

3Q2025

São Paulo Offices Market Report

NEWMARK



Market Information

Economy

- The external environment remains challenging, with geopolitical tensions and adjustments in trade policies increasing uncertainty and inflation volatility. While the US shows resilience, Europe and China are experiencing a slowdown, partly due to the impact of reduced commercial activity;
- Brazil's GDP grew by 0.4% in the second quarter, reflecting a loss of momentum across all sectors. Consumption and retail have cooled, but the labor market remains strong, with unemployment at 5.7%;
- Accumulated inflation fell to 5.13%, still above the target. The Central Bank's Monetary Policy Committee (Copom) kept the Selic rate at 15% per year and projects inflation of 4.8% in 2025 and 4.3% in 2026, with estimated GDP growth of 2.0% in 2025 and 1.5% in 2026, and an exchange rate projected at R\$ 5.40/US\$.

Transactions

- Leasing activity remained strong in the third quarter, although there was a slight slowdown compared to the previous quarter. Gross absorption was also reduced, and a slightly increase in returns resulted in a lower net absorption. However, the year-to-date net absorption is 18% higher and gross absorption is 13% above the same period in 2024;
- In 2025, the Real Estate Funds (FIIs) market is showing signs of recovery, with the IFIX – Real Estate Funds Index – up 3.3% in September and nearly 15% for the year, outperforming the Ibovespa. Brick funds, especially those focused on logistics and offices like HGRE11, stood out—HGRE11 rose 9.7% in the month—indicating gradual improvement in the office segment in strategic regions;
- According to B3 (the Brazilian Stock Exchange), there are currently 429 listed real estate funds (FIIs) in the market, totaling a value of R\$ 183 billion.

Market Indicators

- The results for this quarter remain positive, although there was a slowdown in the delivery of new inventory and demand;
- Gross absorption for the quarter was 128,000 sqm and net was 60,000 sqm, with 24,000 sqm of new inventory delivered;
- The vacancy rate continues to decline and asking rents are increasing, closing at an average of R\$114.2/sqm/month versus R\$112.3/sqm/month in the previous quarter.

Outlook

- Net absorption saw a slight decline this quarter due to a temporary rise in space returns, but year-to-date figures remain 18% above 2024, confirming the strength of market demand;
- Leasing activity during the quarter was driven by technology and finance companies, while the volume of new buildings decreased by 24,000 sqm. Adjustments to construction timelines have kept the 2025 inventory within historical averages;
- The outlook is for sustained demand through year-end, with limited supply supporting the gradual appreciation of rents, especially in premium locations;
- The market is moving towards a balanced scenario between supply and occupancy, reflecting greater maturity after the strong pace of the first semester. Amid high interest rates and persistent inflation, expansion activity is marked by caution, while progress in structural and fiscal reforms will be crucial to unlocking new investment opportunities in the medium term

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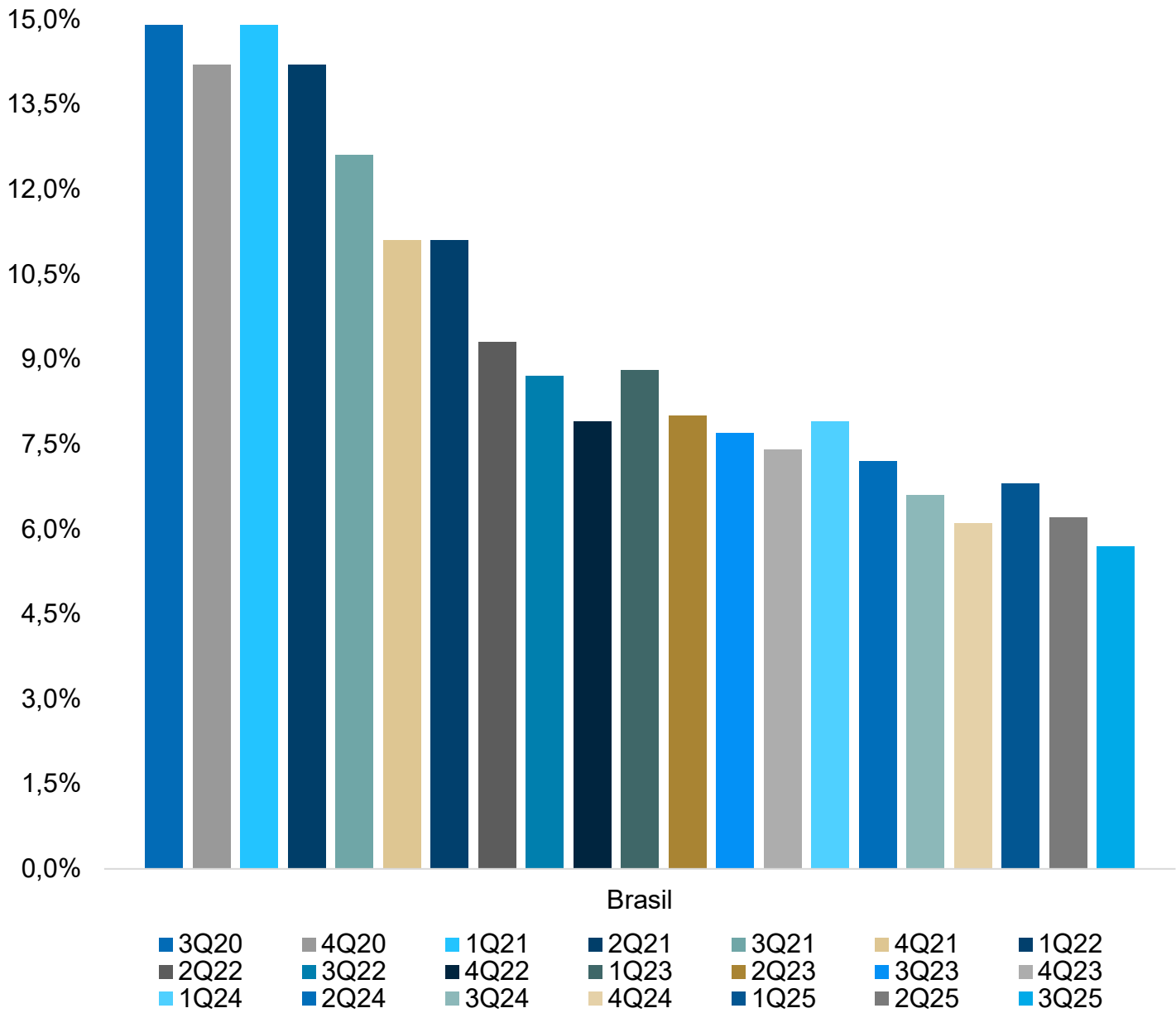
Economy



