
2S2024

Latin America Office Market



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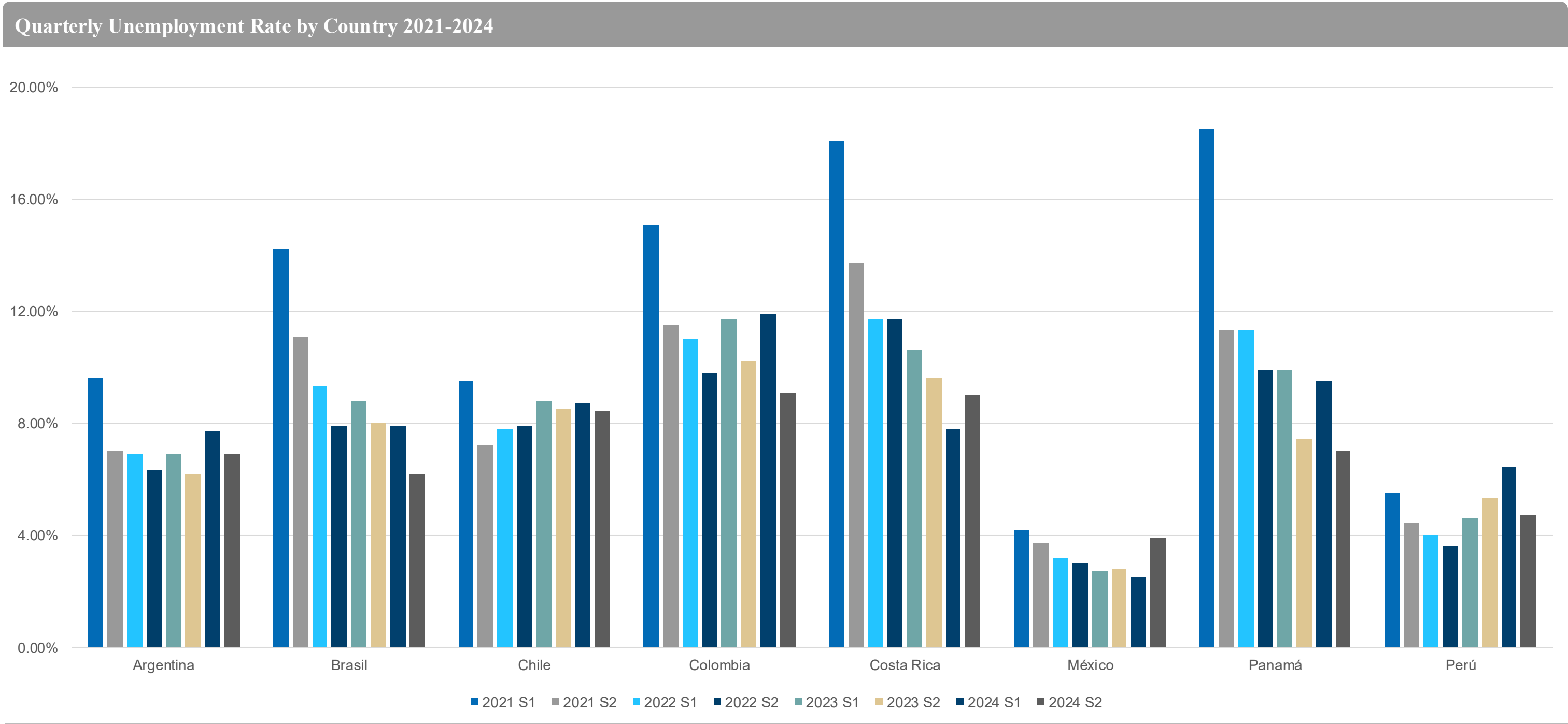
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Economics



Unemployment Rates

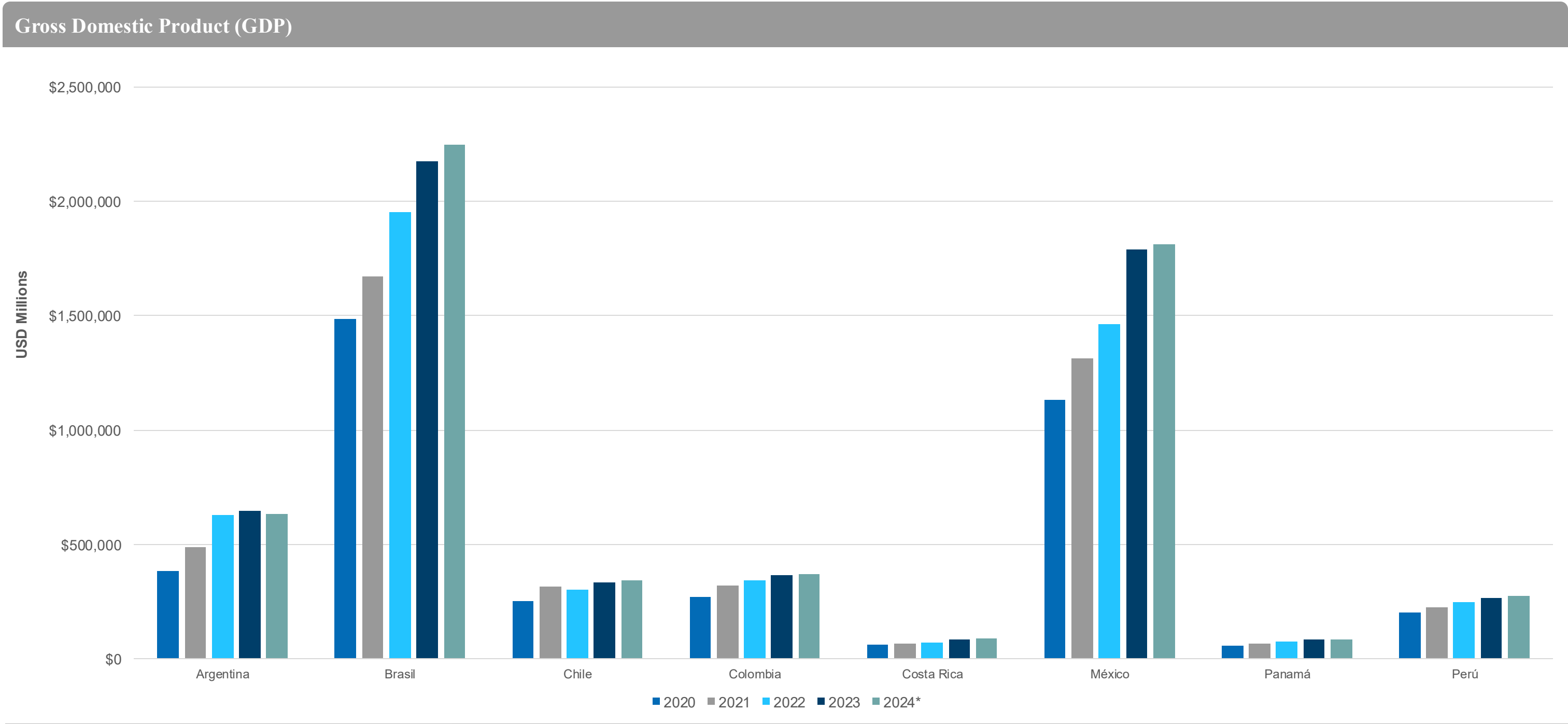
Generally, in Latin America, unemployment rates continue a downward trend.



Source: United Nations Economic Commission for Latin America and the Caribbean (ECLAC); Based on official figures from the countries.

