



Greater Metropolitan Area of Costa Rica Industrial Market

New Development Initiatives

By March 2021, the industrial real estate market within the G.A.M. shows slight signs of recovery compared to the previous year. With new development initiatives in facilities for logistics use. The continuation of the paused projects during 2020 and the arrival of new requirements, particularly in the medical device manufacturing industry.

Most of the existing availability corresponds mainly to class B and C facilities. While in category A, there has been an important recovery in the occupation of facilities for the use of warehouses. Thanks to the economic openness shown during the last six months.

The manufacturing industry also showed a significant recovery with the construction of BTS facilities. Particularly in the sectors of Coyol de Alajuela and La Lima de Cartago that were arranged since 2019.

Current Conditions

- Reactivation in demand that was paused and the appearance of new requirements in the medical device manufacturing industry.
- Healthy evolution of prices, supported by the tax incentives of the Free Trade Zone law.
- BTS facilities keep the industrial real estate market in the expansion phase.

Market Overview

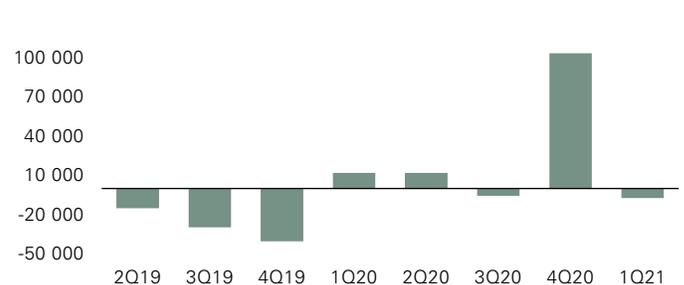
	Current Quarter	Previous Quarter	Previous Year	12 Month Projection
Total Inventory (m ²)	6.43M	6.42M	6.30M	↑
Availability Rate	7.3%	7.5%	7.5%	↓
Quarterly Net Absorption (m ²)	(7,298)	103,467	11,923	↓
Rental Price (USD/m ² /month)	\$7.13	\$7.09	\$7.26	↓
Under Construction (m ²)	146,136	139,430	131,891	↑

Market Analysis

AVERAGE RENTAL PRICE AND AVAILABILITY RATE



NET ABSORPTION (M²)



Less Impact on the Industrial Market

For March of this year, it has been possible to appreciate that the crisis caused by COVID-19 had a minor impact on the industrial market. Thanks to the storage needs of consumer goods, local and regional logistics activity. As well as, the reactivation in the construction of custom-made buildings, for industries such as advanced manufacturing and life sciences. So far there has been no significant impact on e-commerce activity, but this industry is expected to reflect its needs during the second half of this year.

The highest levels of availability have been mainly in class B and C facilities. While in category A there has been an important recovery in the occupation of wineries. For this use, it is expected to be maintained as a result of the entry of new BTS facilities.

Reactivation in Demand

During the last six months, there has been a reactivation of demand which was slow and with the appearance of new

requirements for industrial space for manufacturing activities. Despite the negative political situation that the country has been presenting, this trend is expected to continue throughout 2021.

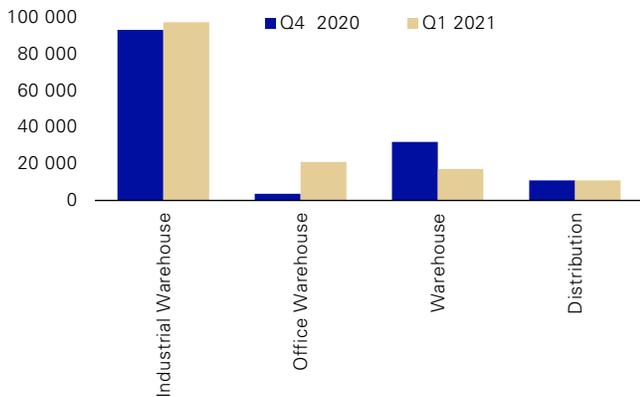
Specialized Offer

Considering the positioning of the country in the manufacturing industry and the movement of electronic commerce in the activities of storage and distribution of goods. It is foreseeable that the industrial market will be the one that shows an immediate recovery.

The construction of BTS facilities has been a very successful model. Maintained the industrial real estate market in the expansion phase, with healthy levels in availability and stability in prices for more than ten years. That has allowed a high specialization on the part of the developers in the design and construction of buildings with state-of-the-art specifications capable of hosting operations with high sophistication.

