



Greater Metropolitan Area of Costa Rica Industrial Market

Development and Reinvestment

The growth of the industrial real estate market in Costa Rica is projected particularly towards development and reinvestment. This by the manufacturing industry specialized in both the technology sector and the life sciences. This represents important opportunities for local developers to receive demand from foreign investors and their suppliers.

According to current requirements, it is estimated that during 2022 and 2023 at least 120,000 square meters of leasable area will be registered. For this type of use, only considering the expansion of companies already installed in the country and the new requirements that have been maintained since the middle of the previous year.

The life sciences industry will be the one to maintain demand levels for years to come. Based on the sustained growth that this activity has had since 2005, it is consolidated as number one in exports. With more than 70 companies established since 2007, thanks to the quality of the local workforce and the incentives of the free zone regime.

Current Conditions

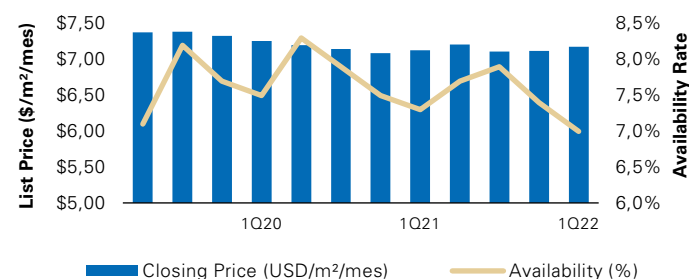
- Growth in the submarkets of Alajuela and Cartago, with new stages in existing developments, mostly BTS properties.
- Real estate requirements by companies attracted by the potential formation of a conglomerate of the manufacturing industry.
- Establishments of operations in the sectors of Greece and Guanacaste begin to bear fruit.

Market Overview

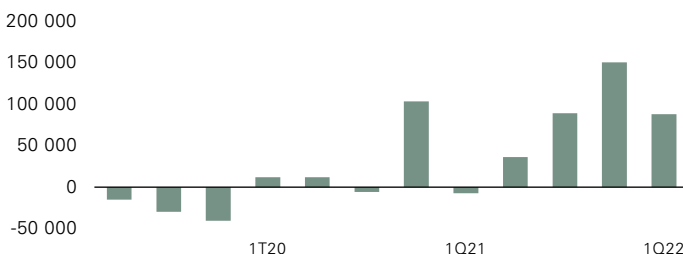
	Current Quarter	Previous Quarter	Previous Year	12 Month Projection
Total Inventory (m ²)	6,68M	6,60M	6,43M	↑
Availability Rate	7.0%	7.4%	7.3%	←
Quarterly Net Absorption (m ²)	87,947	150,436	-7,298	↓
Rental Price (USD/m ² /month)	\$7.18	\$7.12	\$7.13	→
Under Construction (m ²)	205,788	216,502	146,136	←

Market Analysis

RENTAL PRICE AND AVAILABILITY RATE



NET ABSORPTION



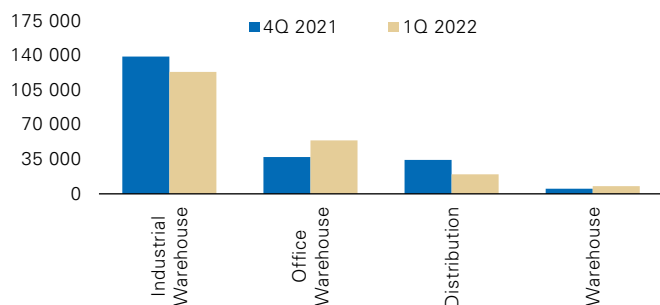
Healthy Supply Levels

The inventory of the industrial market for the first quarter of this year 2022, was established at 6,687,858 square meters of the total leasable area. 1.14% higher than the same period in 2021. The largest participation in the offer corresponds to class A properties located in the submarkets of Alajuela and Cartago. Mainly with spaces for logistics operations as well as some advanced manufacturing and medical devices.