Economic Outlook

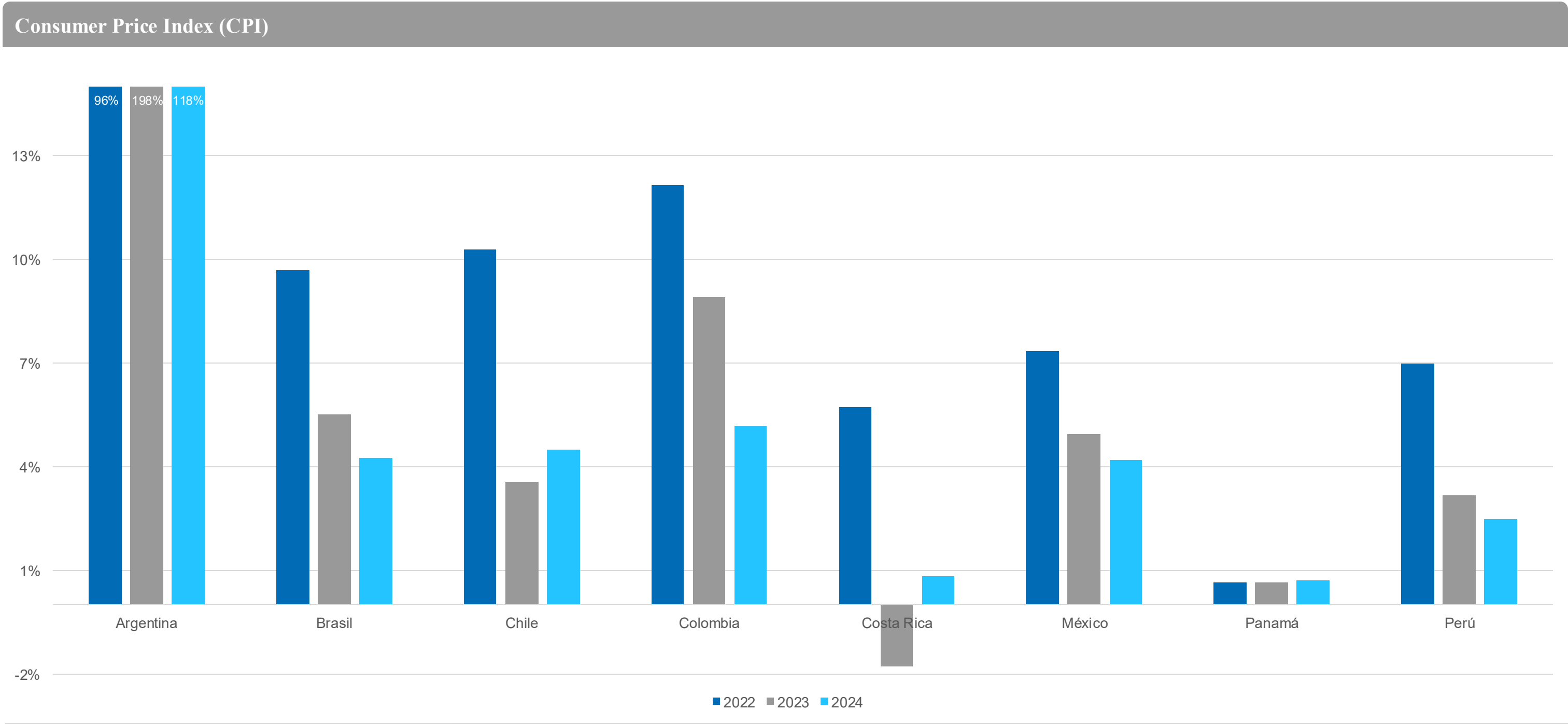
Given the economic situation, we have seen lower growth rates over the past semesters. We expect this reduction in rates to persist throughout 2025.



Source: United Nations Economic Commission for Latin America and the Caribbean (ECLAC); Based on official figures from the countries.

Annual Growth Rate of the Core Consumer Price Index

We can observe that the inflation index is relatively controlled throughout the region, except for the case of Argentina, which, it should be noted, experienced a significant reduction in its Core Consumer Price Index (CPI) during the last semester.



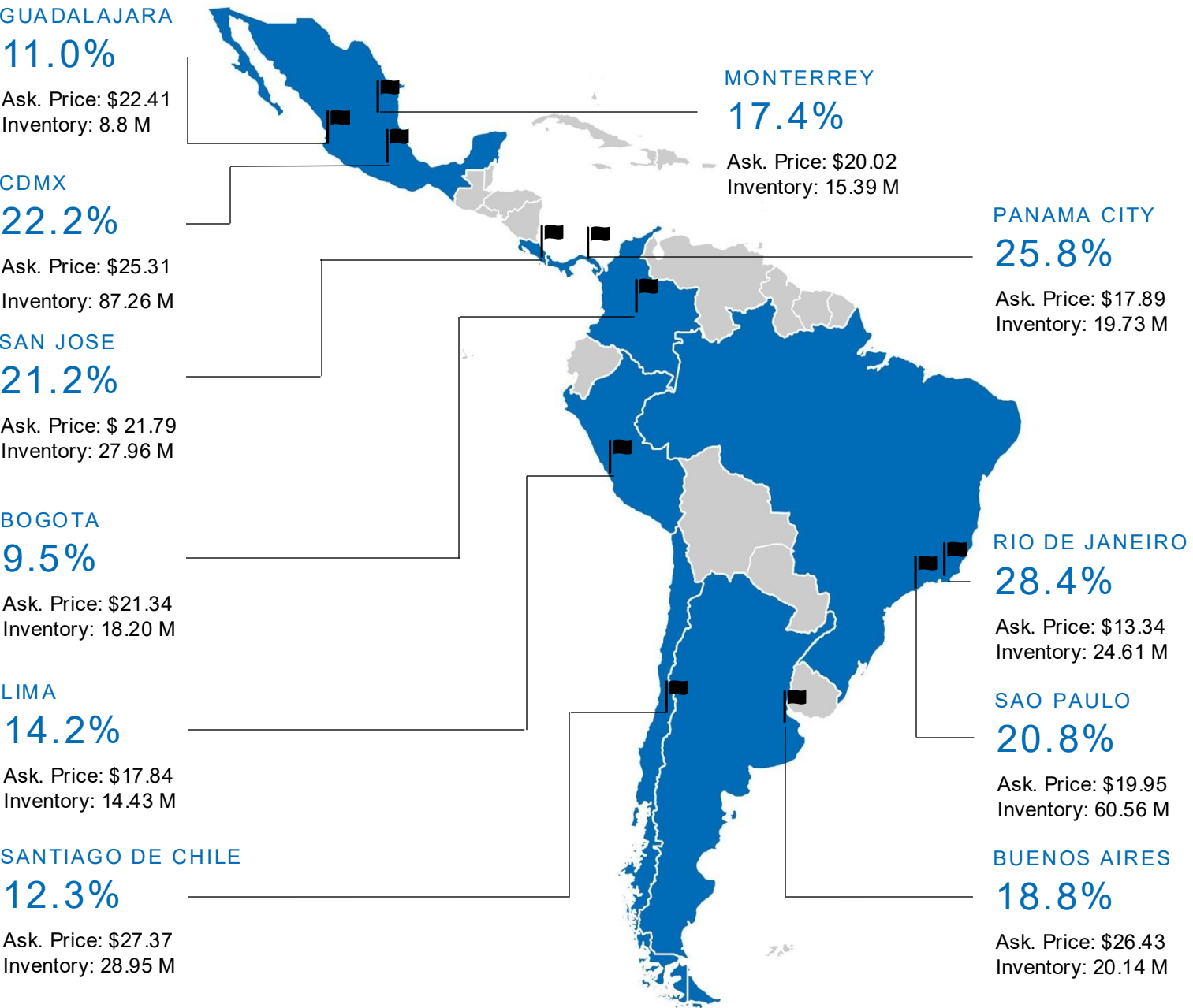
Source: United Nations Economic Commission for Latin America and the Caribbean (ECLAC); Based on official figures from the countries.

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Market Fundamentals



Latin America Office Market Indicators 2S 2024



19.9%

Vacancy Rate

\$21.25

Avr. Asking Price (USD/SF/year)

326 M

Inventory (SF)

