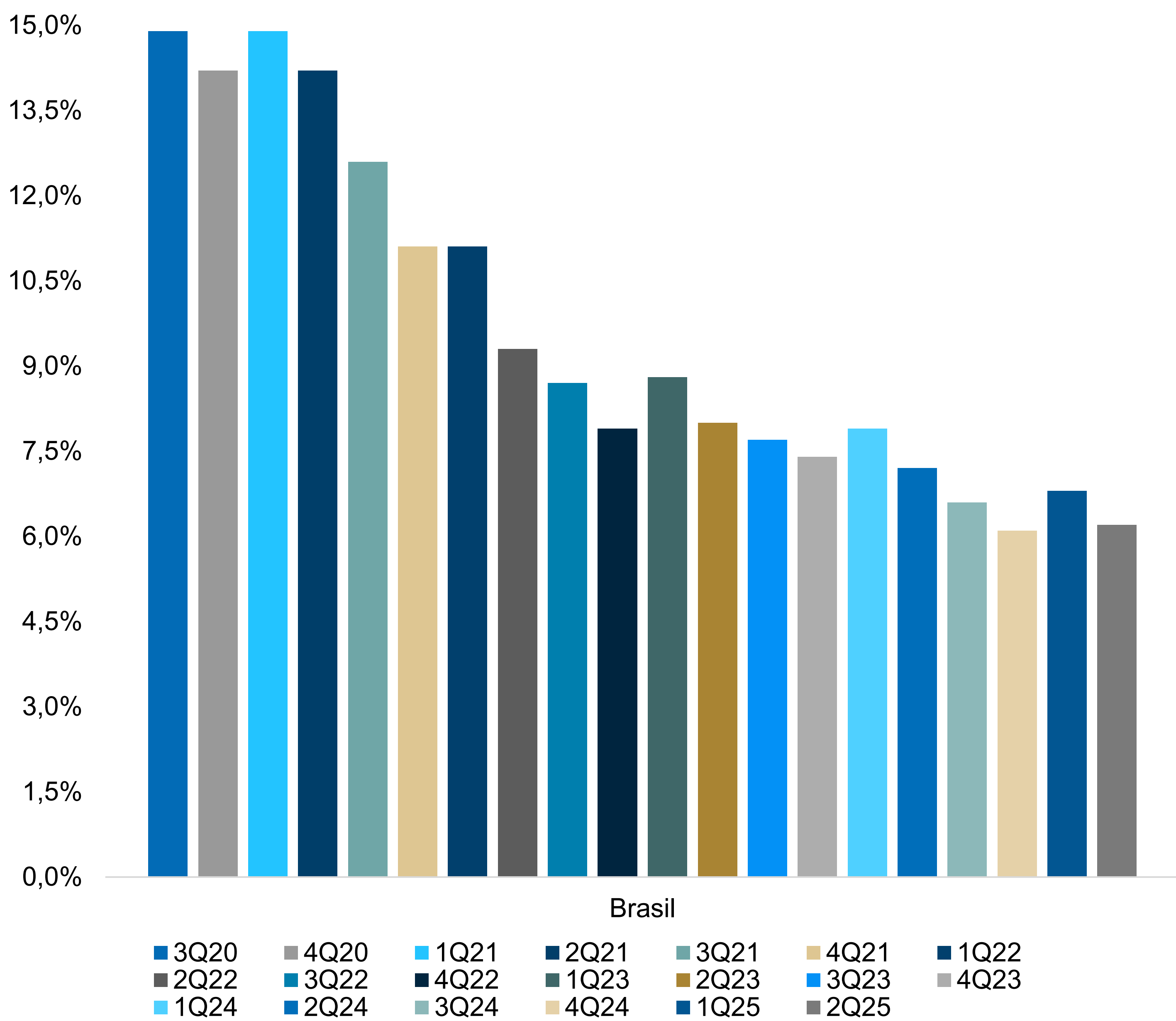
Economy

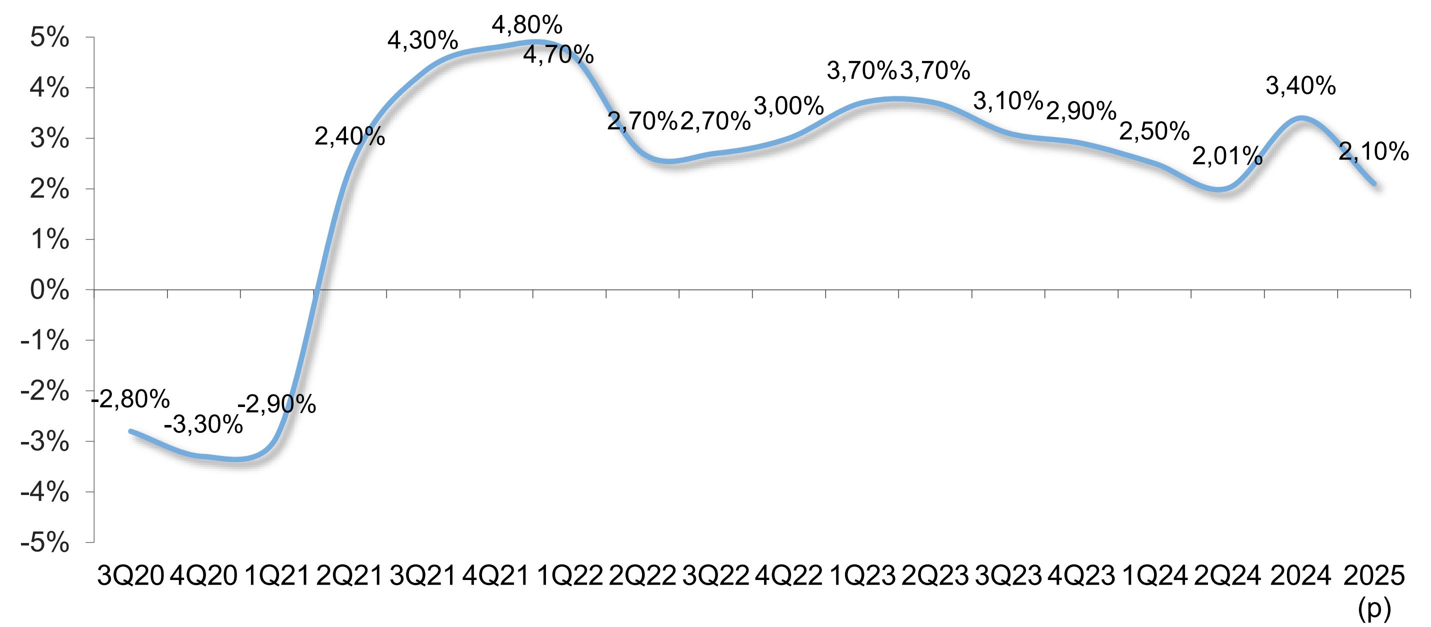
Economy

GDP grew by 1.4% in the 1st quarter of 2025 compared to the previous quarter, totaling R$ 3 trillion in current values. This performance was driven by three key pillars: the strong agricultural sector, favorable labor market indicators — including a declining unemployment rate, which reached 6.2% in May — and the increase in wage