As for the availability rate of the entire market remains at healthy levels, this indicator was set at 7%. Which corresponds to a slight decrease of -5.8%, compared to March 2021. The entry of new offer for logistics operations also proposes a greater dynamism in removals and new openings. Also the consolidation of operations by important operators in the storage and transport of goods industry. With the arrival and expansion of operations of technology manufacturing and life sciences companies.

In Construction by Type of Property

CONSTRUCTION Q4 2021 – Q1 2022 (M²)



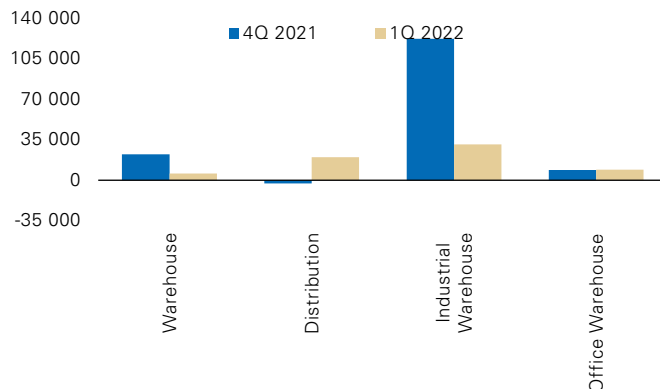
Conservative Demand Figures

Gross absorption was 103,663 square meters, while net absorption stood at 65,290 square meters. Which means the disuse of almost 40,000 square meters during the last year.

The demand for real estate spaces expected by investors in the sectors of Guanacaste, Puntarenas, San Carlos and Siquirres, has not managed to reach the levels of absorption originally proposed. Consequence of the local and international positioning of the traditional submarkets within the GAM and the lack of congruence between the proposals of private investors and municipal initiatives. However, recent modifications in the Free Zones law, with greater incentives for foreign investors in these sectors, such as the joint effort between local developers and cantonal governments. They have begun to bear fruit in the occupation of real estate in these peripheral areas, where they are registered in the last year, the establishment of important specialized manufacturing operations.

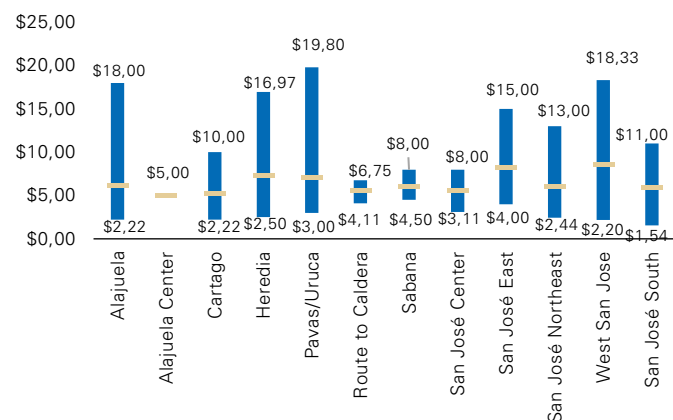
Absorption By Type of Property

NET ABSORPTION Q4 2021 – Q1 2022 (M²)



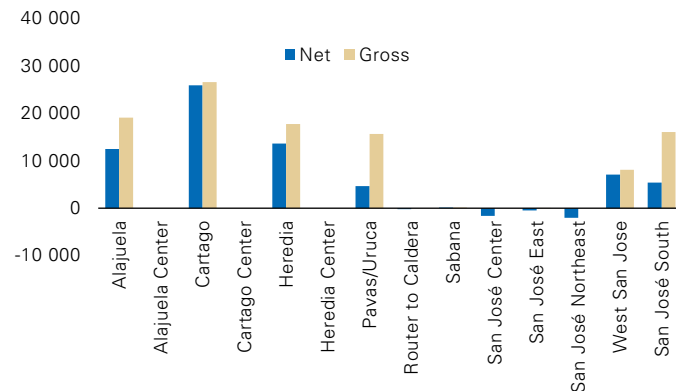
Starting Price Ranges by Submarket

AVERAGE RENTAL PRICE (USD/M²/MONTH)



Absorption by Submarket

NET AND GROSS ABSORPTION (M²)



Increase in Rental Price

The average listed rental price for the first quarter of this year was US\$ 7.18 per square meter per month. The closing price for this same period was US\$ 6.94 per square meter the month, after the negotiations.

