

YoY Chg 12-Mo. forecast

20.4%
Vacancy rate ▲ ▼

20,595
Net abs., Sq.m. Q2-2022 ▲ ▲

\$15.7
Asking rent, PSM ▼ ▲

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. forecast

7.3%
Unemployment Rate (*) ▼ ▼

1.4%
GDP variation (**) ▼ ▲

8.5%
Inflation Rate (***) ▲ ▲

(*) Jun-Jul-Ago 2022 (Source: INEI)

(**) Annualized Ago 2021 - Jul 2022

(Source: INEI)

(***) Lima. From Oct 2021 to Sept 2022. (Source: INEI)

MARKET OUTLOOK:

The progressive return to workspaces throughout this year has resulted in a decrease in the available office space for the third quarter. In this period, the vacancy rate fell by 5.3% compared to the previous quarter, closing at 20.4% and, even though this indicator has had an upward trend since the start of the pandemic (+5.9% compared to the same period of 2021), a market recovery is beginning to be perceived. San Borja (33.2%), San Isidro Financiero (23.3%) and San Isidro Empresarial (19.4%) are the submarkets that concentrate the highest vacancy levels, where the last two were significantly impacted during the pandemic period by concentrating 50 % of office inventory in the market. It should be noted that, although these submarkets house the largest available area, their vacancy levels decreased by 2.8 p.p. and 2 p.p. respectively, compared to the previous quarter, considering that they concentrate a large part of the capital's corporate market.

SUPPLY & DEMAND:

At the end of the third quarter of the year, net absorption reached the figure of 20,595 sq.m.. This indicator was the result of a 53% reduction in vacancies, despite the fact that occupations decreased by 23.7%, both compared to the previous quarter. This scenario shows greater agility in the decision-making of companies regarding their needs on workspaces and the progressive return to offices. It is important to point out that, in this period, more than half of the occupations (58.3%) occurred in San Isidro Financiero (17,249 sq.m.), while 45.9% of the vacancies, in San Isidro Empresarial (-2,333 sq.m.) and Santiago de Surco (-1,788 sq.m.). Furthermore, to date, and despite the developers' caution regarding the start of new projects due to high availability, there are still more than 75,000 sq.m. to be delivered between 2023 and 2024, where Santiago de Surco is once again the submarket with the largest amount of future surface area (40,022 sq.m.).

PRICING:

The asking price for rent, still in a slight downward trend, was reduced by 1% compared to the previous quarter, reaching an average of USD 15.7 per sq.m.. The most significant and notable variations in the rental price during the third quarter occurred in the submarkets of Magdalena del Mar with a reduction of 1.3% and, in Chacarilla, with an increase of 1.1%, closing at USD 13.2 per sq.m. and USD 14.2 per sq.m., respectively. It is worth mentioning that, in some cases, and due to the type of vacancies that have occurred in recent months, there is a greater supply of implemented and subleased spaces where it is possible to consider an average rental price above the asking price of a shell & core office, depending on the condition of the spaces. These types of spaces remain an alternative to the need for some tenants to move to ready-to-occupy offices that do not require a significant investment of time and money in the implementation process.

SURFACE DEMAND / SURFACE DELIVERED



VACANCY RATE & RENTAL ASKED PRICE



ECONOMIC OUTLOOK

The national economy closed the third quarter of the year in a scenario of greater stability in its main indicators, facilitating decision-making for the main economic actors. The great progress of the vaccination process against Covid-19 in our country, where more than 70% have already received at least 3 doses, has managed to maintain the main economic activities.

The interannual variation of the GDP until July of this year was 1.4% according to the INEI, with a growth projection of 1.5% by the end of 2022.

The unemployment rate has maintained its downward trend, with the figure as of August this year being 2.2 p.p. lower than that observed in the same period of 2021 (9.5%).

On the other hand, the annualized inflation rate closed the month of August at 8.4%, a figure that is outside the target range indicated by the Central Reserve Bank.