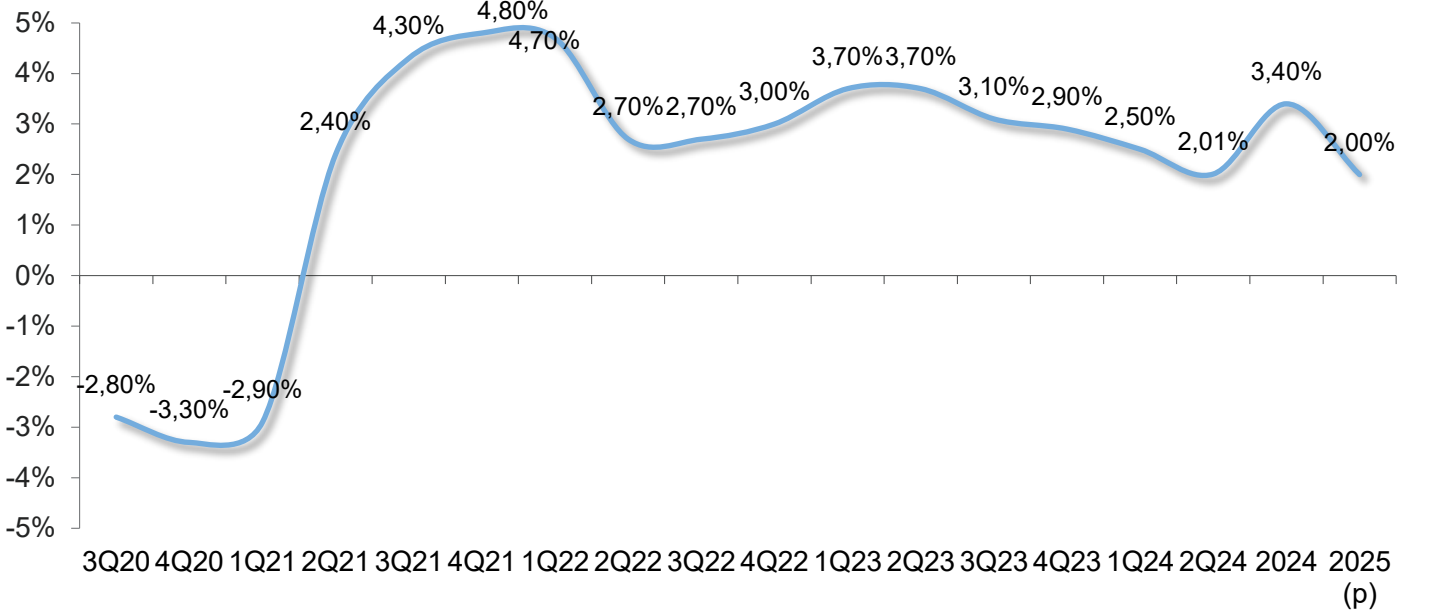
Economy

Domestic economic activity slowed as anticipated. GDP grew by 0.4% in the second quarter, following a 1.3% increase in the previous quarter, influenced by weaker momentum in agriculture, industry, and services. The labor market remains strong, with the unemployment rate reaching a historic low of 5.7%. Household consumption also decelerated, with declines in retail trade and more moderate growth in services, likely resulting in a retreat in accumulated inflation, though it remains above target