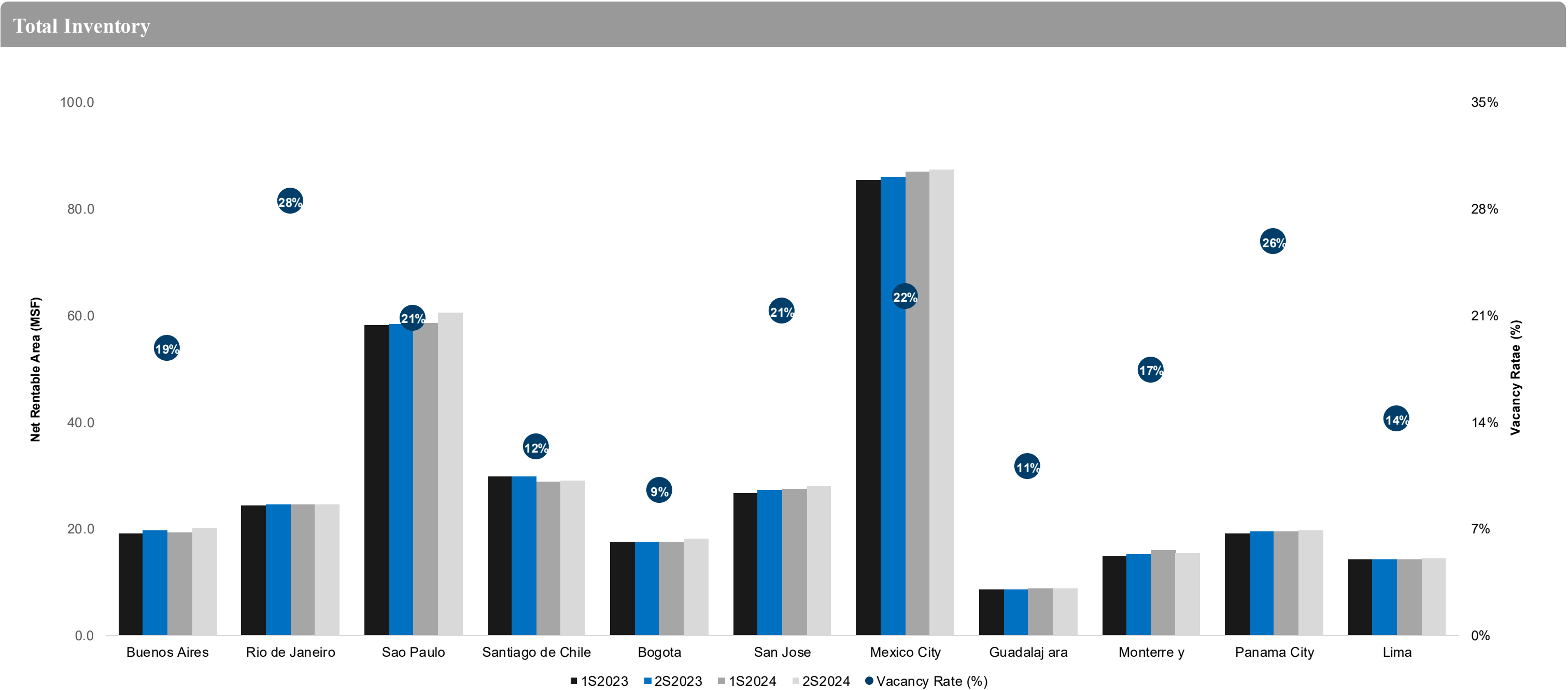
15.7 M

Construction (SF)

Source: Newmark Research

Inventory Continues to Grow

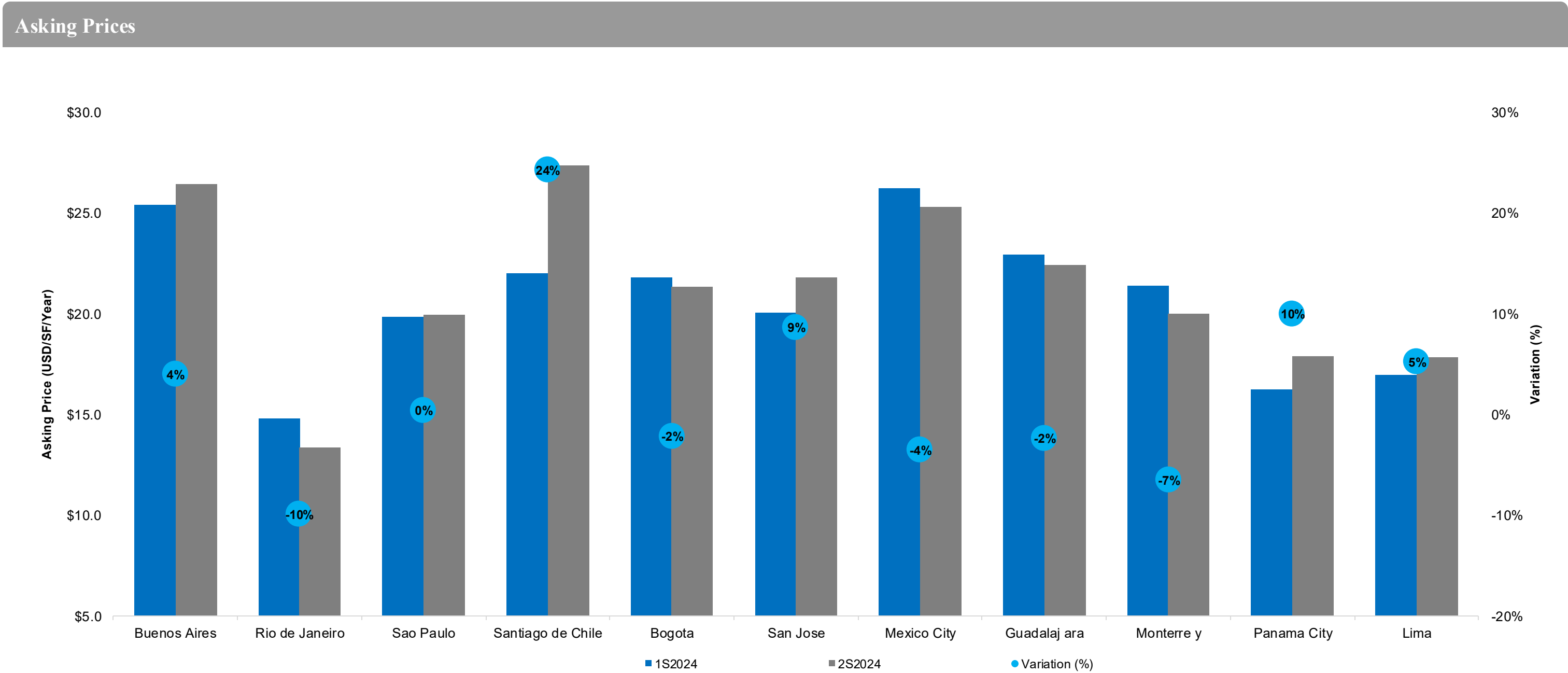
Despite the economic and market conditions, office inventories in Latin American cities continue to grow steadily without showing increases in vacancy rates.



Source: Newmark Research

Increase in Prices in Santiago

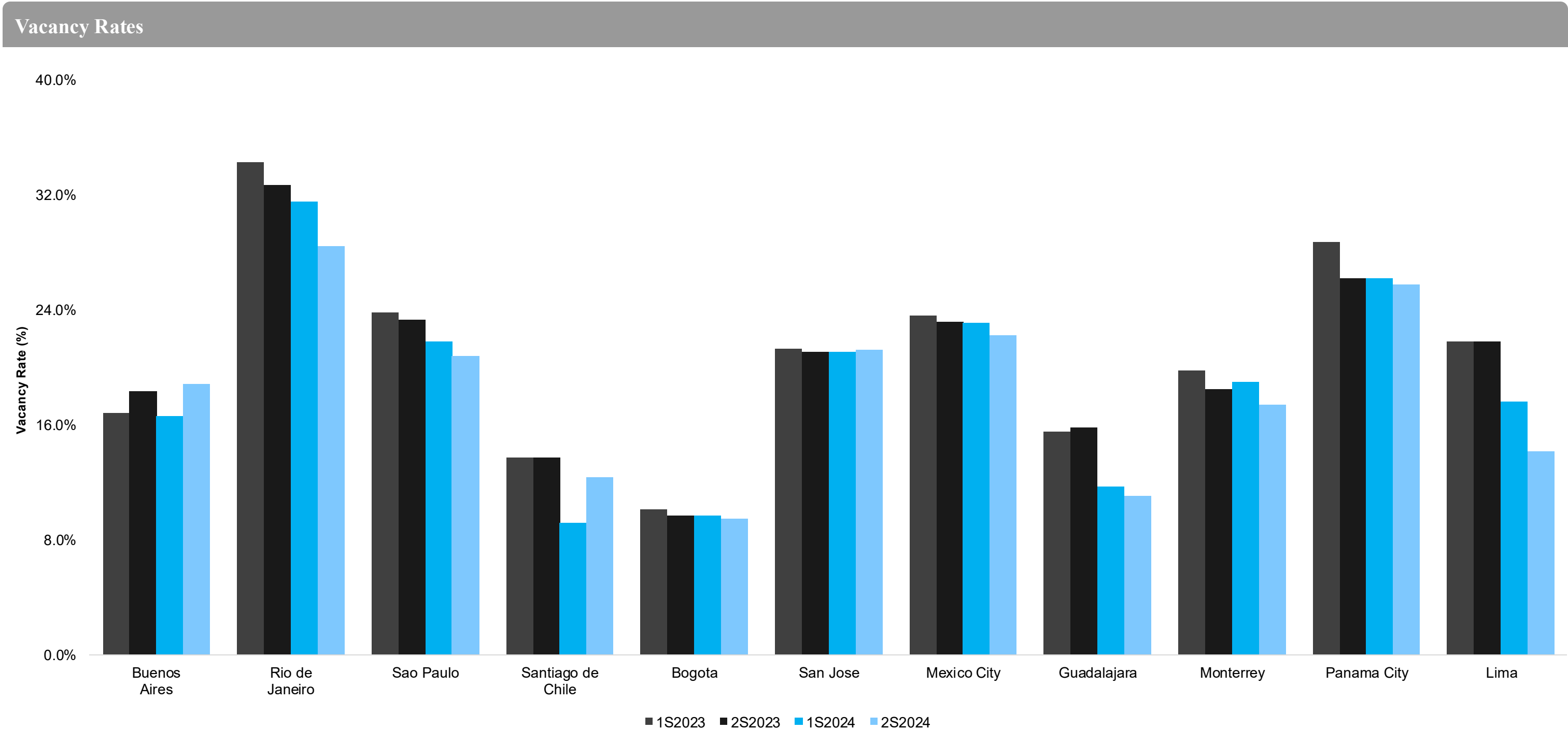
The asking price in Santiago registered a 24% increase in a semester and is now the city with the highest price in the region. followed by Buenos Aires. which experienced a 4% increase.



