

YoY Chg 12-Mo. forecast

19.0 %

Vacancy rate



12,546

Net abs., Sq.m. Q2-2023



\$15.7

Asking rent, PSM



ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. forecast

7.1 %

Unemployment Rate (*)



1.7 %

GDP variation (**)



6.5 %

Inflation Rate (***)



(*) Feb-Mar-Apr 2023 (Source: INEI)

(**) Annualized Apr 2022 - Mar 2023

(Source: INEI)

(***) Lima. From Jul 2022 to Jun 2023. (Source: INEI)

MARKET OUTLOOK:

It is increasingly common for companies to implement face-to-face or hybrid work modalities, generating a downward trend in available office space. In this period, the vacancy rate fell by 4.4% compared to the previous quarter and by 12.7% compared to the same period in 2022, closing at 19%. This reduction shows a recovery of the market in general. San Isidro Financiero (23.1%), San Isidro Empresarial (21.4%) and Santiago de Surco (20%) still have high vacancy levels, even though the first two experienced a significant reduction in their vacancy levels of 8% and 6.1%, respectively, compared to the same period last year, considering that they concentrate more than 50% of the inventory of corporate offices in the capital.

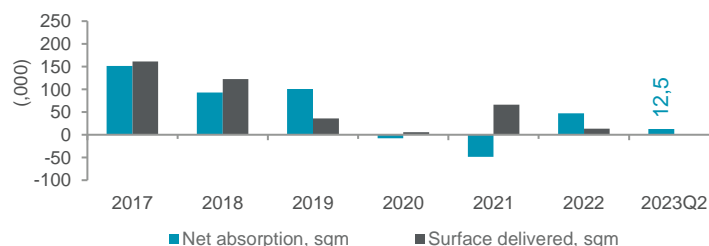
SUPPLY & DEMAND:

The second quarter of the year closed with a net absorption that reached the figure of 12,546 sq.m.. Occupancy increased by 36.6% compared to the previous quarter, while vacancy also increased by 29.8%, both variations being representative in the submarkets of San Isidro Financiero and Santiago de Surco. In addition, to date and despite the caution of developers regarding the start of new projects considering high availability, there are still more than 56 thousand sq.m. to be delivered between 2023 and 2024, where Santiago de Surco stands out once again as the submarket with the largest amount of future area (40,022 sq.m.), without this meaning that said projects will actually be completed within the next few quarters.

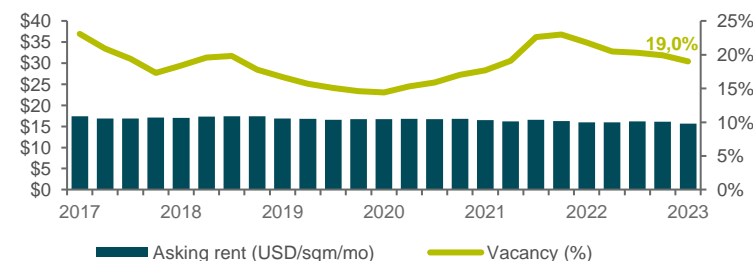
PRICING:

The asking rental price was reduced reaching an average of USD 15.7 per sq.m., experiencing a reduction of 2.5% compared to the previous quarter, with Chacarilla being the only submarket that had an increase of 9.6% compared to the first quarter of the year, closing at USD 17.1 per sq.m.. Likewise, in some cases, and due to the conditions in which the offices are unoccupied, that is, with levels of implementation from basic to furnished, the offer of this type of spaces is broader and more varied, where it is possible to consider prices of average rent above the asking price of an office in gray, depending on the condition of the spaces. These types of offices work as 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. Finally, the financing of the implementation of office spaces offered by some developers is also part of the evolution of the market and whose cost can be transferred to the monthly rental price, as an operating cost for tenants.

SURFACE DEMAND / SURFACE DELIVERED



VACANCY RATE & RENTAL ASKED PRICE



ECONOMIC OUTLOOK

In the second quarter of the year, the main economic indicators were promising for the national economy. Thus, Peru remains an attractive location for local and foreign investment.

The interannual variation of GDP until March of this year was 1.7% according to the INEI, with a growth projection of 2.5% by the end of 2023 according to the Ministry of Economy and Finance. Regarding the construction sector, this presented a reduction of 5.1%, reflected in the lower internal consumption of cement and an increase in the physical progress of works of 30.7%, where the construction of buildings had a year-on-year increase of 26.2%.