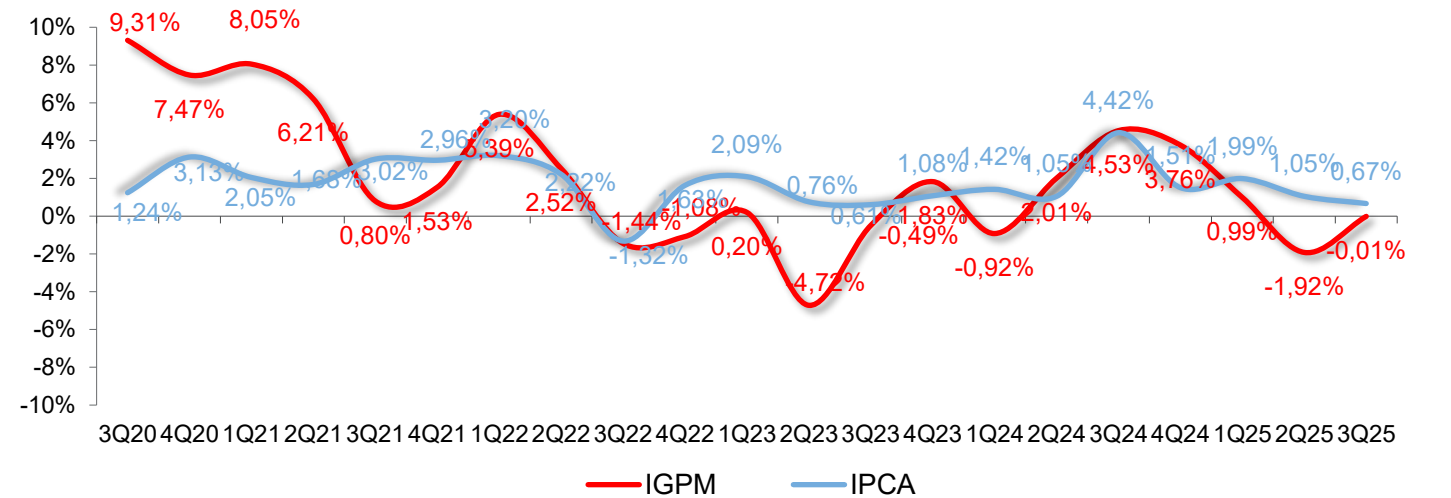
Unemployment rate



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



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



Source: IBGE, Banco Central do Brasil, FGV

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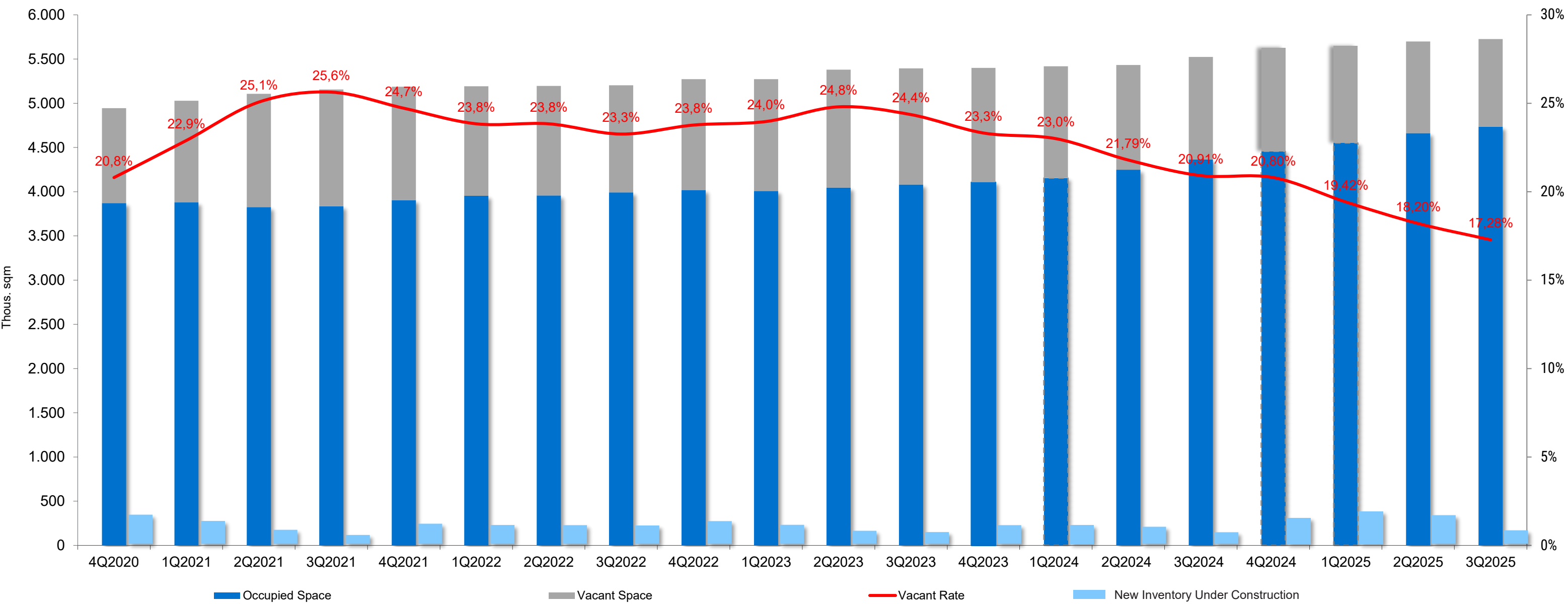
Market Indicators