Likewise, at the end of this quarter, the exchange rate reached the figure of S/3.95 / USD, growing by 3.4% compared to the second quarter of the year. Considering that the rental and sale prices in the office market are generally quoted in dollars, significant changes in this indicator can influence the negotiations, contemplating the extension of the rental contracts.

The current government completed a year of management where it sought to regularize various aspects of a political and economic nature to provide greater stability to the population, companies and investors. Either way, it is advisable to maintain a conservative profile on the impact in medium and long-term projections.

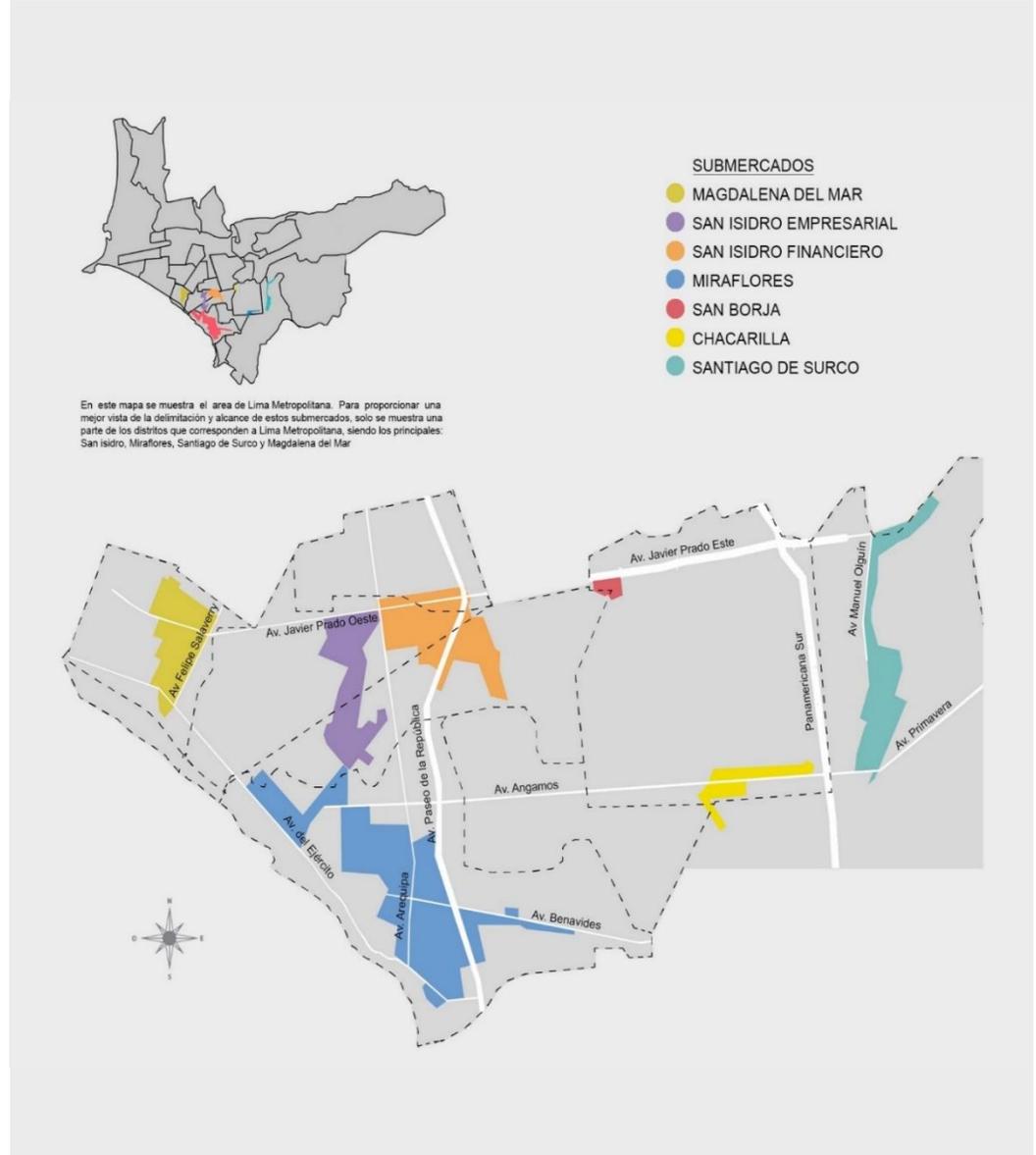
The construction sector presented a growth of 2.1% and an increase in the physical progress of works of 22.6%. As far as buildings are concerned, there was an increase in this type of work of 51.9%. On the other hand, the internal consumption of cement varied by -3.8%, due to the decrease in imports and a lower local dispatch compared to July 2021, a factor that affects this sector and the development of works in general.