mass, which supported domestic demand. As a result, the Central Bank revised its GDP growth forecast for 2025 from 1.9% to 2.1%, despite ongoing monetary and fiscal pressures. The monetary tightening that began in late 2024 continues to affect consumption, leading to a slowdown in official inflation in the last quarter

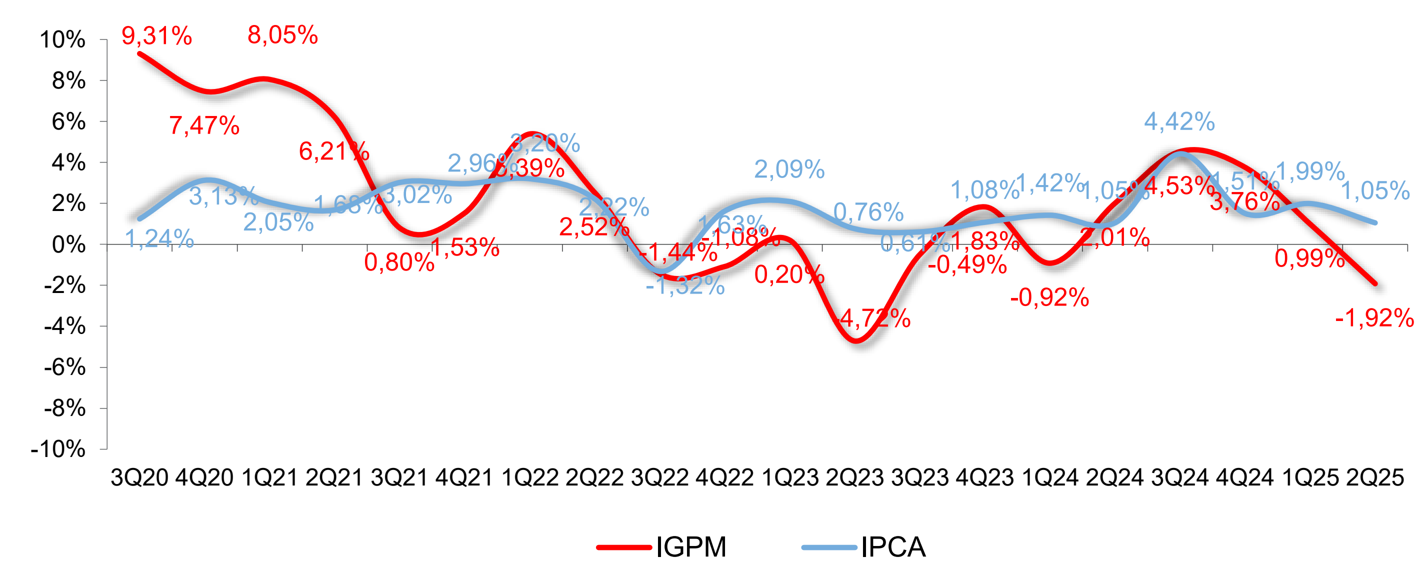
Unemployment rate



GDP –at market prices – YTD in 4 quarters (%)