Source: Newmark Research

General Decrease in Vacancy Rates

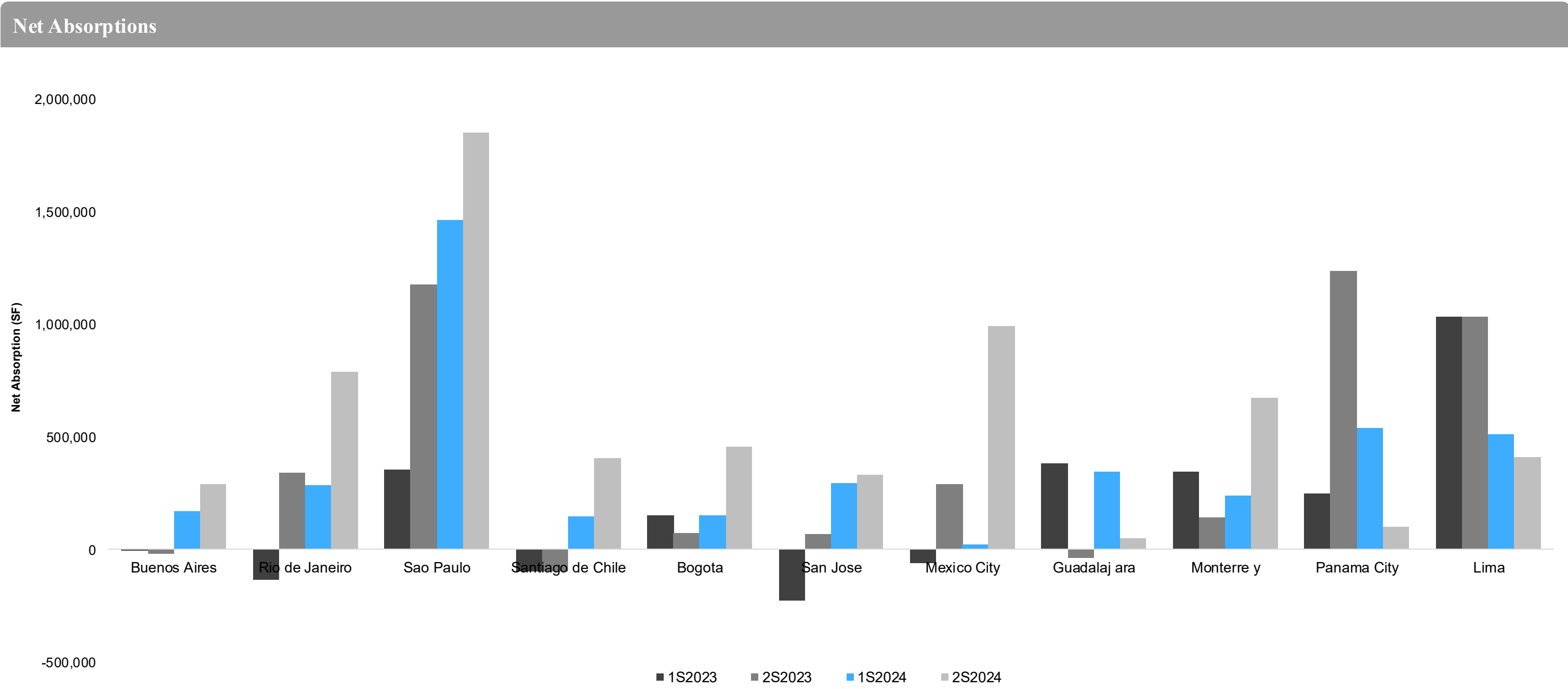
Despite its continued decline, the vacancy rate in Rio de Janeiro remains the highest in the region. This semester, the overall vacancy rate was 19.9%.



Source: Newmark Research

Sao Paulo Continues with Strong Absorption

For the second consecutive semester, the city of Sao Paulo recorded the highest net absorption among all Latin American markets. This represents a difference of over 400% compared to the first semester of 2023.



Source: Newmark Research

Latin America Office Markets 2S 2024

City	Inventory (million SF)	Construction (million SF)	Availability (million SF)	Vacancy Rate (%)	2S24 Net Abs. (SF)	Annual Net Abs. 2024 (SF)	Asking Price (USD/SF/Year)
Buenos Aires	20.14	1.14	3.79	18.8%	291,734	459,942	\$ 26.43
Rio de Janeiro	24.61	0.84	7.00	28.4%	789,588	1,075,607	\$ 13.34
Sao Paulo	60.56	3.50	12.60	20.8%	1,851,224	3,317,365	\$ 19.95
Bogota	18.20	0.69	1.72	9.5%	457,445	609,528	\$ 21.34
San Jose	27.96	0.24	5.93	21.2%	330,474	625,050	\$ 21.79
Monterrey	15.39	1.40	2.68	17.4%	676,114	917,709	\$ 20.02
Guadalajara	8.81	0.95	0.97	11.0%	49,998	394,820	\$ 22.41
Mexico City	87.26	4.35	19.37	22.2%	994,230	1,015,392	\$ 25.31
Panama City	19.73	0	5.08	25.8%	99,093	153,461	\$ 17.89
Santiago de Chile	28.95	2.56	3.57	12.3%	408,017	553,168	\$ 27.37
Lima	14.43	0	2.04	14.2%	409,034	921,353	\$ 17.84
Totals	326.08	15.73	64.78	19.9%	6,356,950	10,043,395	\$ 21.25

Source: Newmark Research

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City Outlook

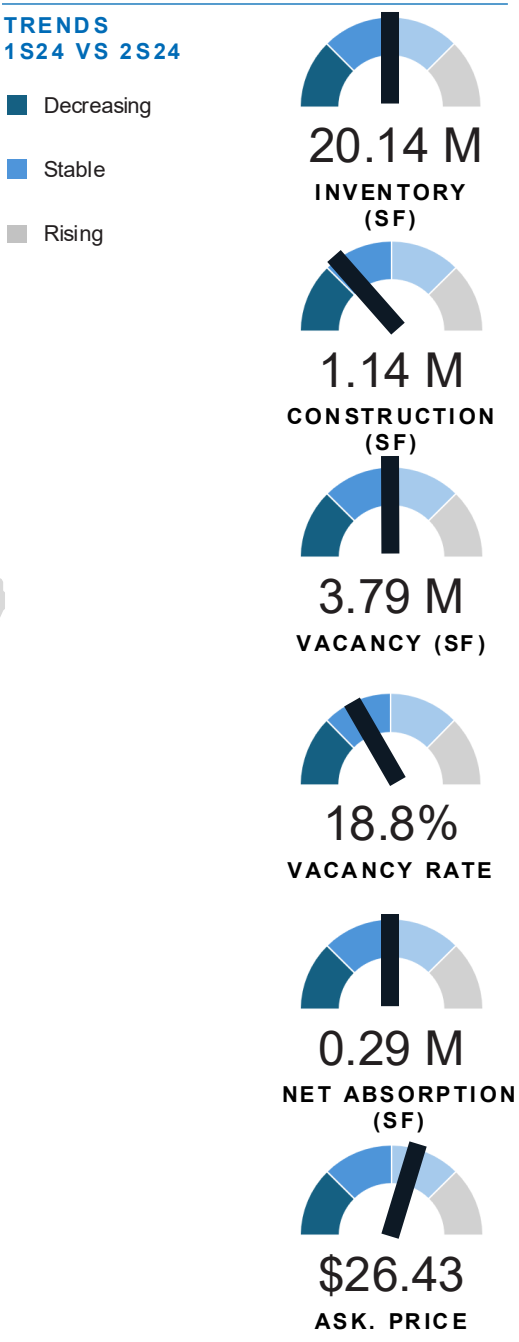


Buenos Aires. Argentina

In the last months of 2024, the Argentine economy showed signs of stabilization, although challenges remain. High inflation and the devaluation in August impacted consumption and investment, but monthly inflation began to slow down, generating moderate expectations. Unemployment closed at 6.9%, while trade and services showed some recovery. GDP grew by 3.6% in 4Q2024, although it has an annual decline of 2%. The sustainability of these improvements will depend on policies that strengthen investment and growth in 2025.