FUTURE OUTLOOK

At the end of the third quarter of the year, there is an area under construction of 75,313 sq.m. in projects located in Santiago de Surco, San Isidro Empresarial and Miraflores. The projects that have not yet started construction or are in the evaluation stage add up to 54,093 sq.m. concentrated in the Miraflores, San Isidro Empresarial and Callao submarkets.

The current situation and the high availability of shell & core and implemented spaces have resulted in developers taking the development of new projects with caution, hoping that the market is more prepared in terms of occupation to receive new surface. In projects under construction, however, it is possible to estimate delivery dates as the progress of the works is visualized.

MAP OF OFFICES WITH DIVISION OF SUBMARKETS / LIMA / PERU



MARKET STATISTICS

SUBMARKETS	CLASS A INVENTORY	NUMBER OF BUILDINGS	SURFACE AVAILABLE (sq.m.)	VACANCY RATE (%)	NET ABSORPTION (sq.m.)	UNDER CONSTRUCTION (sq.m.) (*)	PROJECTED (sq.m.) (**)	CLASS A ASKING RENT (USD/sq.m./mo)	CLASS B ASKING RENT (USD/sq.m./mo)
San Isidro Financiero	593,659	43	138,101	23.3%	18,424	-	-	\$16.0	\$14.7
San Isidro Empresarial	255,140	32	49,479	19.4%	8,209	18,127	17,069	\$17.8	\$13.1
Miraflores	221,972	23	36,038	16.2%	1,504	17,164	8,024	\$16.8	\$14.7
Santiago de Surco	342,305	19	69,469	20.3%	12,235	40,022	-	\$14.3	\$13.4
Magdalena del Mar	171,564	11	24,912	14.5%	2,175	-	-	\$13.2	\$15.3
San Borja	35,588	4	11,811	33.2%	-863	-	-	\$17.5	\$18.0
Chacarilla	30,225	5	4,314	14.3%	-887	-	-	\$14.2	\$13.5
TOTAL LIMA	1,686,867	138	344,025	20.4%	40,246	75,313	54,093	\$15.7	\$13.3

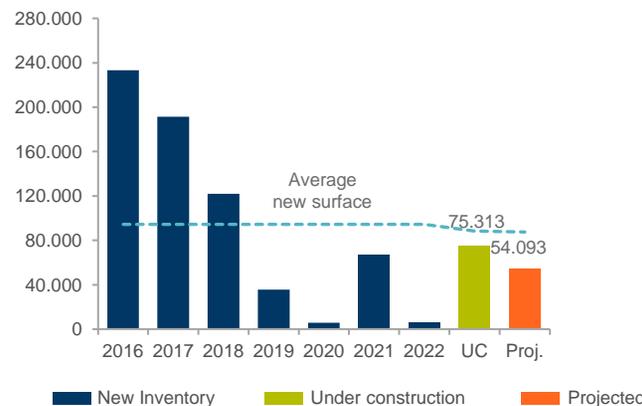
(*) Square meters under construction period 2022Q4 to 2024Q3

(**) Square meters projected period 2024Q4 onwards. 29,000 sq.m. are included in the Callao submarket.

RENTAL PRICE REQUESTED BY SUBMARKET (USD / Sq.m. / Mo)



SURFACE DELIVERED PER YEAR (Sq.m) PROJECTED SURFACE (Sq.m)



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