IPCA (quarter) x IGPM (quarter) Variation (Inflation rate)



Source: IBGE, Banco Central do Brasil, FGV

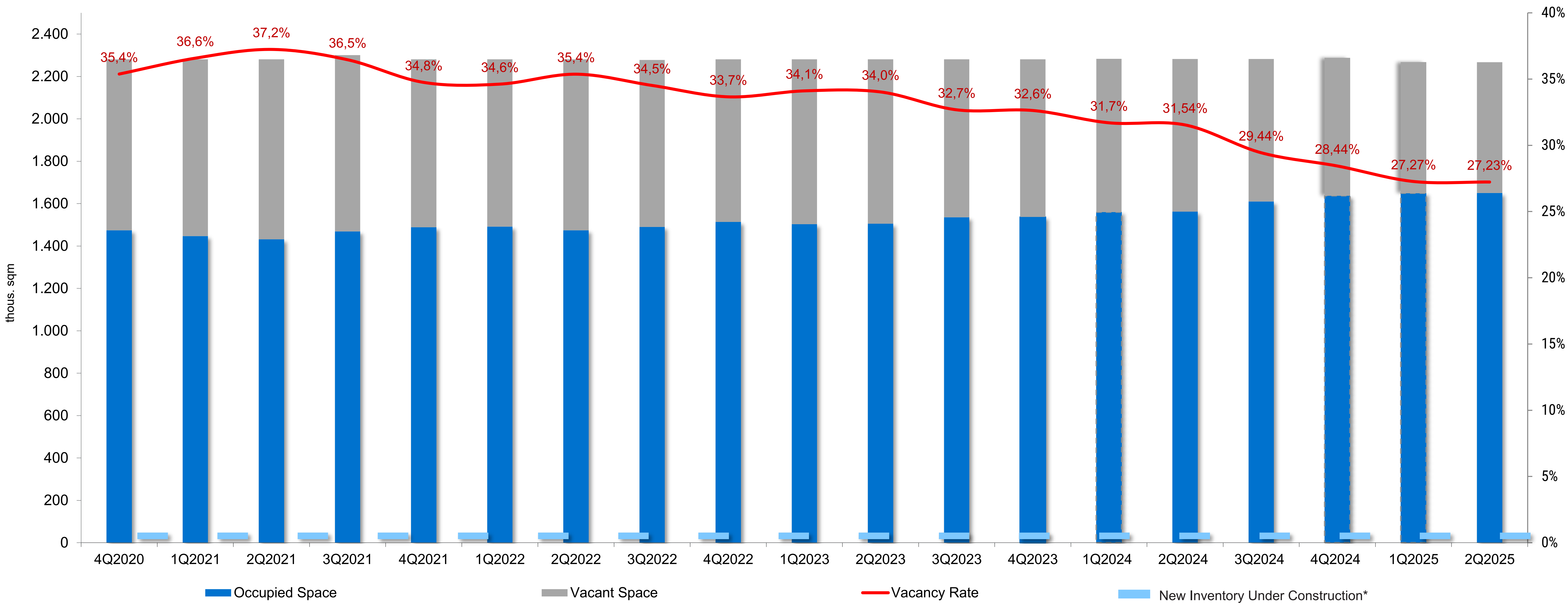
2Q2025

Market Indicators

Low leasing activity keeps vacancy rate stable

The occupied volume of office space in Rio de Janeiro remained virtually unchanged, reflecting a combination of reduced leasing activity and fewer move-outs. As a result, the vacancy rate remained stable at 27.2%

Occupied and Vacant Space, Under Construction vs. Vacancy Rate – Class A, AA and AAA