New inventory and drop on vacancy rate

There was a slowdown in inventory growth during the quarter, helping to reduce vacant space and the vacancy rate. Adjustments to the construction schedule lowered the forecast for new developments in the last quarter of the year from 319,000 sqm to 151,000 sqm, which, if realized, will remain consistent with the historical average

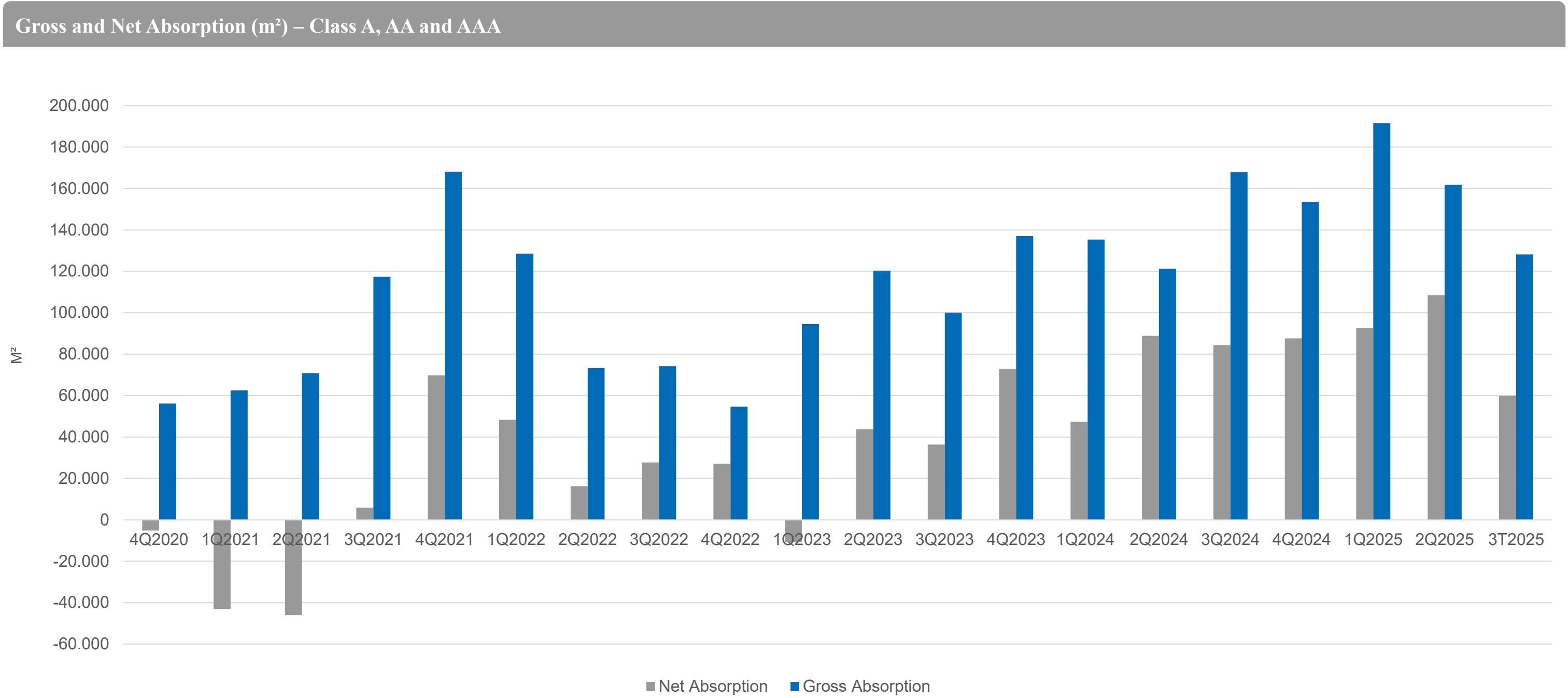
Occupied and Vacant Space, Under Construction vs. Vacancy Rate – Class A, AA and AAA



Source: Newmark Brasil – Market Research

Leasing activity remains strong, though at a moderate pace

Leasing activity remained strong, despite a slight slowdown in the quarter. Annual performance is above 2024 levels