The Class A office market in Buenos Aires is at a turning point. The delivery of a premium project in Palermo added 450 thousand SF to the inventory, raising vacancy to 18.8%. With only 1.1 MSF under construction and no new developments on the horizon, the focus is shifting to the modernization of existing buildings. Demand remains concentrated on quality, with a net semestral absorption of 290 thousand SF and an average rent of \$26.43 USD/SF/Year. The key for the sector will be adaptability.

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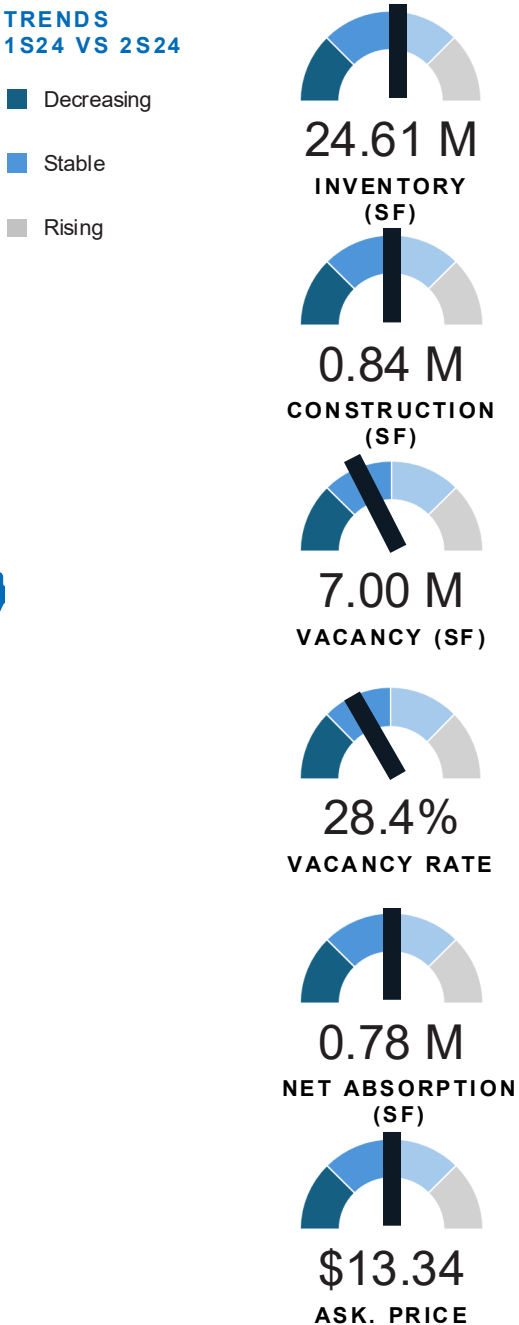


Rio de Janeiro. Brazil

Brazil's economy slowed down in the third quarter, with GDP growth of only 0.9% compared to the previous period. The accumulated GDP for the year (until September) was 3.3% higher than the same period last year. Annual growth in 2024 is expected to reach 3.5%, slightly higher than in 2023 (3.2%). The labor market has been active, with an increase in the employed population and a decrease in unemployment. The trade balance was positive, reaching record levels, mainly due to exports to China. However, the loss of confidence due to fiscal policy, high levels of public debt, and rising inflation have a strong impact on the country's economic performance. After a series of cuts initiated in August 2023, at the beginning of 2024, the Selic rate was 11.25% annually. Inflation has remained high, at 4.7%.

Statistics for high-end offices in Rio de Janeiro reveal that demand increased in 2024, with heightened leasing activity. Net absorption in the first half of the year reached 780 thousand SF, totaling 1.07 MSF for the year the highest since 2019 and significantly greater than the historical annual net absorption of 310 MSF. The vacancy rate is expected to continue decreasing slowly in 2025. However, uncertainties could affect a more robust recovery, such as political/economic instability and heavy reliance on only a few sectors, such as government and the oil and gas sector.

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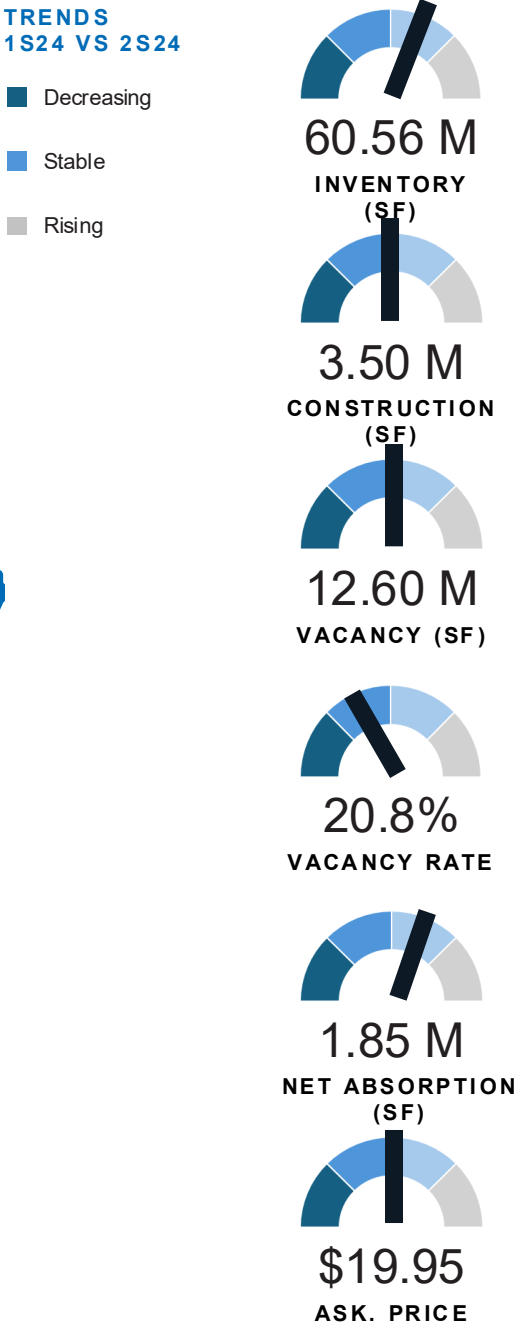


Sao Paulo. Brazil

Brazil's economy slowed down in the third quarter, with GDP growth of only 0.9% compared to the previous period. The accumulated GDP for the year (up to September) was 3.3% higher than the same period last year. Annual growth in 2024 is expected to reach 3.5%, slightly higher than in 2023 (3.2%). The labor market has been active, with an increase in the employed population and a decrease in unemployment. The trade balance was positive, reaching record levels, mainly due to exports to China. However, the loss of confidence due to fiscal policy, high levels of public debt, and rising inflation have a strong impact on the nation's economic performance. After a series of cuts initiated in August 2023, by early 2024, the Selic rate was 11.25% annually. Inflation has remained high, at 4.7%.

The high-end office market in São Paulo confirmed its recovery in 2024, with leasing activity reaching the highest level in the historical series. The new inventory delivered in the fourth quarter was the largest of the year, and yet, the vacancy rate decreased to 20.8%. Average asking rental rates continue to rise, reflecting the entry of new and high-quality inventory with higher rents into the market, resulting in \$19.95 USD/SF/Year, the highest since 2013. This is 16% higher than the average recorded in the fourth quarter of 2023.

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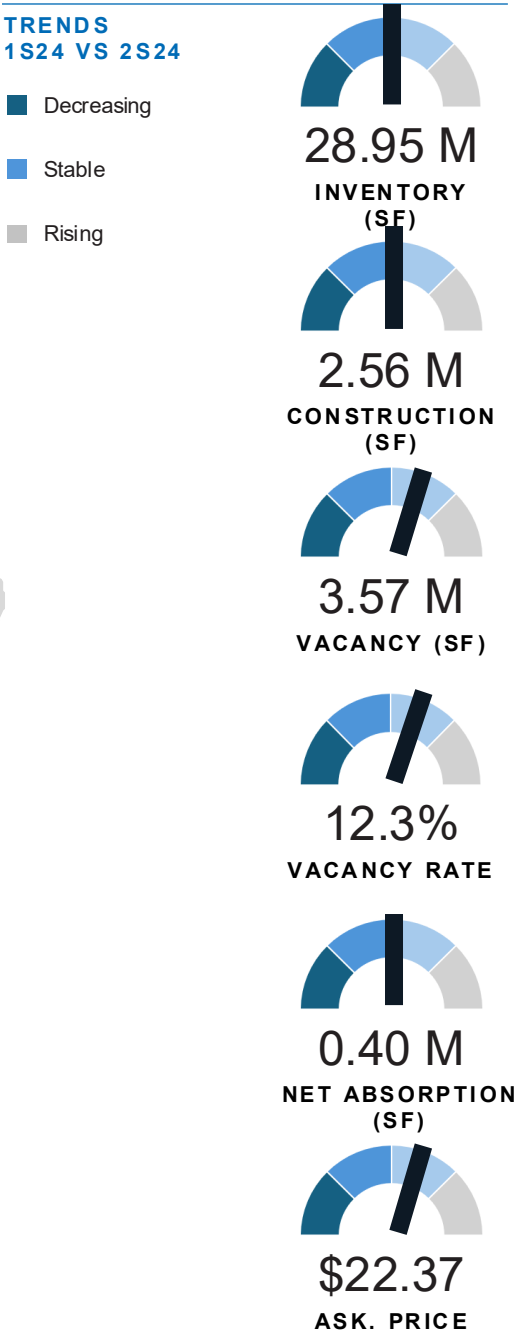