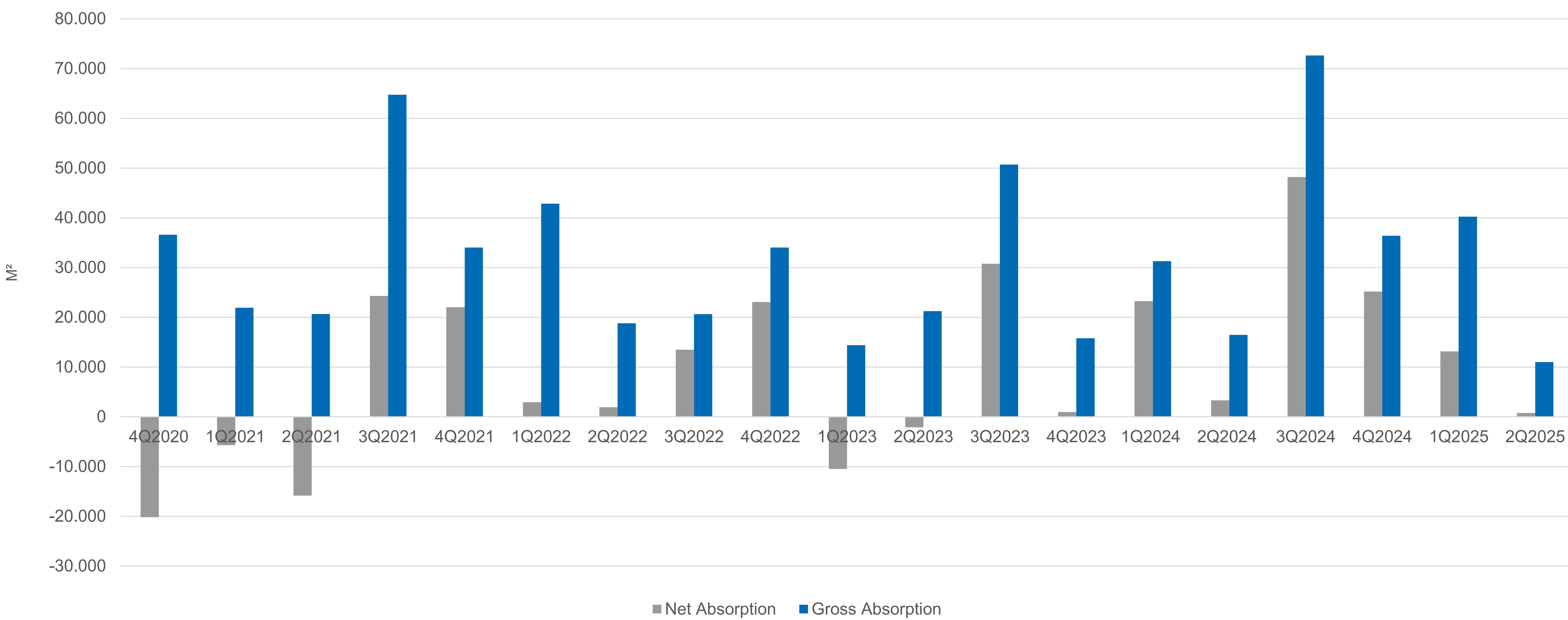
*works have started, but no estimated date for conclusion

Source: Newmark Brasil – Market Research

Drop in gross absorption marks the 2nd quarter

Net absorption was virtually zero in the 2nd quarter, resulting from the lowest leasing activity since 2020

Gross and Net Absorption (sqm) – Class A, AA and AAA

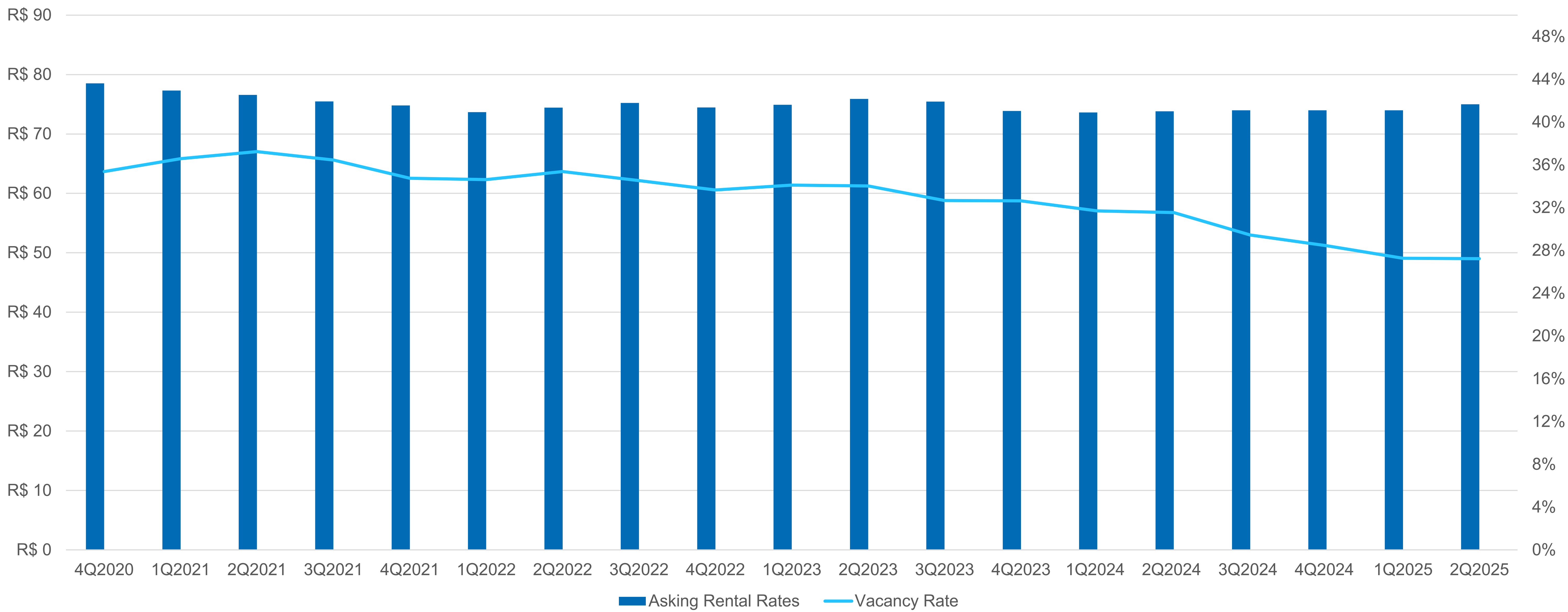


Source: Newmark Brasil – Market Research

Stable rents

Despite the high volume of supply still putting pressure on the market, asking rents, which have been declining since 2012, are beginning to show signs of stabilization

