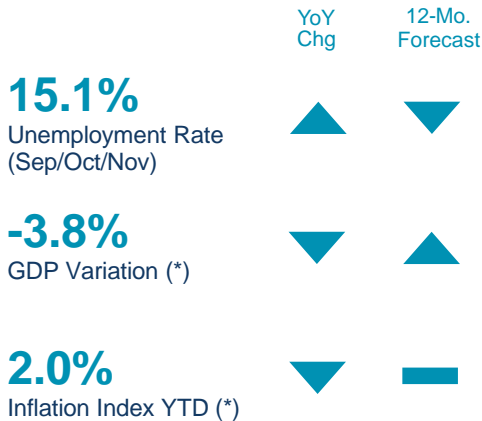


ECONOMIC INDICATORS Q4 2020



Source: National Statistical and Informatics Institute (INEI)
(*) October 2020

MARKET OUTLOOK:

According to the behavior that the market has shown in recent months, the class A vacancy rate closes the year in 16.3% with a year-on-year increase of 5.3%, resulting in an additional availability of more than 8,500 sqm. At the beginning of the year, the expectation was that this indicator would had a downward trend; however, the current circumstances have changed this scenario and swift it to and upward trend instead, mainly due to the increase in vacated space and the pause of companies in making the decision to occupy new spaces. In this context, all submarkets have been affected, San Isidro Financiero is the submarket with the highest available space, with 83,092 sqm and a vacancy rate of 15.6% (+13.2% compared to the previous quarter); followed by Santiago de Surco, with an availability of 73,015 sqm and a vacancy rate of 21.3%. Despite this increase in availability, the vacated space in the last quarter has been 22% lower than the third quarter, and the market shows a progressive adjustment to the workspace requirements in the current situation.

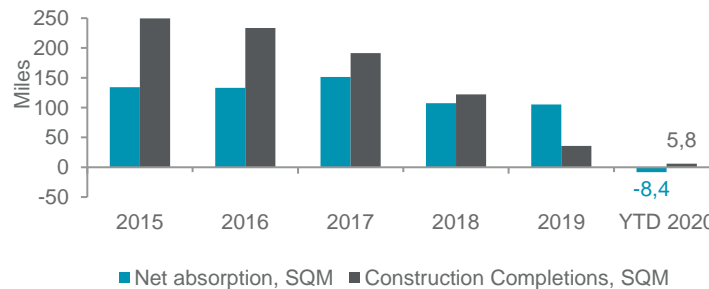
SUPPLY AND DEMAND:

At the end of the fourth quarter of the year, net absorption closed at -8,600 sqm. This negative figure shows, once again, a higher vacated space compared to occupation, because of adaptation process that companies are going through about the use of effective office spaces. In addition, we must consider that occupations were 32.2% lower than those registered in the same period in 2019. Almost all submarkets showed negative absorption levels, most influenced by the results in San Isidro Financiero with a net absorption of -9,708 sqm. In the last three quarters, no new projects have been delivered, so the 9% increase in available space compared to the first quarter is mainly the result of movements in the demand for spaces.

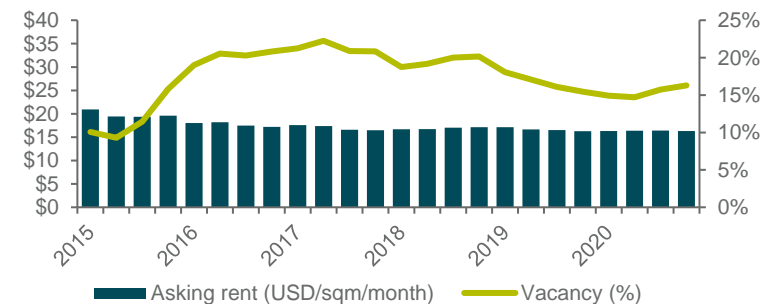
PRICING:

Despite the current scenario, the average asking rent resulted in \$16.3 per sqm and it has not shown any significant changes compared to the previous quarter. This behavior is supported by landlords' strategies to manage negotiations with tenants, in order to offer better contractual conditions that could be beneficial for both parties and do not harm the value of the property in the long term, considering that the agreements are for extended periods of time. Santiago de Surco continues to be the submarket with the lowest asking price with \$14.9 per sqm, a position that has been the same since thee asking rent began its downward trend due to the oversupply generated 4 years ago and remains the same due to the current situation. San Isidro Empresarial, despite a 5 p.p. vacancy increase compared to the first quarter, it maintains asking rent of \$19.5 per sqm. It should be noted that these are asking prices, and, in this situation, any additional adjustments have taken place in private dialogue between landlords and tenants, and each case is evaluated individually, evidencing the willingness of landlords to negotiate contract terms.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT (*)



ECONOMIC OUTLOOK

At the end of this year, the world economy remained in a process of adaptation and recovery through the changes and new needs generated by the COVID-19 pandemic. The Peruvian economy was not immune to this and, despite having a GDP variation of up to -39% during the first months, it has progressively recovered due to the implementation of economic reactivation phases, in a social distancing and health standards scenario. Access [here](#) for more current information regarding COVID-19.