Santiago. Chile

The last semester of 2024 showed GDP growth of 2.3%. with projections of 1.5%-2.5% for 2025-2026. Annual inflation reached 4.2%. driven by the appreciation of the dollar and rising labor costs. The Central Bank lowered the interest rate to 5.0% in December. aiming to stimulate the economy. However. bank credit remained weak. particularly affecting the commercial sector. Domestic demand remained moderate. while investment showed signs of recovery.

2024 concludes with stability in the office market. featuring a vacancy rate of 10.1% and an annual absorption of 56,790 SF. Demand was concentrated in El Golf. Nueva Las Condes. and Apoquindo. while Santiago Centro showed persistent vacancy. For 2025. the delivery of 430 thousand SF is projected. focusing on Nueva Las Condes and El Golf.

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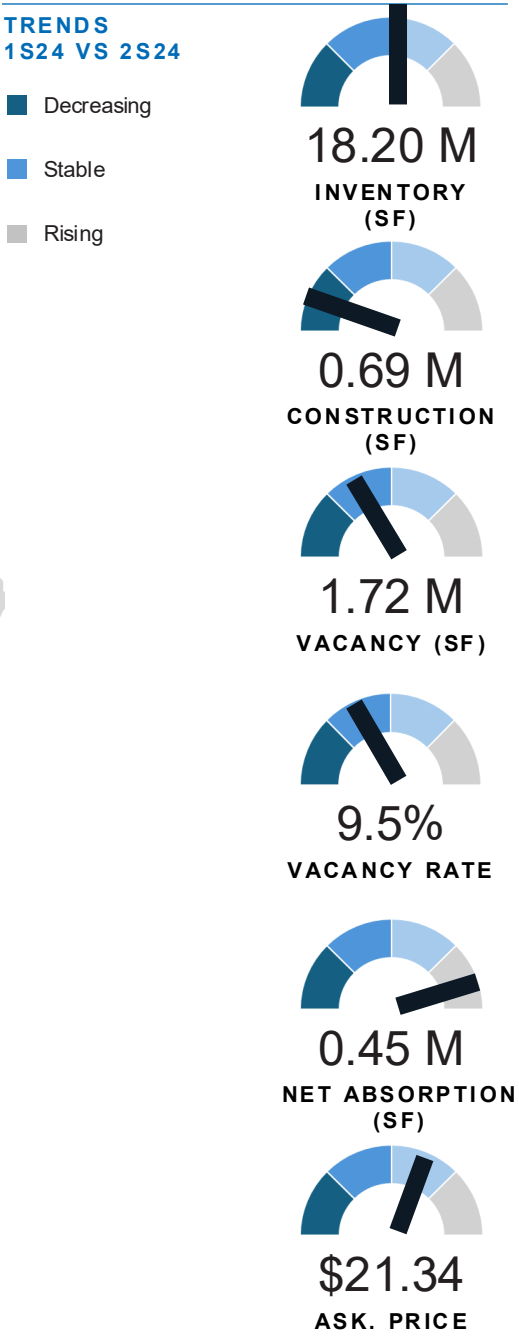
Bogota. Colombia

2024 closes with mixed signals in the Colombian economy. Although there has been a slight recovery in key sectors like agriculture and public administration, foreign investment has significantly decreased. Economic growth remains below expectations, with a projected expansion of 1.3% for the year according to the World Bank, and uncertainty continues to affect business decisions.

The construction sector, meanwhile, remains in negative territory with a cumulative contraction throughout the year, affected by high-interest rates and rising input costs, which have limited the start of new projects.

During the second semester, there was a tight supply and increasing pressure on prices. The scarcity of new developments and the high demand for large spaces, especially in the CBD, have kept occupancy below expectations, driving up rental and sale prices. Although some projects are in the planning phase, high construction and financing costs have slowed their execution, and it is expected that this trend will continue in 2025.

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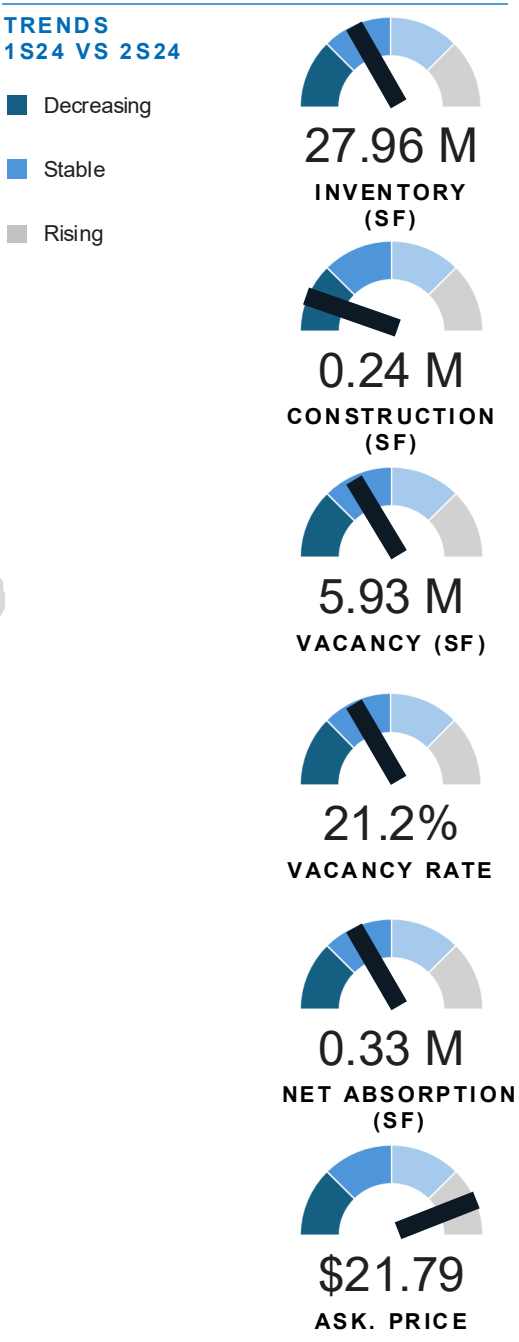


San Jose. Costa Rica

In 2024, Costa Rica’s economy is expected to continue growing moderately, with GDP driven by sectors like tourism and technology. Inflation will remain controlled thanks to the Central Bank’s efforts, although fluctuations may occur due to changes in energy prices. The labor market will show improvements, especially in technological sectors, though informality remains a challenge. The construction and real estate sector will experience a rebound, particularly in sustainable projects. In international trade, Costa Rica benefits from its free trade agreements, with key exports in agricultural and technological products. Despite facing challenges such as climate change and the need for fiscal reforms, the country has significant opportunities in environmental sustainability and renewable energies.

Although there is still a slight increase in inventory, the availability rate in the Greater Metropolitan Area has also grown. This indicates that despite the increase in demand for spaces, the constant introduction of new supply and the return of previously occupied spaces have kept overall market availability high. This trend reflects a fragile balance in which increases in demand have not fully compensated for the influx of supply.