Average Asking Rent and Vacancy Rate – Class A, AA and AAA

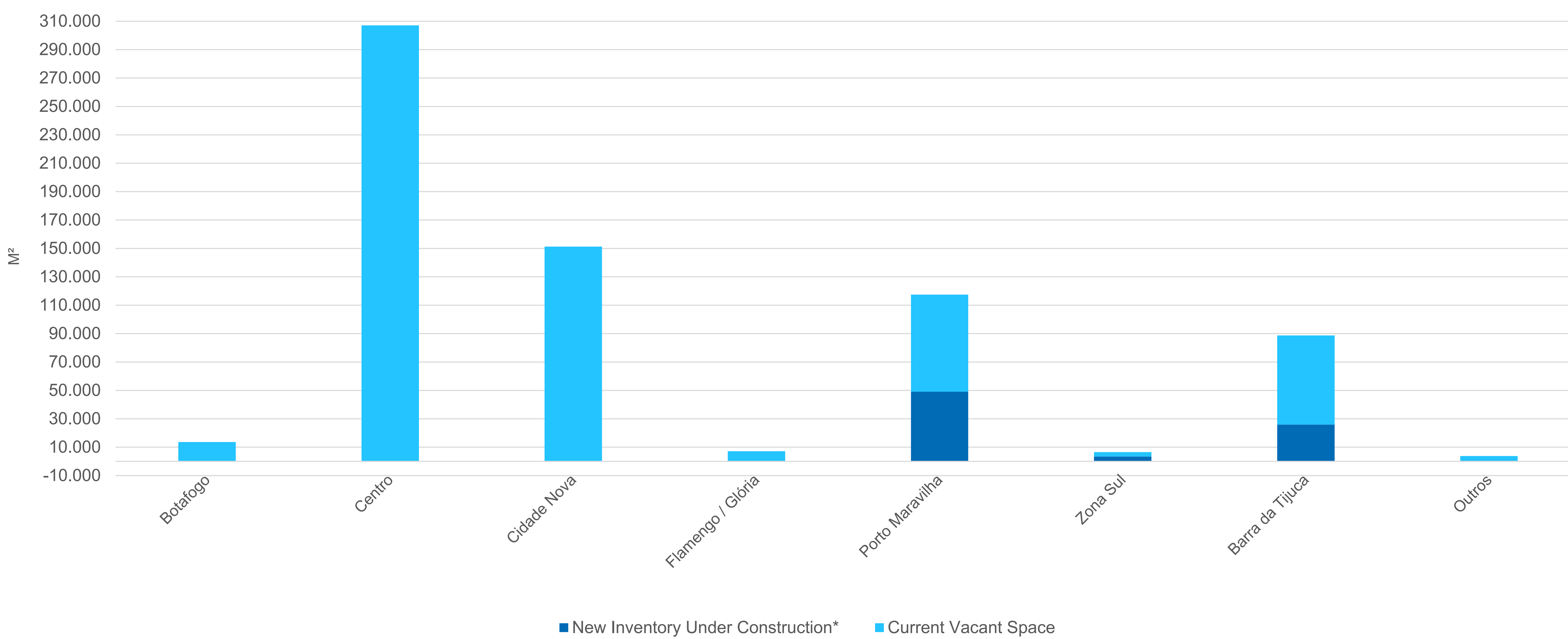


Source: Newmark Brasil – Market Research

Stagnation in construction activity

The regions of Porto Maravilha and Barra da Tijuca are those with buildings under construction, but with no forecasted date for conclusion; the low construction activity in Rio de Janeiro has been positive, amid the large volume of vacant space in the city

Current Vacant Space vs. New Inventory Under Construction per Submarket (sqm) – Class A, AA and AAA forecasted to 2024