The unemployment rate has maintained a downward trend in the last 12 months, with the figure as of April of this year being 1.2 p.p. lower than that observed in the same period of 2022 (8.3%). This reflects an economy that has been driven by the growth of various sectors that require frequent entry of human talent to continue expanding at the rate they have been doing, generating a progressive reduction in unemployment and, in turn, reducing the local poverty rate that is currently above the regional average.

On the other hand, the annualized inflation rate closed the month of May at 7.9%, a figure that, despite being outside the target range indicated by the Central Reserve Bank, is expected to be adjusted downwards with a projection towards the closing of the year of 3%.

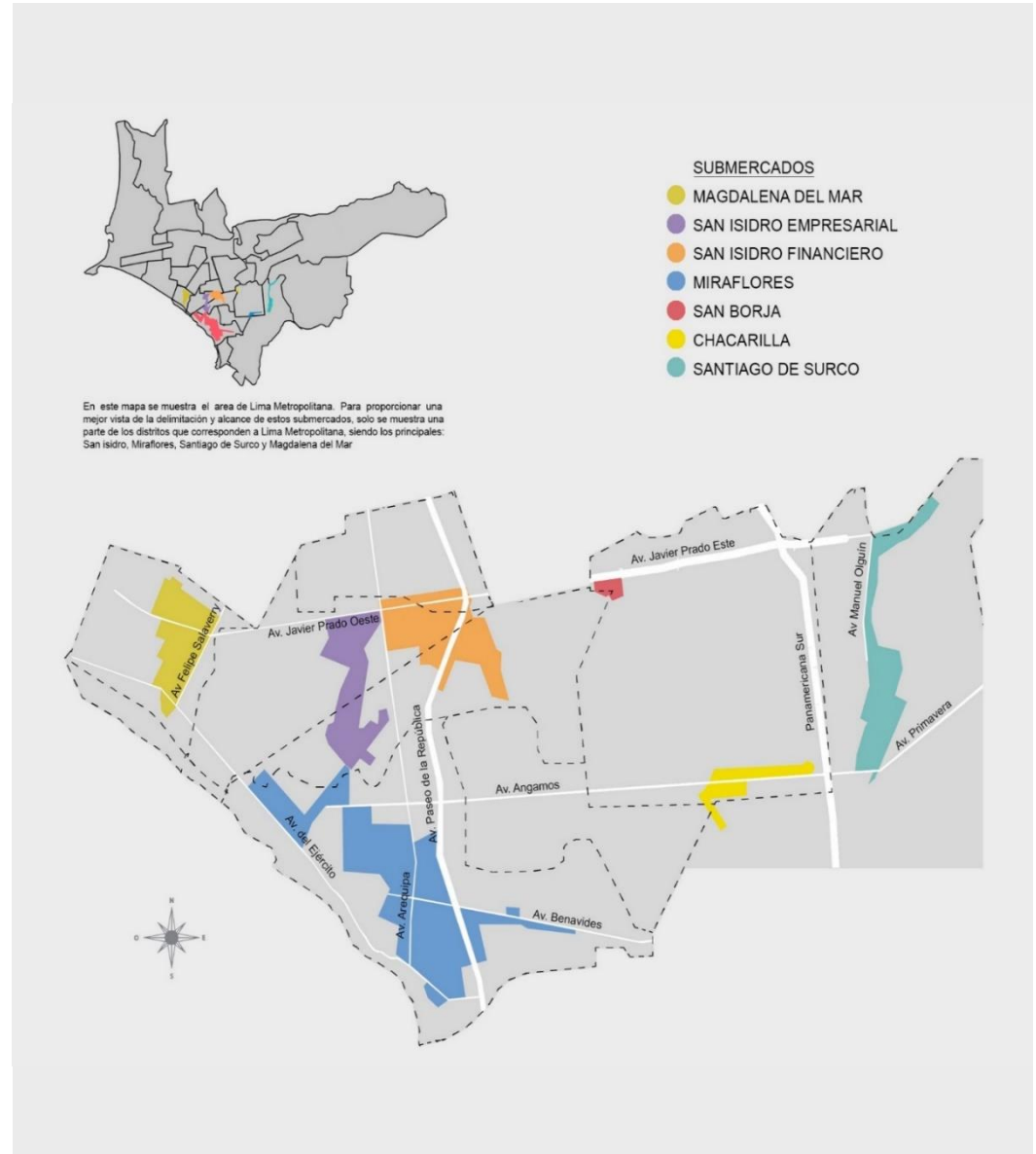
Likewise, at the end of this second quarter, the exchange rate closed at S/3.63 / USD, reducing by 4.7% compared to the exchange rate at the beginning of the year. Considering that rental and sale prices in the office market are generally quoted in dollars, significant changes in this indicator may influence negotiations, contemplating the extension of rental contracts.

