

LIMA OFFICE

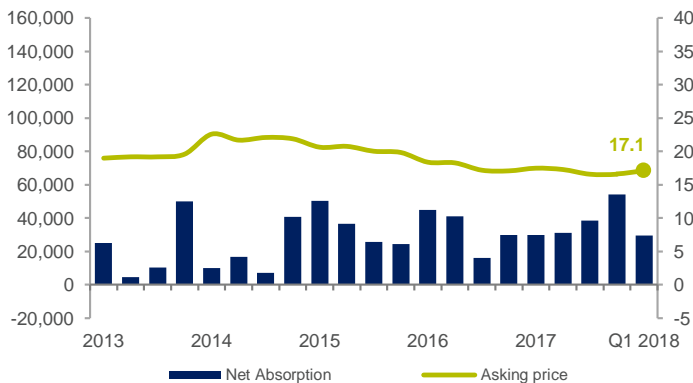
Economic Indicators

	Q1 17	Q1 18	Previsiones 12 meses
Unemployment rate (%)	6,2%	8,1%	▲
GDP Variation(%)	3,7%	2,8%	▲
Inflation Variation(%)	1,7%	1,2%	▬

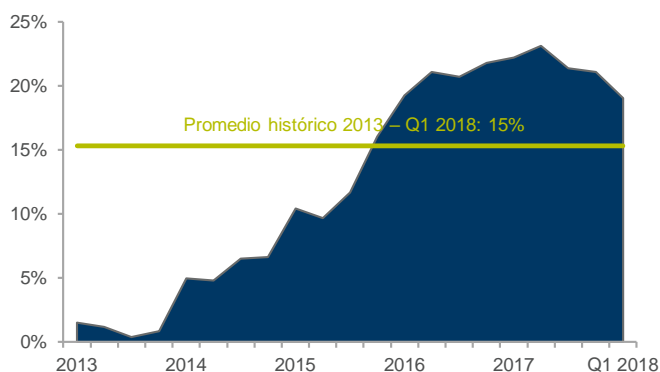
Market Indicators (Class A)

	Q1 17	Q1 18	Previsiones 12 meses
Vacancy rate	21,7%	19%	▼
Net Absorption (sqm)	29,9	29,4	▬
Under construction (sqm)	418.000	212.157	▼
Average asking rent (USD/month/sqm)	17,5	17,1	▲

Net Absorption (sqm) /Asking Rent (USD/sqm/month)



Vacancy rate (%)



Economic Overview

The official indicators on the growth of the first quarter of the year have not yet closed, however, between January and February, according to the National Institute of Statistics and Informatics, the GDP grew 2.83%. This meant more than 8 years of consecutive growth, despite the political events since last year. Along the same lines, the International Monetary Fund projects the continuity of a positive growth trend and it is expected that 2018 will close at 4%.

One of the main sectors that drive positive GDP growth has been the 7.92% growth of the construction sector, during the last month calculated, february. This was driven by greater investment in infrastructure by the government and increased consumption of cement in the mining sector, works in hospitals, schools, sports villas, office buildings, shopping centers, condominiums and apartments for housing.

The accumulated annual variation of the inflationary indicator (Apr 17 to Mar 18) was 1.2%. According to the Central Reserve Bank, inflation is projected to fall below 2% during the first half of 2018, due to the correction of supply changes that increased prices between the end of 2016 and the first half of 2017, and then gradually decrease gradually to 2%.

The exchange rate remained below the S / . 3.30 per US dollar, from the beginning of the year until the end of March. Significant changes in the exchange rate influence the establishment of rental and sale prices, to the extent that said prices are established in US dollars and not in soles.

Finally, the growth of public investment is expected to be accelerated by the reconstruction works for the El Niño Costero Phenomenon and the Pan American Games

Market Overview

During the first quarter of 2018, the market showed a stable behavior which resulted into similar demand levels to previous quarters; however, there was not any area completed on this quarter.

Although the absorption levels remained stable, the vacancy rate decreased to 19.0% (2 percentage points less than the last quarter of 2017). This effect was mainly due to the decrease in available area and new projects delivered.