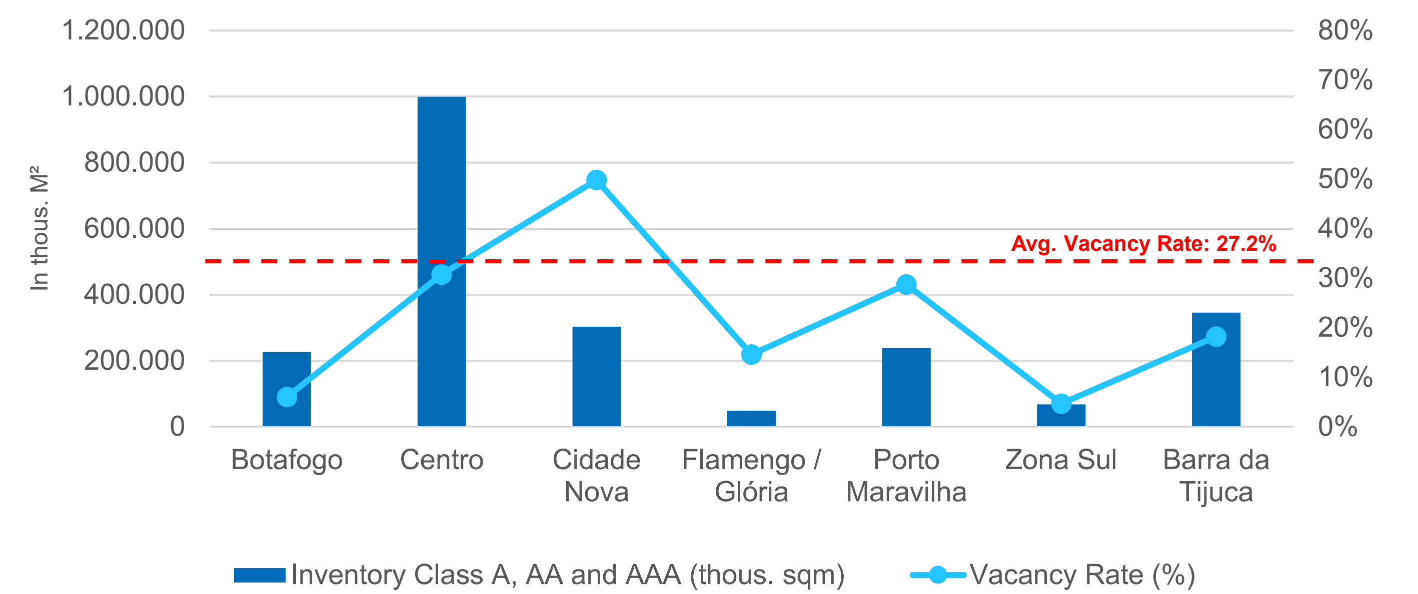


Source: Newmark Brasil – Market Research

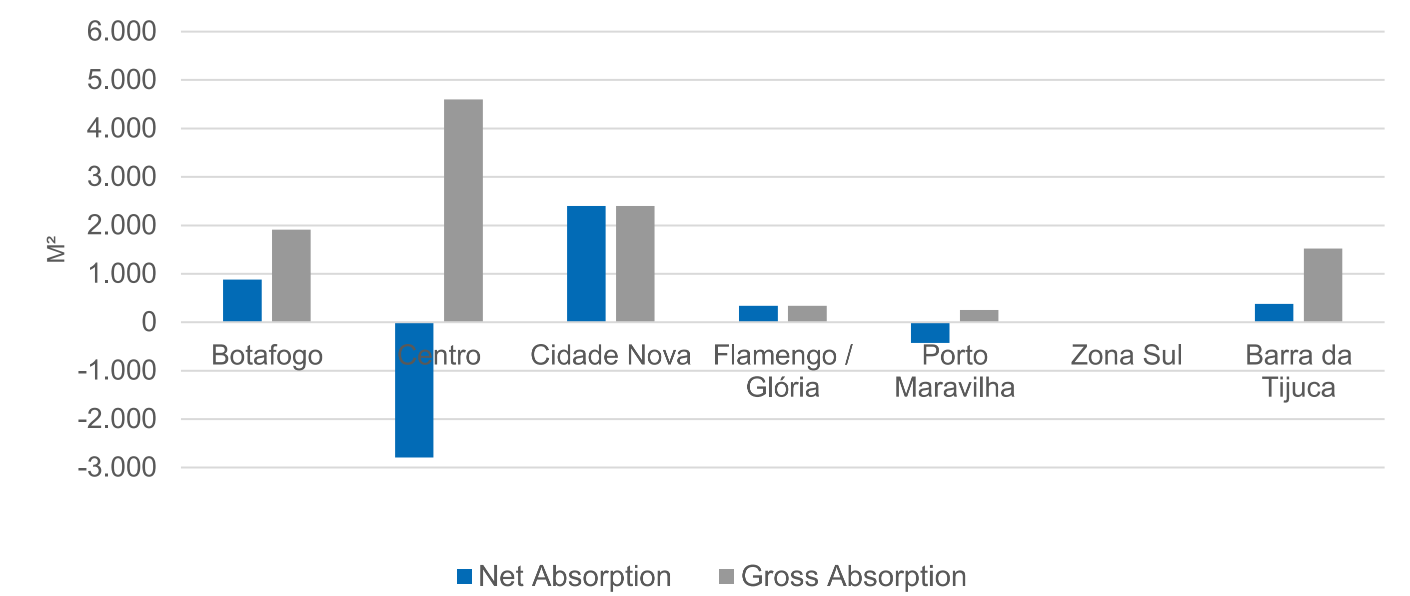
*works have started, but no estimated date for conclusion