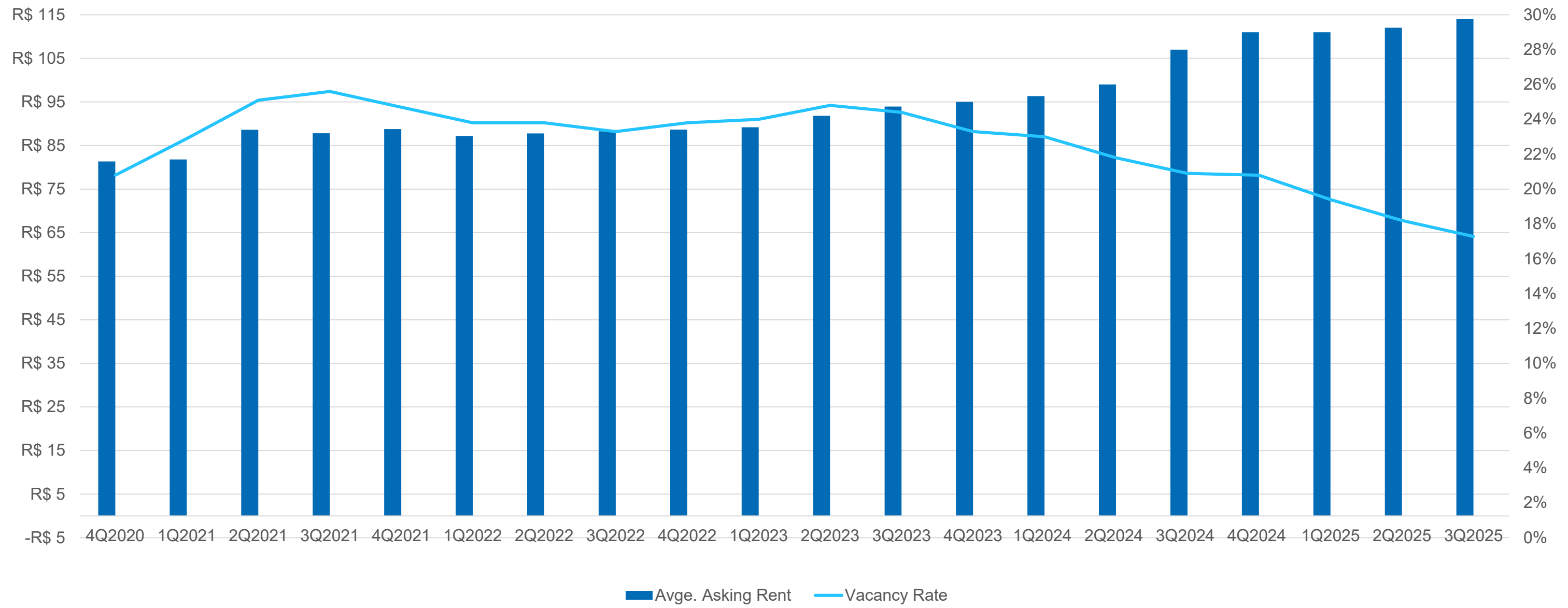


Source: Newmark Brasil – Market Research

Falling supply continues to put upward pressure on asking rents

Strong demand and the entry of new premium buildings continue to drive rental appreciation