In general terms, vaccine progress and good prospects for economic recovery have generated less global aversion to risk that has boosted financial markets and commodity prices, such as copper, which has reached maximum values not observed since 2012. Therefore, main economic indicators continued to show signs of recovery and the Central Bank (BCRP) projected that the national economy would register a contraction in a range between 3.5% and 4% in the fourth quarter of the year. Also, economic recovery forecasts for 2021 (11.6%) and for 2022 (4.2%) are supported on the positive effect of measures taken regarding private spending, with expansive credit conditions, resumption of investment projects and the recovery of both confidence and the labor market. The construction sector has shown the greatest recovery with a positive variation of 8.8% (October), reflected in higher consumption of cement and the progress of public works.

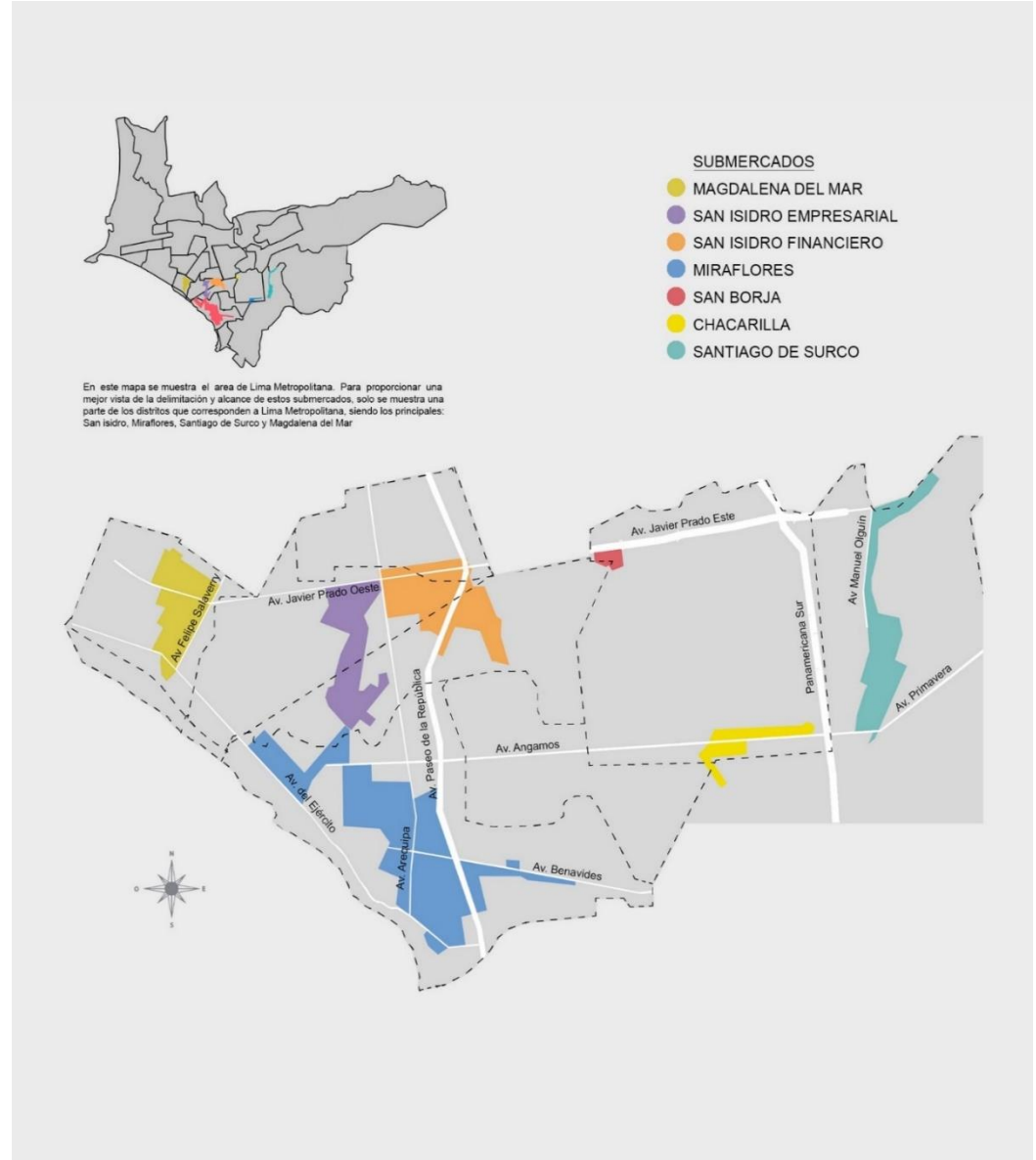
Regarding the unemployment rate, the restart of most labor-intensive activities, and the flexibility of immobilization restrictions; translated in an increase in the employed population, which resulted in 15.1% for November. It is expected for this indicator to return to pre-pandemic levels in the coming months and close in 2021 around 8.5%

The inflation rate remained within the target range, with a year-on-year variation of 1.97%. Recent political changes (presidential vacancy episode) influenced changes in the exchange rate, and the local currency ended the year with a cumulative annual depreciation of 8.3%. Finally, in a scenario of future presidential elections (April 2021), these indicators are likely to be readjusted as electoral preferences and the political country direction are known.