Comparables per Submarket

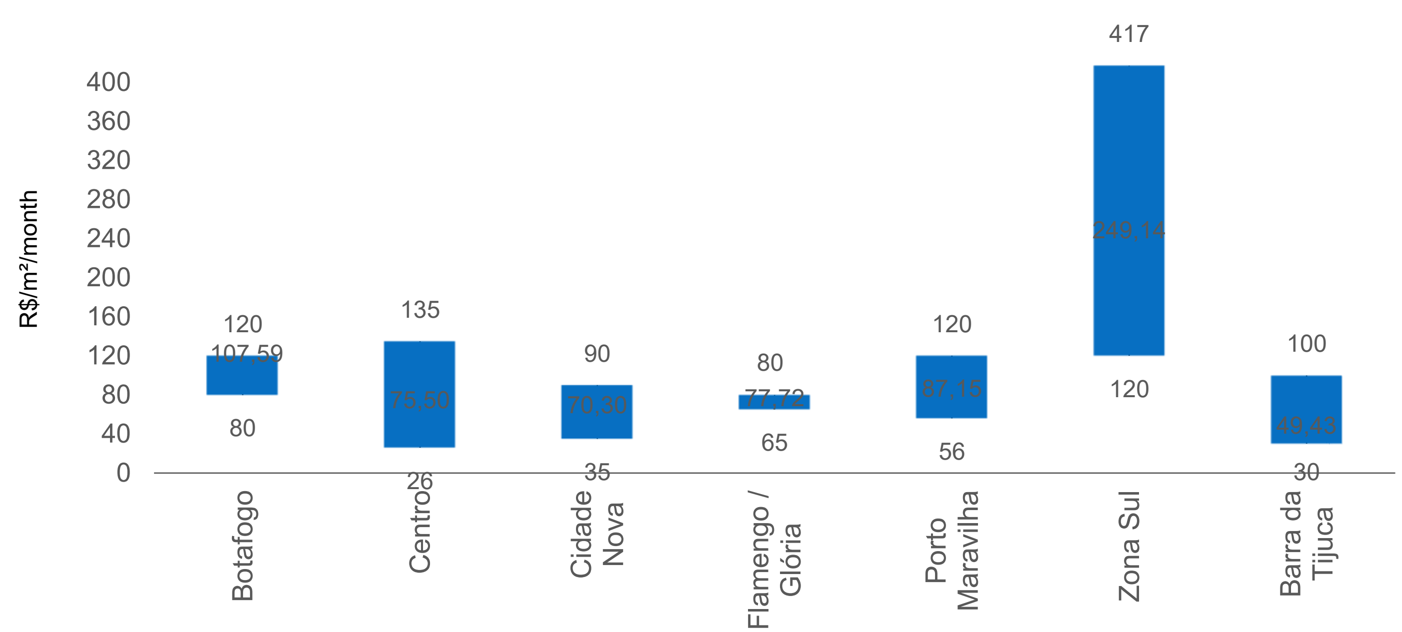
Inventory vs. Vacancy Rate – Class A, AA and AAA



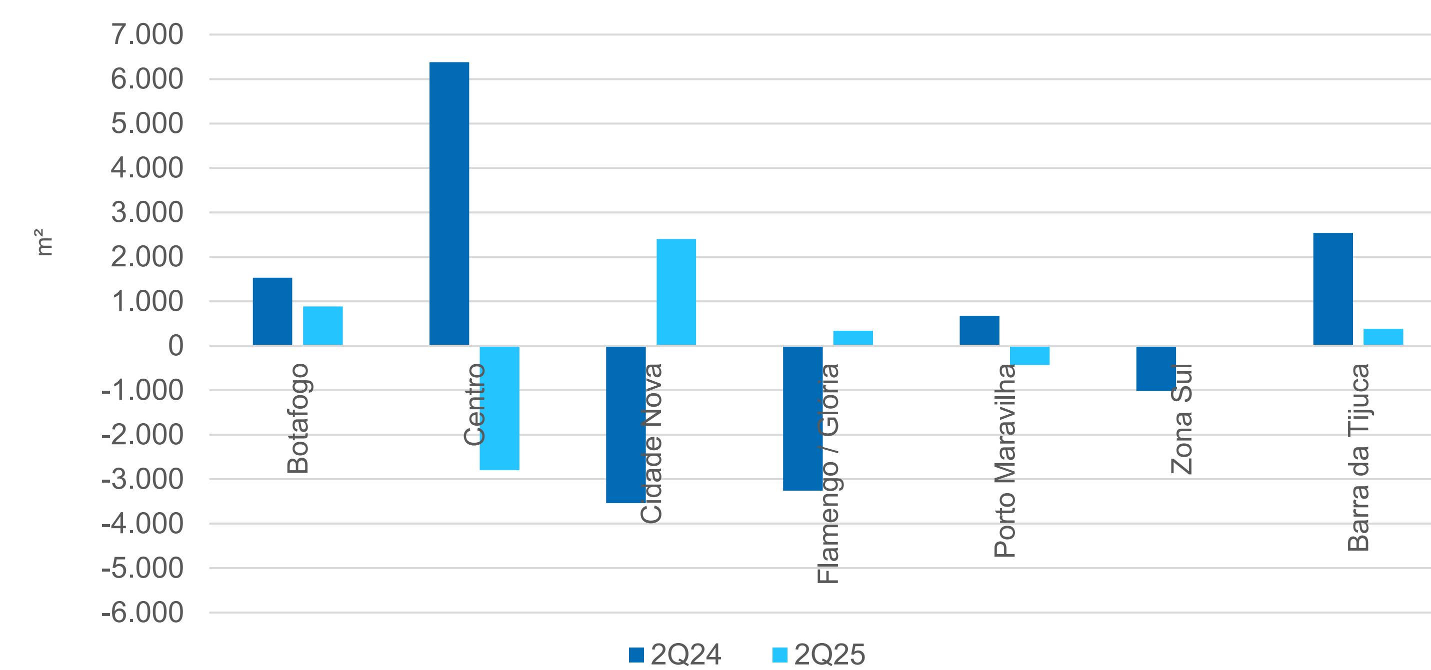
Gross and Net Absorption per Submarket – Class A, AA and AAA