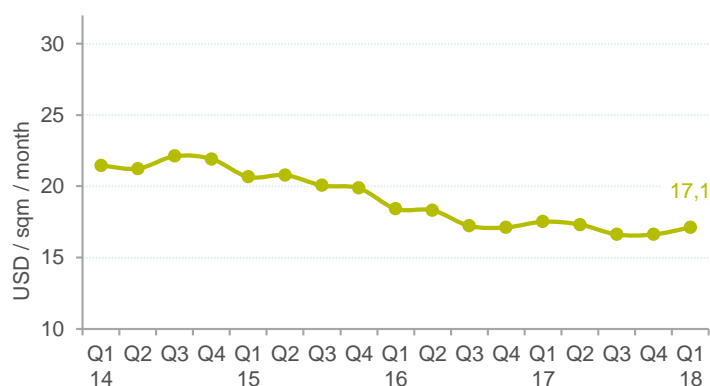
The available area was 278,181 sqm, which indicated a decrease of 9.5% compared to the availability resulted in the last quarter of 2017. This decrease in the levels of availability and vacancy rate suggests a progressive adjustment of the market that will imply a future increase of the rental price, to the extent that the area of office buildings to be delivered in the coming quarters is comparably lower than the previous quarter. By the end of 2018, 154,670 sqm will be completed.

At the end of the first quarter of 2018, the largest available area is located in the San Isidro Financiero, with 98,491 sqm, despite being the submarket with the greatest office demand. As a result, more than 80% of the area that was vacated (5,891 sqm) during the first quarter was located between the area of San Isidro Financiero and San Isidro Empresarial. Despite this, both sub-markets decreased their vacancy rate to 23.1% and 7.4%, because of less area delivery during this quarter.

Compared to the same quarter last year, availability decreased in 3.0%. This availability is mainly concentrated in San Isidro Financiero (98,491 sqm), Santiago de Surco (60,036 sqm) and Magdalena del Mar (41,896 sqm). Towards the east side of Lima, Santiago de Surco's availability decreased in 4.2%, due to the absorption of area in Class A buildings such as Lima Central Tower.

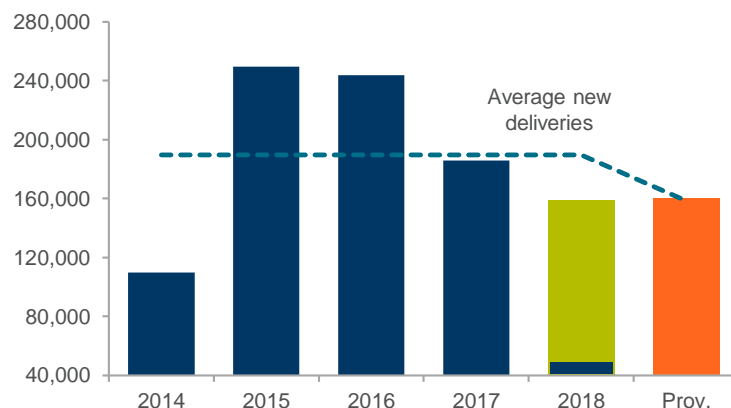
The net absorption of the quarter was mainly concentrated in the submarkets of Santiago de Surco (12,827 sqm) and San Isidro Financiero (7,340 sqm).

Asking rent (USD/sqm/month)



Delivered area per year (sqm) / New deliveries (sqm)

THE AREA PROPOSED AND UNDER CONSTRUCTION DECREASES THE HISTORICAL AVERAGE OF A NEW AREA BY 16.5%



## IT IS ESTIMATED THAT DURING 2018 THE INVENTORY OF CLASS A OFFICES INCREASED BY 10.9%

The asking rental price increased to USD 17.1 per sqm. This change was mainly due to the lower availability and the limited delivery of new office projects in the current quarter.

Currently 154,670 sqm are under construction. Of this total area, 43.9% is located in Santiago de Surco and 24.5% in San Isidro Financiero.

212,157 sqm of office area will be completed between 2018 and 2019, a figure that represents a growth of 14.5% over the current total inventory of class A offices.

SUBMERCADO	STOCK Clase A (sqm)	AVAILABLE AREA (sqm)	VACANCY RATE	ASKING PRICE (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM)	PROPOSED (SQM)
San Isidro Financiero	426,917	98,491	23.1%	17.6	38,011	-
San Isidro Empresarial	230,113	17,268	7.4%	19.6	22,500	13,549
Miraflores	215,796	39,526	18.3%	17.6	9,200	-
Santiago de Surco	306,915	60,036	19.6%	15.9	67,970	29,934
Magdalena del Mar	154,575	41,896	27.1%	16.3	16,989	-
San Borja	35,588	458	1.3%	17.0	-	-
Other districts	87,427	20,506	23.4%	14.6	-	-
<b>TOTAL LIMA CLASS A</b>	<b>1,457,331</b>	<b>278,181</b>	<b>19.0%</b>	<b>\$17.1</b>	<b>154,670</b>	<b>43,483</b>

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