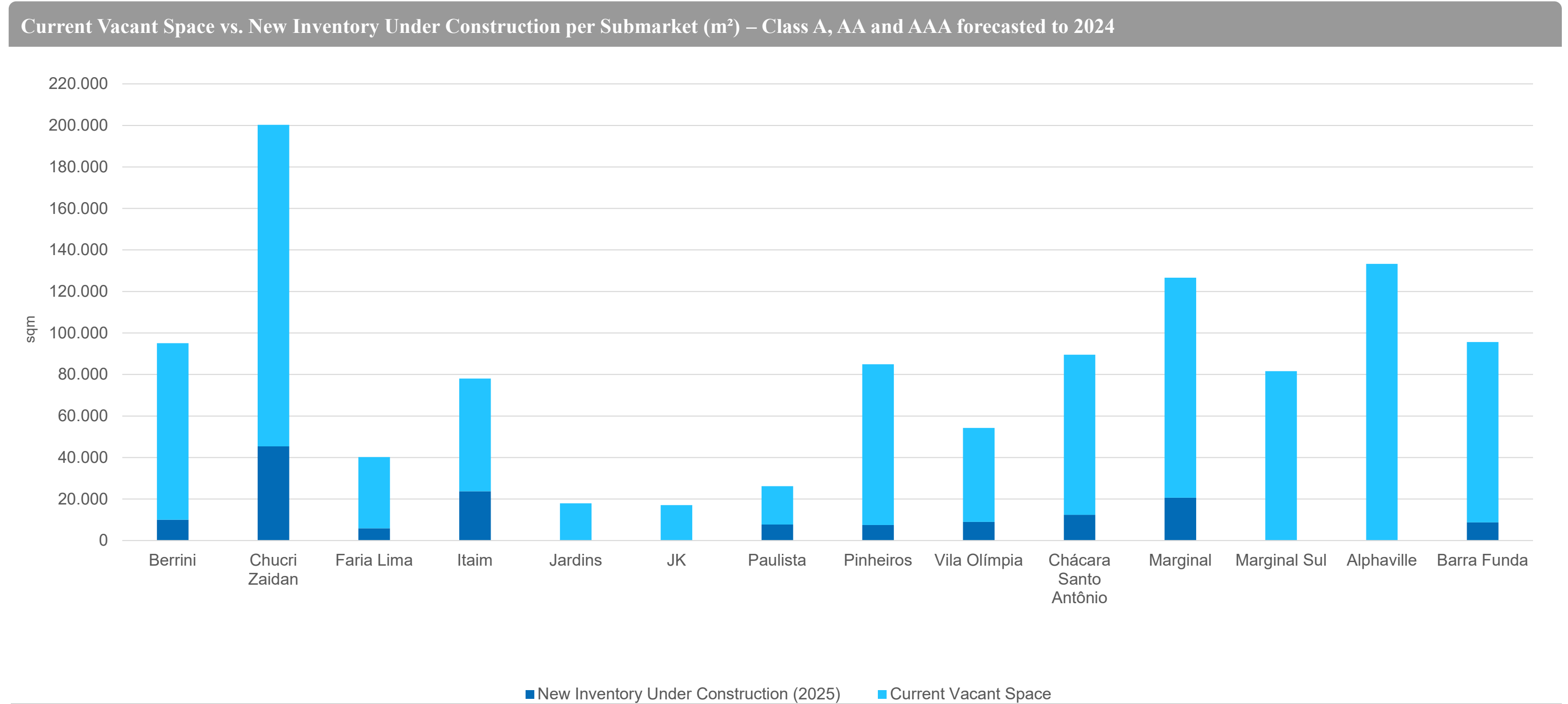
Average Asking Rent and Vacancy Rate – Class A, AA and AAA



Source: Newmark Brasil – Market Research

New developments are not expected to impact overall supply levels

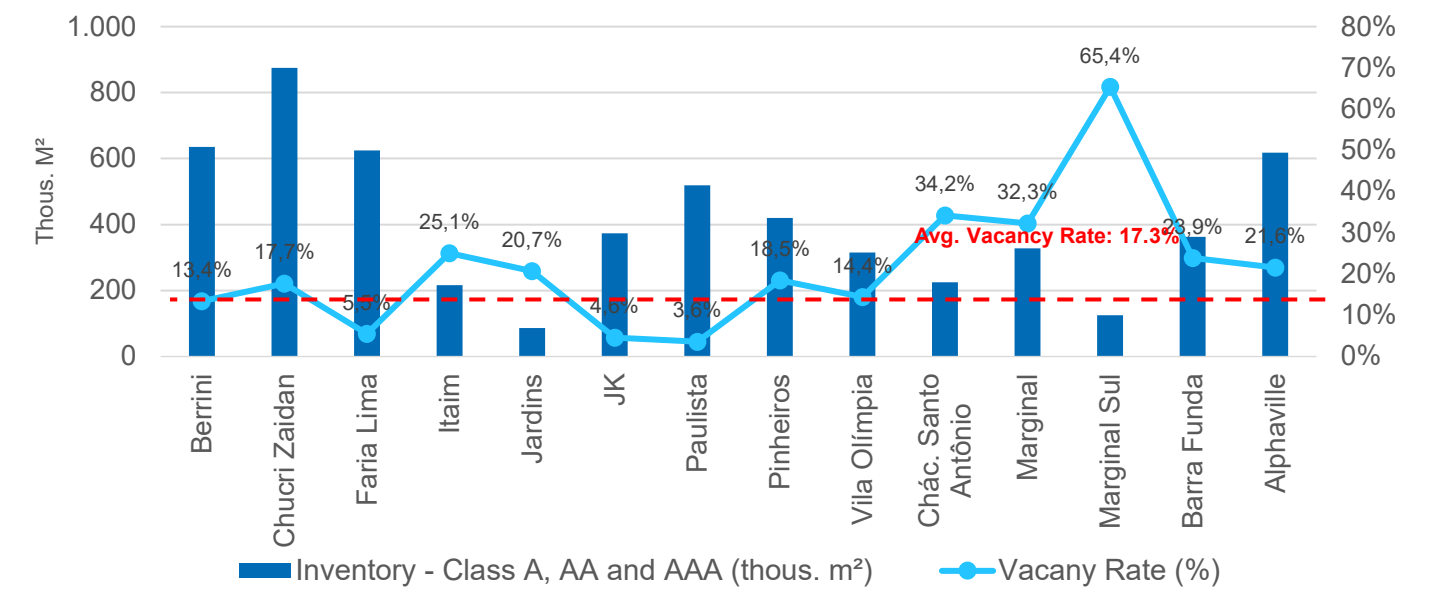
High-end office building submarkets should not face additional supply pressure in the short term, even with new developments under construction. Exceptions could be Chucuri, where projected volumes still represent a higher proportion of the current vacant area