The changes in this indicator are mainly due to the increase in construction costs and the incorporation of new technologies. In facilities with a high degree of sophistication tailor-made for high-tech manufacturing operations and medical devices. These will be the protagonists in the current and present demand for the industrial market.

No drastic changes are projected in this indicator since there is a congruence between the expectations of return of developers and the royalties expected by users both in the manufacturing industry and in logistics..

Opportunities for Manufacturing Spaces

In recent years, there has been a shortage of existing product for manufacturing use. Particularly in suppliers of the big players in the industry, which require spaces with a lower degree of specialized technical specifications. It is here that opportunities are glimpsed for the development of industrial facilities with flexibility of delivery of both existing product and BTS.

On the other hand, many of these operations are located in old facilities that have reduced their real estate efficiency. These have been forced to look for new properties with characteristics that allow them to increase this productivity. The sectors that meet the requirements of these companies, particularly in terms of availability of labor in the GAM are Heredia, Alajuela and Cartago.

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	1,728,591	67,849	100,847	5.8%	12,527	19,159	\$6.93
Alajuela Center	20,911	0	0	0.0%	0	0	\$5.00
Cartago	812,878	37,070	23,798	2.9%	25,940	26,640	\$5.61
Cartago Center	6,024	0	0	0.0%	0	0	-
Heredia	1,482,551	49,318	82,416	5.6%	13,624	17,798	\$7.79
Heredia Center	2,950	0	0	0.0%	0	0	-
Guans/Uruca	1,016,745	0	89,881	8.8%	4,695	15,660	\$7.04
Route to Caldera	43,867	0	404	0.9%	-200	0	\$5.48
Sheet	73,411	0	6,504	8.9%	180	180	\$6.52
San Jose Downtown	144,192	0	17,253	12.0%	-1,584	0	\$5.82
San Jose East	122,786	0	21,616	17.6%	-446	74	\$9.06
San Jose Northeast	250,885	0	25,533	10.2%	-1,980	0	\$6.20
West San Jose	626,588	36,004	70,087	11.2%	7,093	8,093	\$8.21
San Jose South	355,479	15,547	26,231	7.4%	5,441	16,059	\$7.37
Total	6,687,858	205,788	464,570	7.0%	65,290	103,663	\$7.18

Towards the Recovery of the Economy

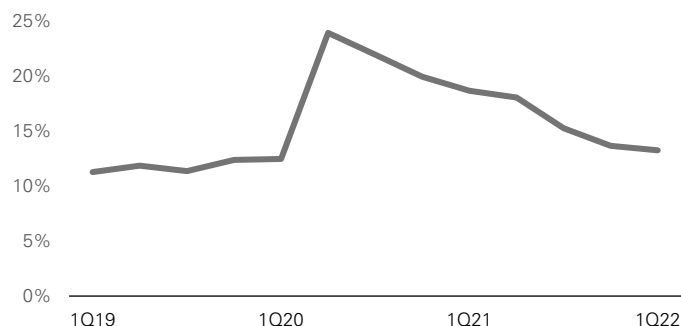
Headline inflation, measured by the year-on-year rate of the Consumer Price Index (CPI), registers the highest variation in the last 5 years. As of March 2022, it registered 5.79%, being higher than the inflation target range (2% to 4%). Due to the increase in prices due to particular situations of the time worldwide, the Central Bank has used its Monetary Policy instruments to try to reduce the pressure on prices.

In February 2022, the country's production, measured by the cycle trend series of the Monthly Index of Economic Activity (IMAE), obtained a year-on-year variation rate of 8.3%. This supports the good pace of recovery of the economy. While the unemployment rate stands at 13.3% as of February 2022 maintaining a downward trend.

The exchange rate, with reference to the sale, was recorded at ₡667.10 on March 30, 2022 maintained a general increase.