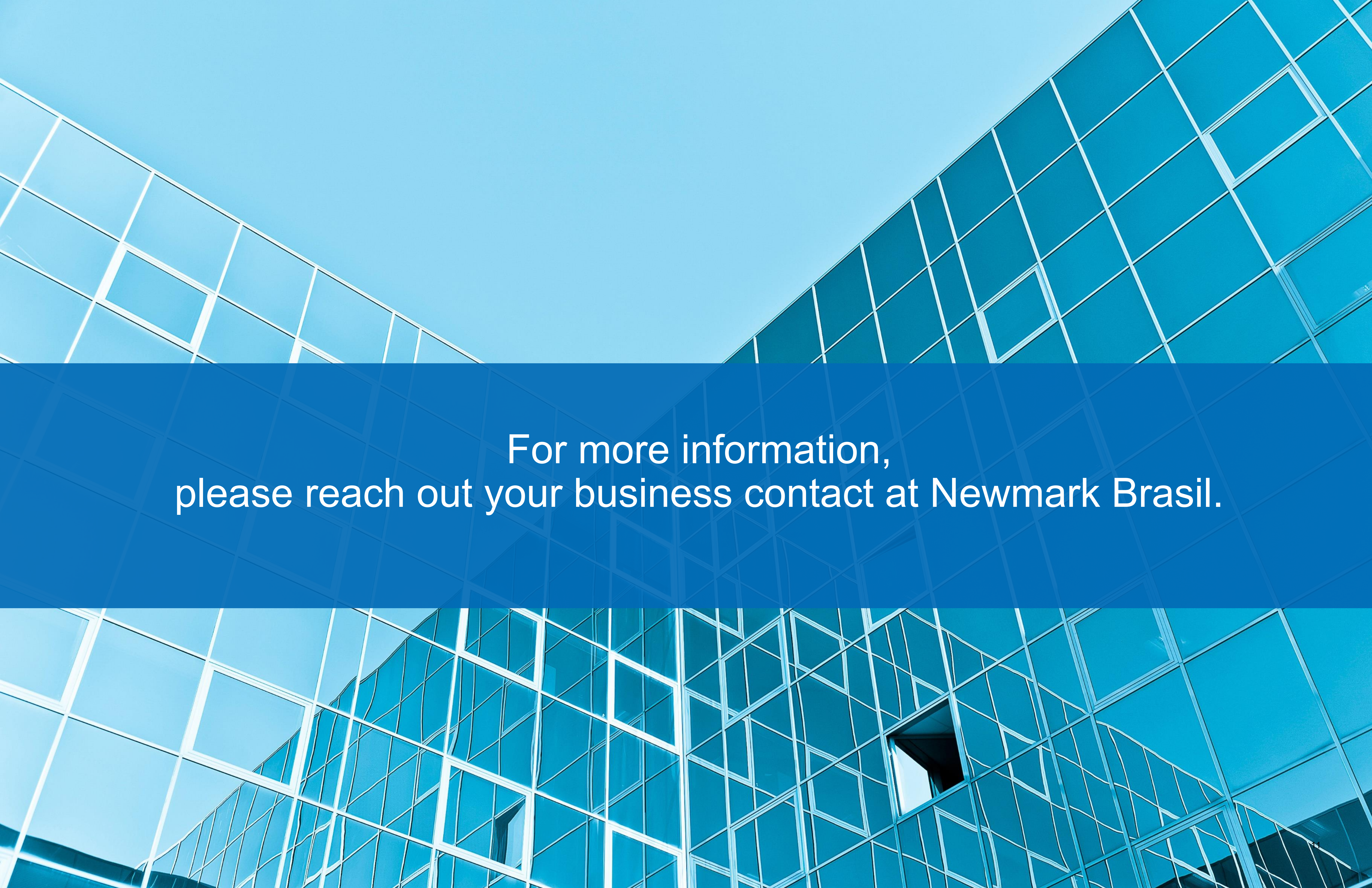
Minimum, Average and Maximum Asking Rent– Classe A, AA e AAA



Net Absorption – Annual Variation – Class A, AA and AAA



Source: Newmark Brasil – Market Research



For more information,
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