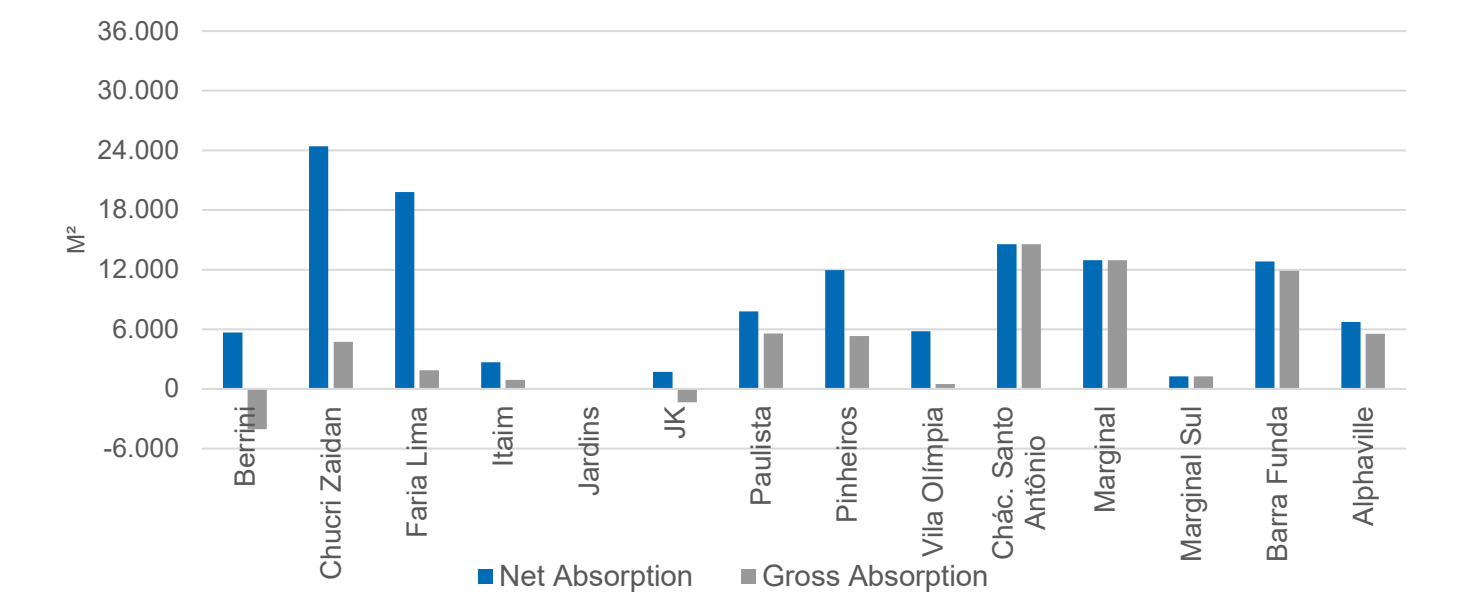
Source: Newmark Brasil – Market Research

Comparables per Submarket

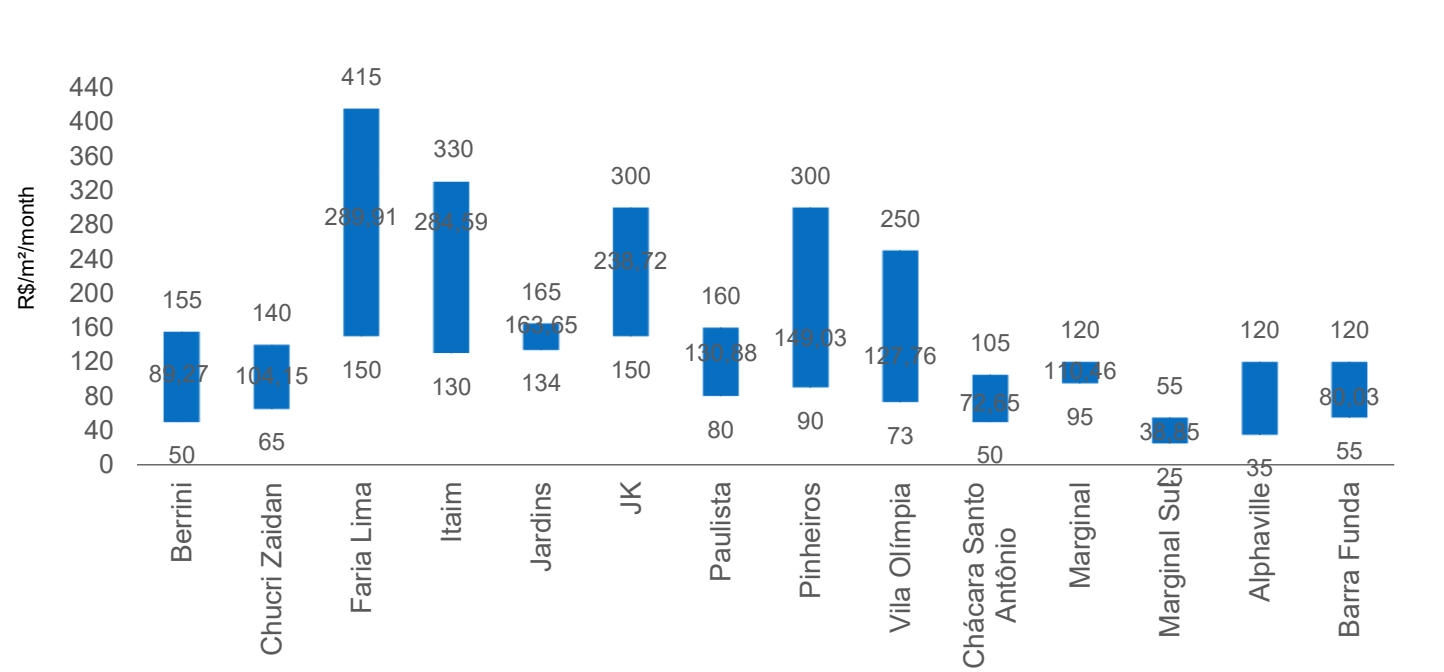
Inventory vs. Vacancy Rate – Class A, AA and AAA