FUTURE OUTLOOK

Currently, 88,120 sqm are under construction and there are more than 75,000 sqm projects that have not yet started construction or remain in an evaluation stage, most of them located in San Isidro Empresarial and Miraflores. It should be noted that, in this scenario of increasing availability and occupiers' slow decision-making, developers prefer to maintain a conservative profile and start new projects as the market starts to show signs of recovery.

OFFICE MAP WITH SUBMARKET DIVISIONS / LIMA / PERU



MARKET STATISTICS

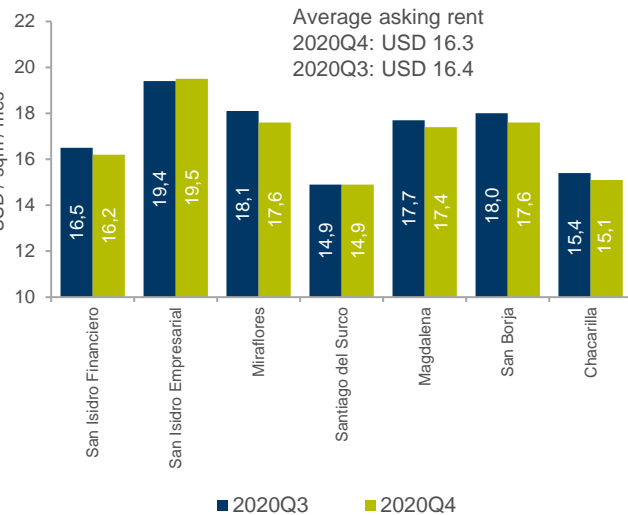
SUBMARKETS	INVENTORY CLASS A	NUMBER OF BUILDINGS	SURFACE AVAILABLE (SQM)	VACANCY RATE (%)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQMMONTH)	OVERALL AVG ASKING RENT CLASS B (USD/SQMMONTH)
San Isidro Financiero	533,150	38	83,092	15.6%	-1,640	46,613	-	\$16.2	\$15.8
San Isidro Empresarial	235,174	31	37,332	15.4%	-10,235	11,573	22,335	\$19.5	\$15.2
Miraflores	221,972	22	26,893	12.1%	-2,518	-	24,234	\$17.6	\$15.6
Santiago de Surco	342,305	19	73,015	21.3%	-2,499	40,022	-	\$14.9	\$16.3
Magdalena del Mar	171,564	11	25,478	14.6%	3,645	-	-	\$17.4	\$17.7
San Borja	35,588	4	2,604	7.3%	-2,604	-	-	\$17.6	\$19.7
Chacarilla	30,225	5	3,641	11.5%	4,087	-	-	\$15.1	\$14.1
LIMA TOTALS	1,613,004	132	262,546	16.3%	-8,393	98,208	75,569(***)	\$16.3	\$14.7

(*) Surface under construction between 2021Q1 and 2022Q3

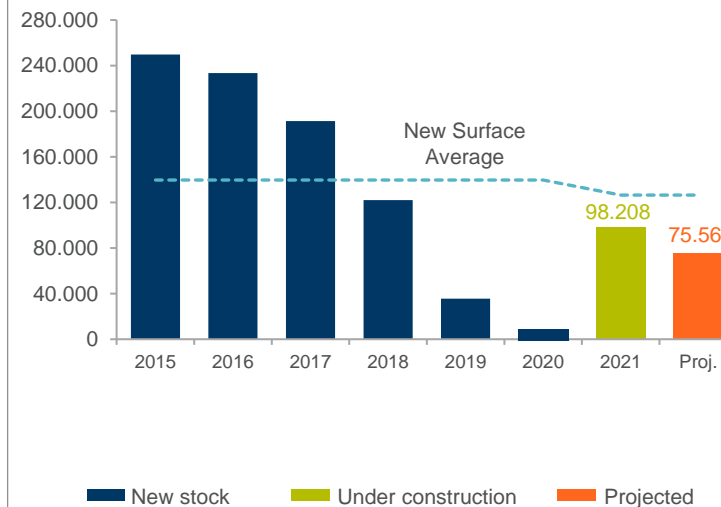
(**) Surface projected from 2022Q4 forward

(***) This total considers a new project in the Callao area, within the "Others" submarket.

ASKING RENT (USD / Sqm / Month)



NEW INVENTORY (Sqm) PROJECTED SURFACE (Sqm)



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