FUTURE OUTLOOK

At the end of the second quarter of the year, there is a surface under construction of 67,960 sq.m. in projects located in Santiago de Surco, Miraflores and San Isidro Empresarial. The projects that have not yet started construction or are in the evaluation stage add up to 46,069 sq.m., with a leasable area of more than 10,000 sq.m., mainly concentrated in Miraflores, San Isidro Empresarial and Callao, although there is a high probability that these projects will resume their course in the medium or long term.

The current situation and the high availability of spaces in gray as implemented has resulted in large developers taking the start of construction of new projects with caution with the expectation that the market is more prepared in terms of occupancy to receive new surface. In projects under construction, however, it is possible to estimate delivery dates as the progress of the works is displayed.

MAP OF OFFICES WITH DIVISION OF SUBMERCADOS / LIMA / PERU



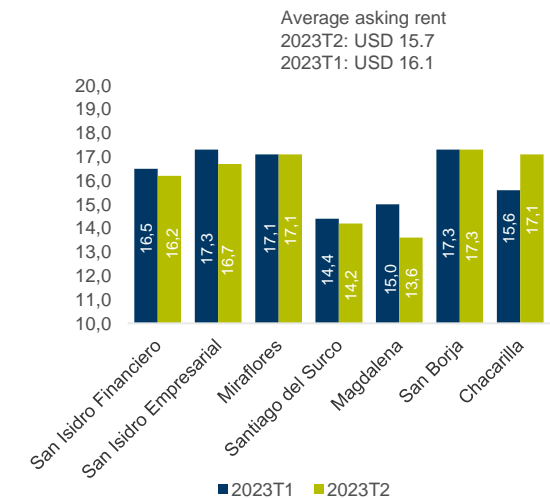
MARKET STATISTICS

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	547,232	39	126,497	23.1	-2,998	-	-	\$16.2	\$14.6
San Isidro Empresarial	248,936	30	53,288	21.4	5,365	16,040	17,069	\$16.7	\$13.1
Miraflores	177,411	15	17,539	9.9	1,805	-	8,024	\$17.1	\$14.3
Santiago de Surco	322,550	16	64,538	20.0	5,371	40,022	-	\$14.2	\$13.7
Magdalena del Mar	140,580	9	18,690	13.3	4,115	-	-	\$13.6	\$14.2
San Borja	35,588	4	4,448	12.5	4,398	-	-	\$17.3	\$14.3
Chacarilla	20,649	3	1,873	9.1	533	-	-	\$17.1	\$13.7
TOTAL LIMA	1,513,649	117	287,730	19.0	20,089	67,960	46,069	\$15.7	\$12.8

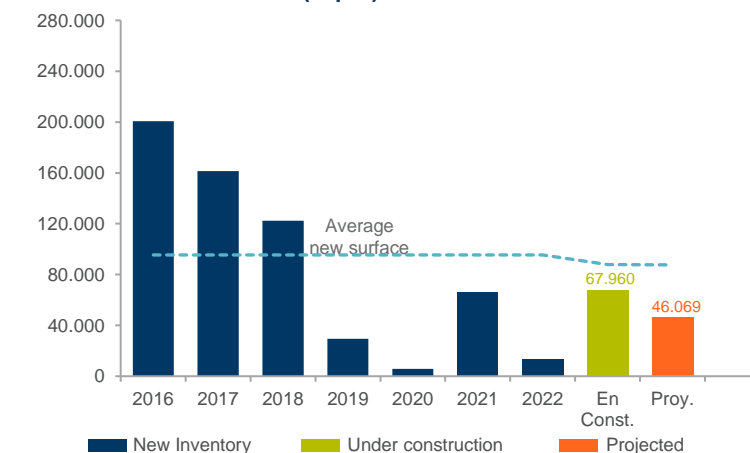
(*) Square meters under construction period 2023Q3 to 2024Q4

(**) Square meters projected period 2025Q1 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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