Unemployment Rate

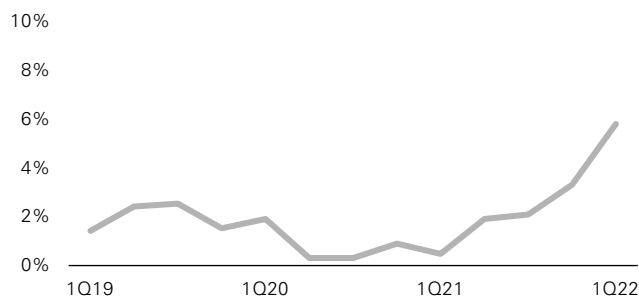
QUARTERLY INDICATOR



Source: National Institute of Statistics and Censuses (INEC).

National Consumer Price Index (INPC)

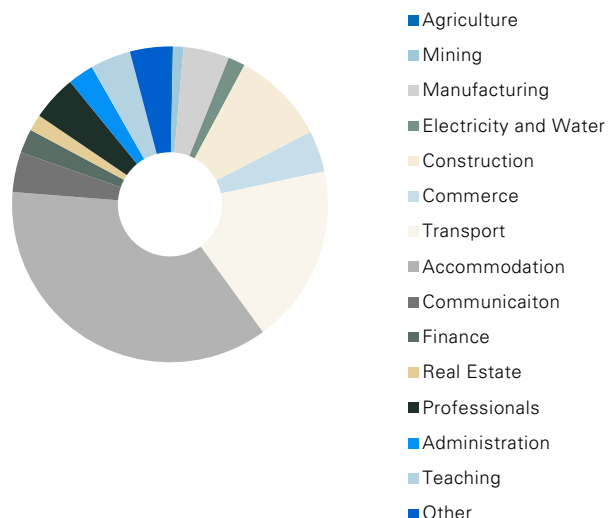
YEAR-ON-YEAR CHANGE



Source: National Institute of Statistics and Censuses (INEC).

Monthly Index of Economic Activity by Industry

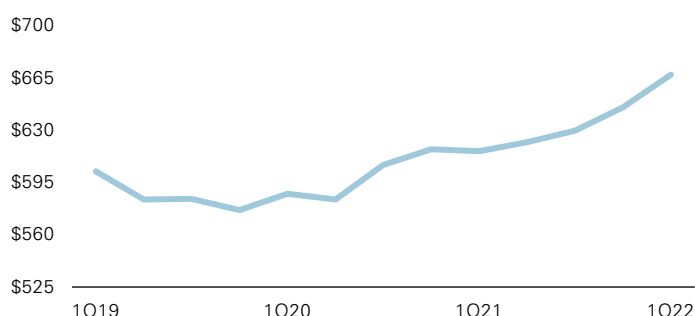
YEAR-ON-YEAR CHANGE, FEBRUARY 2022



Source: Department of Macroeconomic Statistics

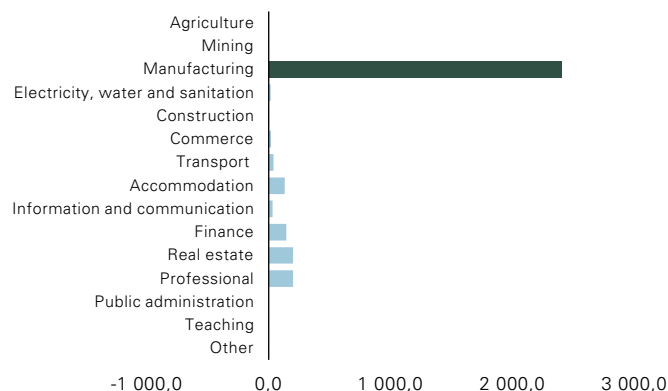
Exchange Rate

COLONES (CRC) PER US DOLLAR (USD)



*Source: Central Bank of Costa Rica

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).

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Newmark ha implementado una base de datos propia y la metodología de seguimiento ha sido revisada. Con esta expansión y refinamiento en nuestros datos, puede haber ajustes en las estadísticas históricas, incluyendo la disponibilidad, precios de renta, absorción y rentas efectivas. Nuestros reportes de mercado se encuentran disponibles en <https://nrmk.lat/reportes-de-mercado/>

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