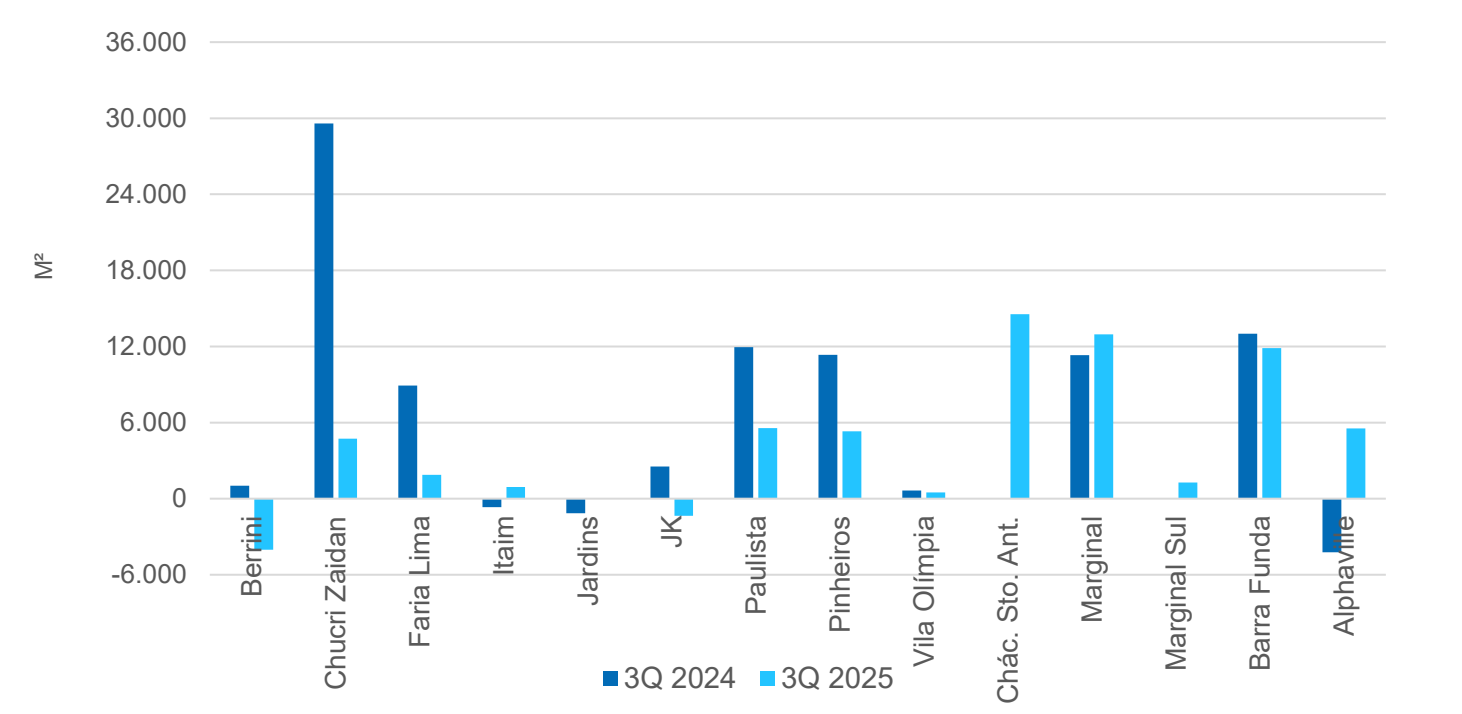
Gross and Net Absorption per Submarket – Class A, AA and AAA



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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