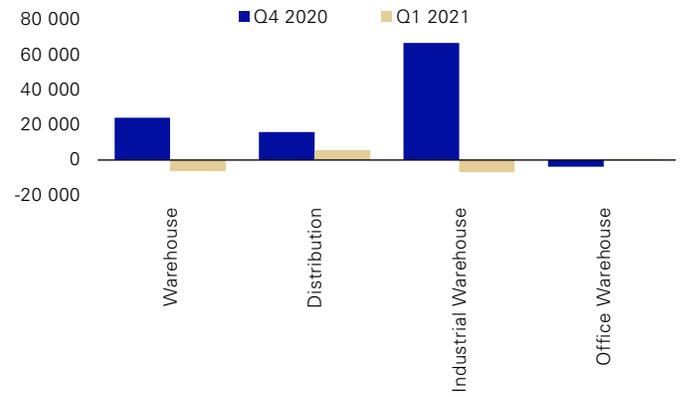
In Construction by Type of Property

CONSTRUCTION 4Q 2020 – Q1 2021 (M²)



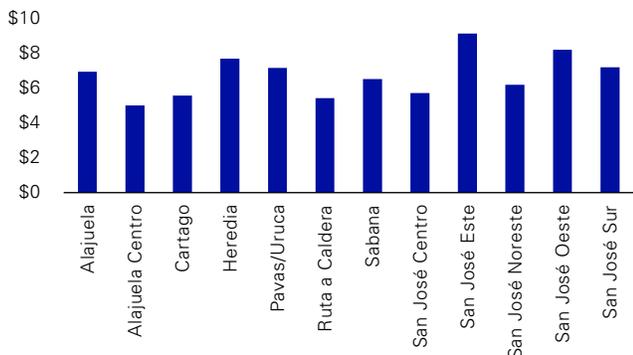
Absorption by Type of Property

NET ABSORPTION Q4 2020 – Q1 2021 (M²)



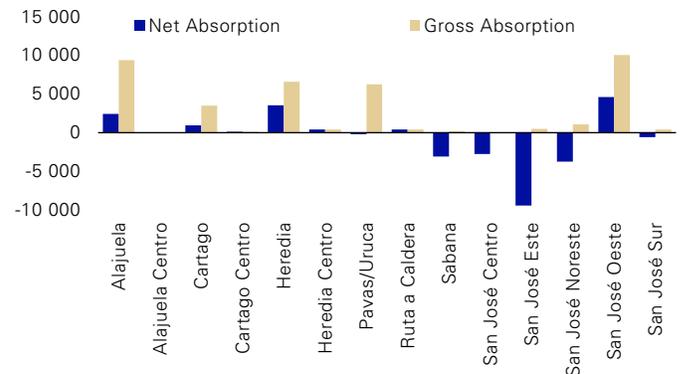
Departure Prices by Submarket

AVERAGE PRICE (USD/M²)



Net and Gross Absorption by Submarket

MARKET ABSORPTIONS (M²)



Acceptable Levels of Availability

By March 2021, the inventory of the industrial real estate market was established at 6,435,837 square meters of total leasable area. With a growth of 0.08% compared to the same period in 2020.

As for the availability rate of the entire market, this indicator was set at 7.34%. Rate that continues to be maintained at acceptable levels, thanks to the larger properties that entered. They were products built to suit the users.

Demand Recovery

At the end of the first quarter of 2021, gross absorption was 39,036 square meters, reflecting an occupancy rate of 0.60%. Net absorption stood at -7,298 square meters, reflecting a decrease compared to 2020.

By 2021, the medical device industry is expected to maintain these positive occupancy levels. Since most of the properties under construction correspond to the BTS model.

Healthy Price Evolution

The average rental price for the first quarter of the year was US\$ 7.13 per square meter per month. The closing price for this same period was US\$ 6.45 per square meter per month, after negotiations.

Local prices are due to a healthy evolution of the market and remain very competitive at the regional level. These are supported by the tax incentives of the law in Zona Franca and the ability of developers to deliver high quality products at very competitive prices.

Statistics by Submarket

Submarket	Total Inventory (m ²)	Under Construction (m ²)	Availability (m ²)	Available Rate	Net Absorption (m ²)	Gross Absorption (m ²)	List Price (USD/m ² /month)
Alajuela	1,658,601	26,725	121,879	7.35%	2,418	9,406	\$6.93
Alajuela Centro	20,911	-	0	0.00%	0	0	\$5.00
Cartago	706,152	69,930	22,539	3.19%	967	3,489	\$5.55
Cartago Centro	6,024	-	0	0.00%	147	147	-
Heredia	1,482,040	2,576	107,395	7.25%	3,535	6,609	\$7.67
Heredia Centro	2,950	-	0	0.00%	400	400	-
Pavas/Uruca	1,013,333	-	97,582	9.63%	-197	6,285	\$7.15
Ruta a Caldera	43,867	-	600	1.37%	432	432	\$5.41
Sabana	74,403	-	1,700	2.28%	-3,081	204	\$6.50
San José Centro	141,961	-	13,162	9.27%	-2,772	0	\$5.71
San José Este	122,786	-	21,446	17.47%	-9,442	520	\$9.12
San José Noreste	250,885	-	26,080	10.40%	-3,740	1,060	\$6.17
San José Oeste	582,019	46,905	37,301	6.41%	4,618	10,067	\$8.19
San José Sur	329,905	-	22,970	6.96%	-583	417	\$7.18
Total	6,435,837	146,136	472,654	7.34%	-7,298	39,036	\$7.13