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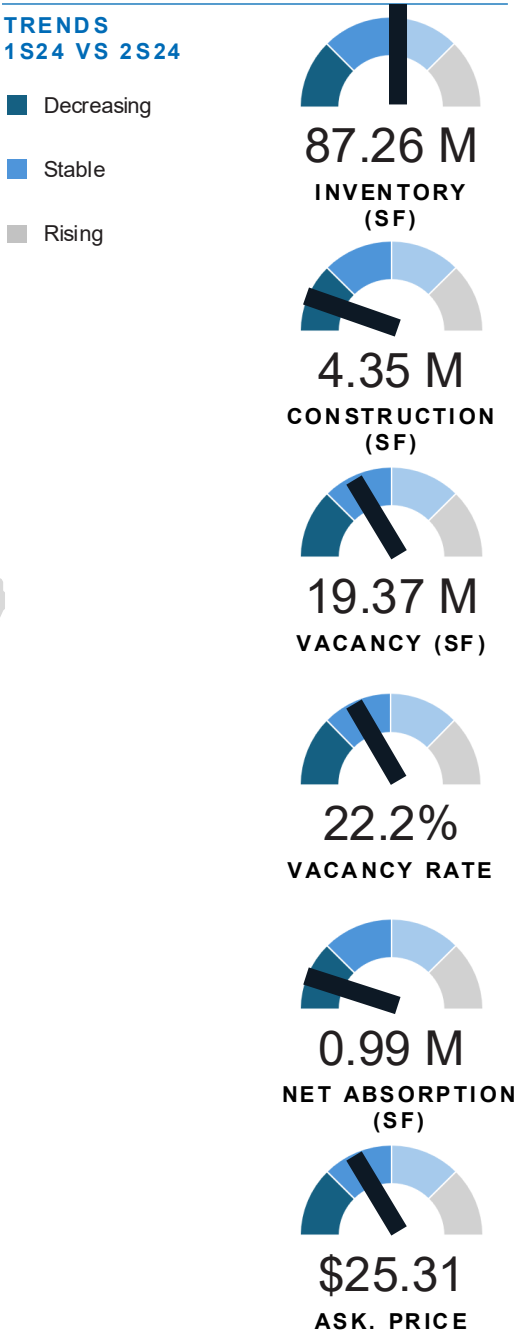
Mexico City. Mexico

According to data from CONEVAL, the percentage of labor poverty decreased by 7.8% in Mexico City, dropping from 30.6% to 22.7%. As a result of diversification and sustainability policies in promoting tourism in Mexico City, tourist spending is expected to increase by approximately 116.4% by the end of the year, surpassing 2019 figures. With the new government in Mexico City, new strategies are being proposed to connect and create metropolitan transport corridors, including the expansion of Metro and Metrobús lines.

By the end of the year, Mexico City continues to lead at the state level in the generation of formal jobs, with 74,614 new formal jobs created so far this year. It also has the highest base salary in the country.

In the inventory of Class A offices during this quarter, two new projects were added in the North corridor. Three projects were monitored for delivery by the end of the year; however, they are now expected to be ready during the first quarter of 2025. The availability rate has remained constant at 22.2% at the end of the quarter. By the end of 2024, more than 4.75 MSF of office space was marketed within Mexico City, surpassing the 3.89 MSF projected in previous quarters.

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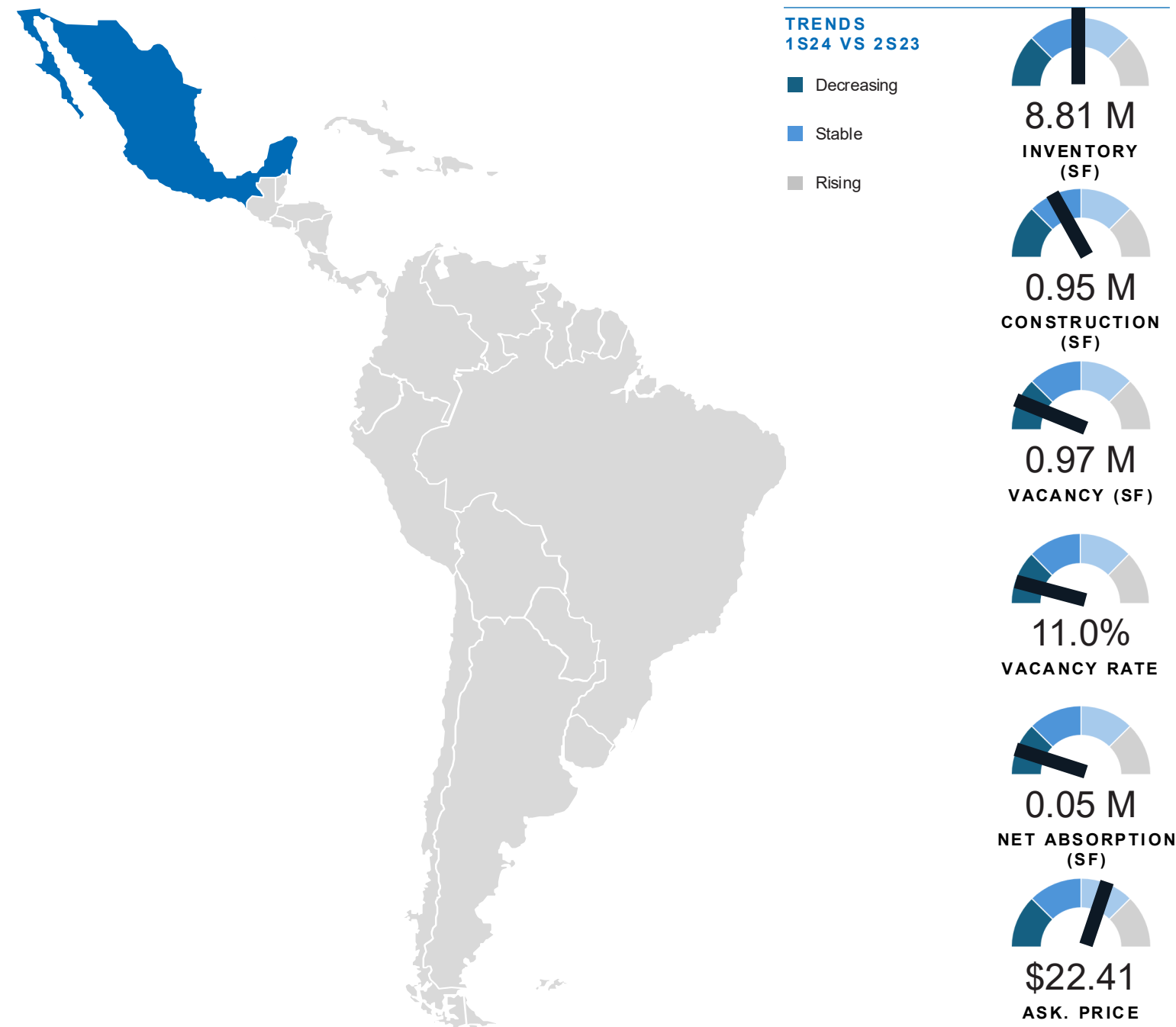


Guadalajara. Mexico

On the eve of the latest reports from the current administration. Jalisco has secured investment commitments of nearly 890 million dollars and the creation of over 11.000 jobs stemming from technology companies. With positive figures for the close of 2024. Jalisco positions itself as one of the main strategists for innovation in services and commerce. with significant development in the automotive industry. which could be affected by the tariff measures of the new U.S. president.

The office inventory showed an increase of 1.9%; however. it is expected to remain stable due to construction delays and the change of use in some projects. Gross absorption remains positive. although there was a decrease in the vacancy rate because no new entries are expected in the market. The Plaza del Sol corridor reported the highest gross absorption. exceeding 53.8 MSF.

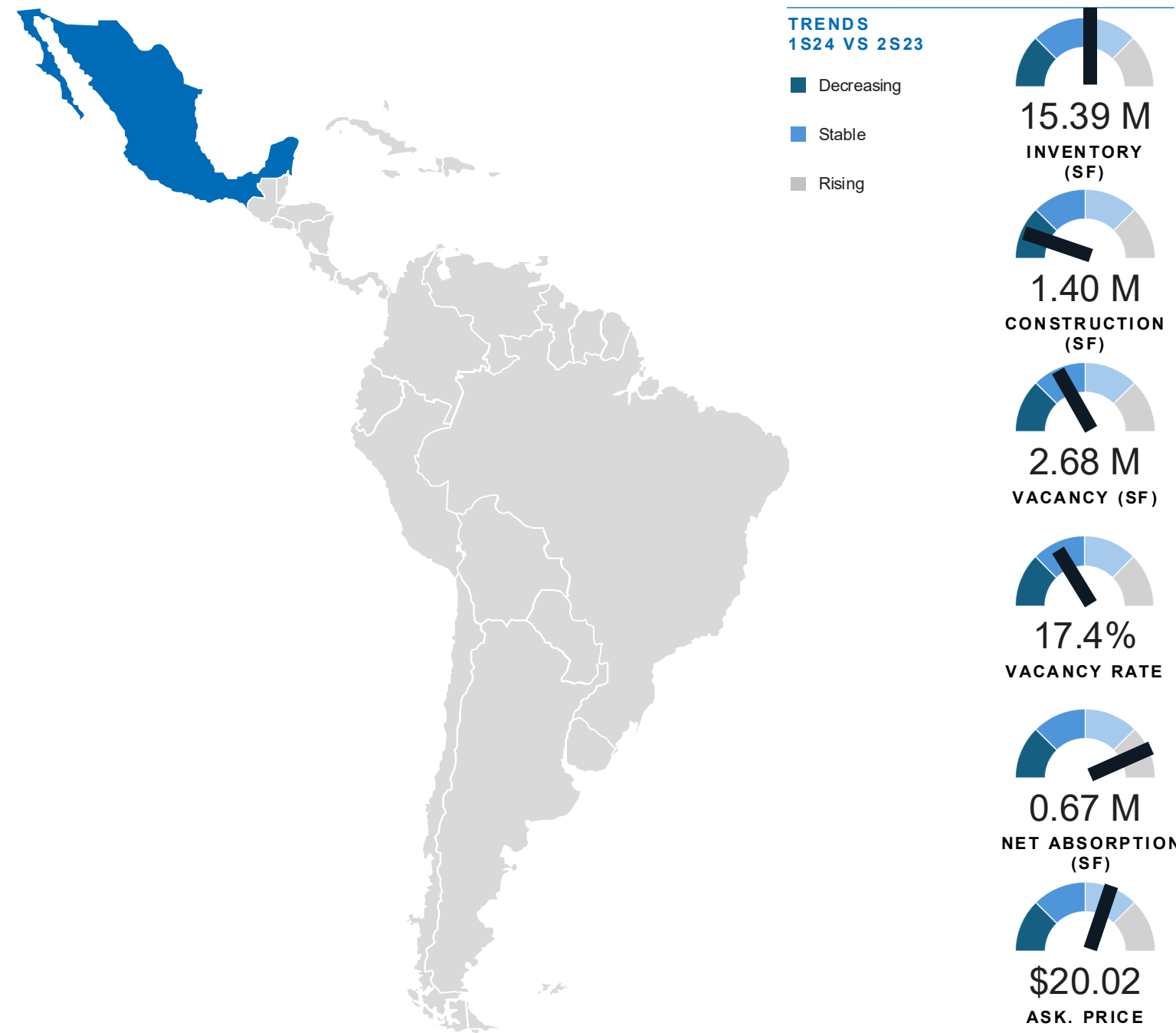
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Monterrey. Mexico

The office market closed 2024 with an almost threefold increase in absorption compared to the first semester, primarily due to logistics companies, notably a 139 thousand SF deal by Crown. Gross absorption for the second half was 651 thousand SF. This absorption increase is 30% higher than in 2023 and at the same level as 2019. The upward trend throughout 2024, along with the increase in industrial and general economic activity in the state, allows us to foresee even greater growth for 2025.

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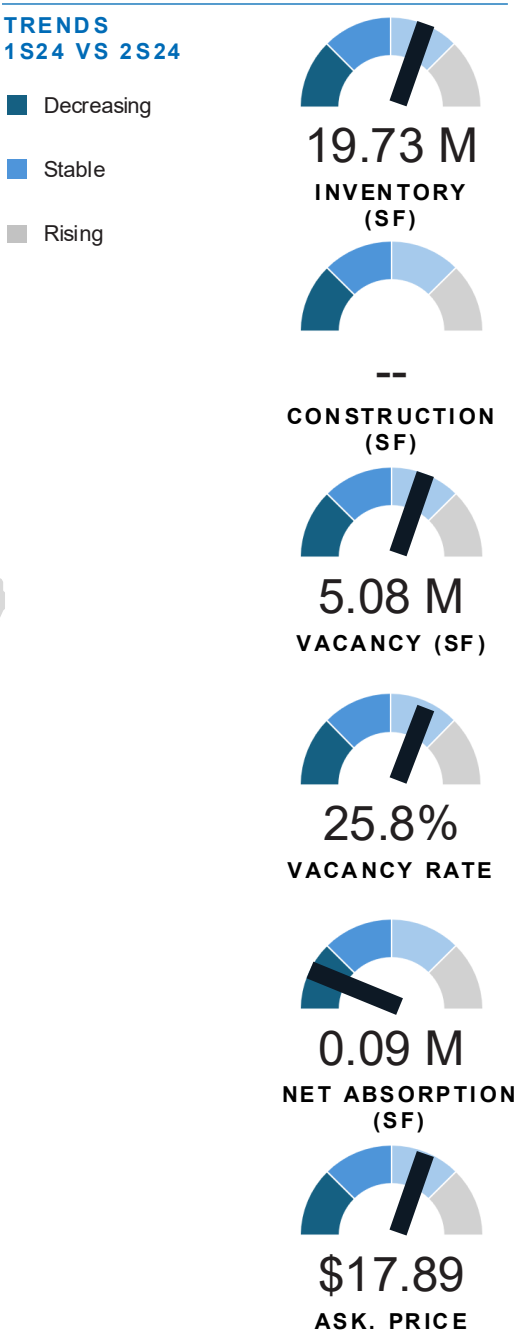


Panama City. Panama

In 2024, Panama's economy is expected to continue on a growth path, largely driven by the Panama Canal and its role as a logistics and financial services hub in the region. Moderate GDP growth is anticipated, supported by investment in infrastructure and international trade. Inflation will remain under control, aided by monetary policy and the use of the US dollar as the official currency. The labor market will show improvements, with a gradual decrease in unemployment thanks to the growth of sectors like construction and technology. In real estate, the recovery of the sector is expected to continue.

The supply in Panama City's office market remained stable with no signs of growth. Despite the continued substantial availability rate and prices already hitting bottom due to an oversupply of spaces and reductions in occupied areas since 2021, competition among landlords remains intense. This has led them to adjust their rates and make contract terms more flexible in an effort to attract and retain tenants.

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Lima. Peru

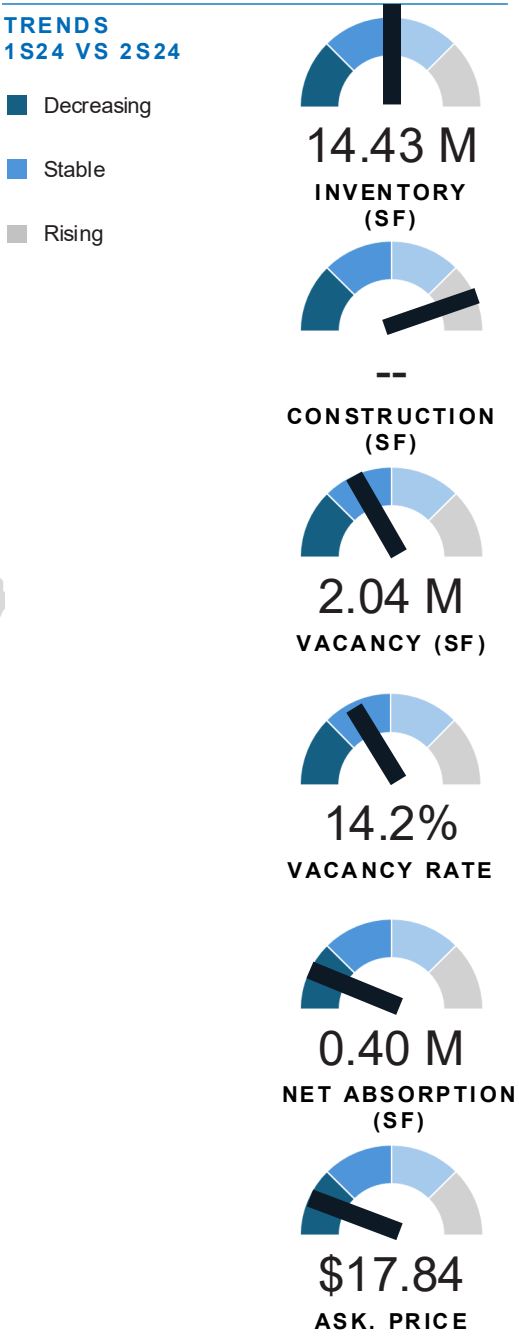
The Peruvian economy continued its recovery trend following the contraction in 2023. This was reflected in the Gross Domestic Product, which reached 4.2% at the end of 2024, driven by increased household consumption and gross fixed investment, as well as the rise in exports of goods and services, coupled with improvements in extraction, transformation, and service activities.

Additionally, in the fourth quarter, the Chancay Megaport was inaugurated during the APEC forum, which Peru hosted. This port is expected to exponentially increase the country's trade activities with the world, particularly with the Asian continent, as well as boost other economic sectors.

Lima's office market welcomed two new buildings in the second half of 2024, one in San Isidro Empresarial and another in Miraflores. These were the only buildings under construction in the post-pandemic phase. However, some developers still hold projects in their portfolios that could start if the occupancy trend persists.

Both San Isidro Financiero and Empresarial remain as the submarkets with the highest demand. As a result, along with Miraflores, these areas have experienced increases of between 1.5% and 2.5% in their average rental values.

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