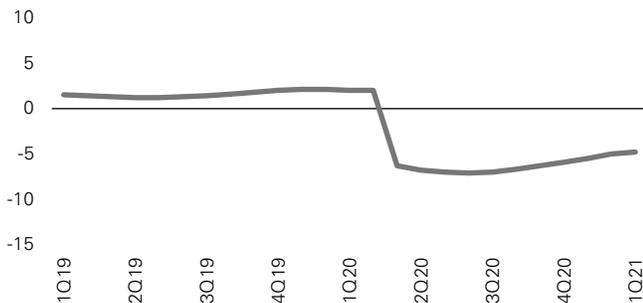
Economic Outlook

Costa Rica has a very good health system and has given a timely response to the crisis, but it was not exempt from the economic consequences of the pandemic. Gross Domestic Product (GDP) is estimated to have contracted by 4.6 percent in 2020. The biggest drop in four decades, mainly due to sharp declines in investment and private consumption. However, an increase of 2.6% is estimated this year. This will depend in part on the improvement of external conditions, as well as the recovery of confidence in economic agents.

With respect to the country's production, they stand out with a growth in manufacturing production of 1.9%, and 0.7% of computer services. The Monthly Index of Economic Activity registered a decrease last January 2021, with a year-on-year variation rate of -4.8%.

Monthly Index of Economic Activity (IMAE)

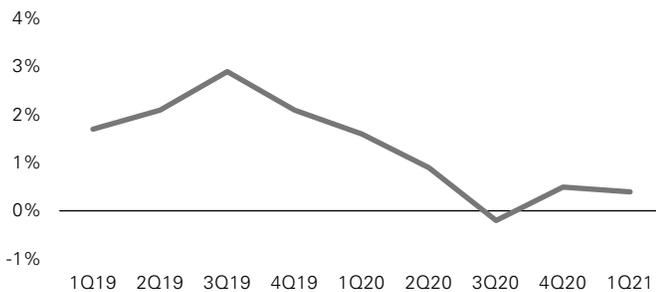
YEAR-ON-YEAR RATE OF CHANGE



Source: Department of Macroeconomic Statistics, BCCR.

Consumer Price Index (CPI)

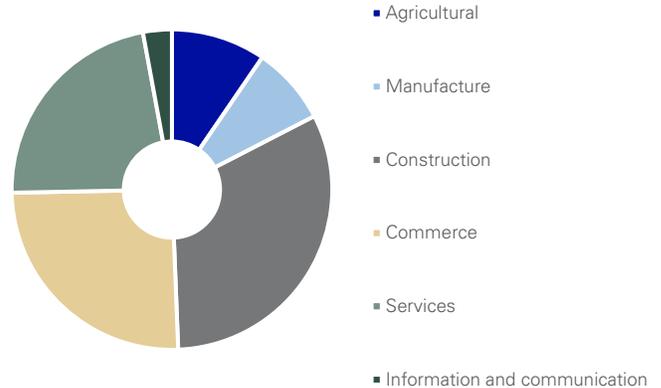
ANNUALIZED INDICATOR



Source: Department of Economic Information Management, based on figures from the National Institute of Statistics and Censuses.

Employment by Sector of Economic Activity

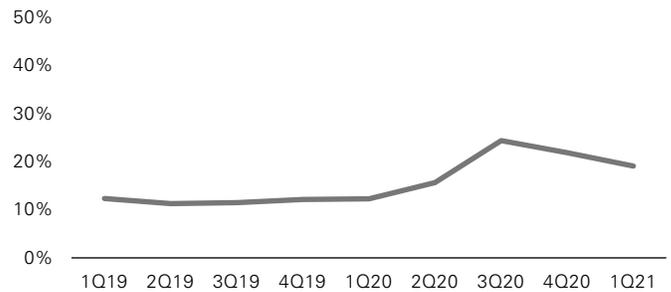
GREATER METROPOLITAN AREA, JANUARY 2021



Source: Central Bank of Costa Rica

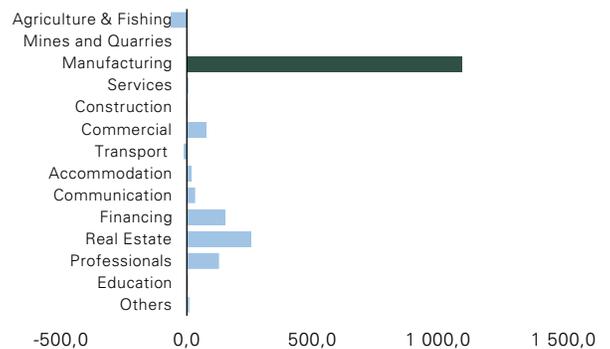
Unemployment Rate

ANNUALIZED INDICATOR



Source: National Institute of Statistics and Censuses (INEC)

Foreign Direct Investment



Source: Interinstitutional Group of Foreign Direct Investment (Central Bank of Costa Rica, Costa Rican Coalition of Development Initiatives, Foreign Trade Promoter, Ministry of Foreign Trade and Costa Rican Institute of Tourism).

For more information:

Newmark Central America

Santa Ana, City Place Building B
San José, Costa Rica
T. 4000.5171

Danny Quirós

Market Research Director
danny.quirós@nmrk.com

Joseline Saborío

Market Research Analyst
Joseline.Saborío@nmrk.com

newmark.com

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