



Greater Metropolitan Area of Costa Rica Industrial Market

Stable Activity and Projects Better Dynamism

The end of 2021 is summarized in that the crisis caused by COVID-19 impacted the industrial market to a lesser extent. Due to the storage needs of consumer goods, as well as local and regional logistics activity. With the arrival and expansion of operations in technology and life sciences manufacturing companies, foreign investment and the free zone regime, project a very positive year. The remodeling of buildings in the lower categories continues to consolidate as a trend for the coming periods. This in order to counteract the increase in unemployment and migration that occurred during recent periods.

Among the other sectors that have existing and proposed developments that represent a significant importance within the market of industrial and mixed-use free zones outside the GAM, we can mention the areas of Greece, Guanacaste, Puntarenas, San Carlos and Siquirres. They have opted for the recent development of public infrastructure, the capacity of trained labor and the proximity to seaports, for the export of finished product, taking advantage of the benefits offered by the special economic regime.

Current Conditions

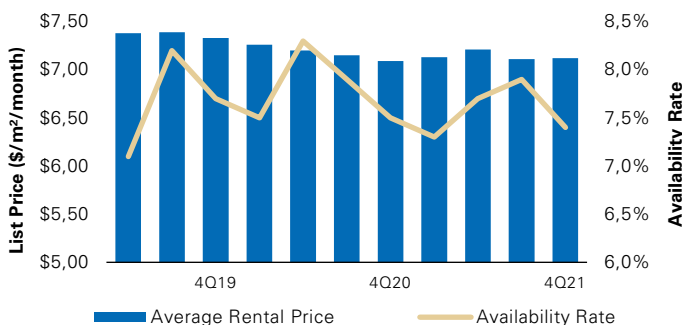
- Foreign investment and the free zone regime project a very positive year for the industrial real estate market.
- The entry of new offer for logistics operations proposes a greater dynamism in removals and new openings.
- Growth of strategic areas inside and outside the greater metropolitan area.

Market Overview

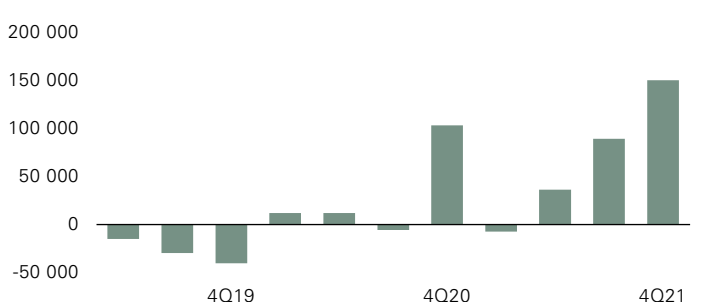
	Current Quarter	Previous Quarter	Previous Year	12 Month Projection
Total Inventory (m ²)	6,60M	6,51M	6,42M	↑
Availability Rate	7.4%	7.9%	7.5%	←
Quarterly Net Absorption (m ²)	150,436	89,285	103,467	↑
Rental Price (USD/m ² /month)	\$7.12	\$7.11	\$7.09	→
Under Construction (m ²)	216,502	248,682	139,430	→

Market Analysis

RENTAL PRICE AND AVAILABILITY RATE



NET ABSORPTION



Growing Offer

By December 2021, the industrial market inventory was set at 6,603,203 square meters of total leasable area. 2.35% higher than the same period in 2020. The largest participation in the offer corresponds to class B properties. These spaces have consolidated the local market for the establishment of regional logistics operations and domestic consumption, as well as some advanced manufacturing operations and medical devices. The availability rate of the entire market was established at 7.35%, a conservative decrease compared to December 2020.

The growth in vacancy has manifested itself mainly in class B and C properties. Whose level of obsolescence has motivated users to migrate to warehouses with better locations and construction specifications. Class A, there has been an important recovery in the occupation of warehouses and is expected to be maintained thanks to the entry of new BTS facilities. This index continues to remain at healthy levels, thanks to the larger properties that recently entered and are entering the market.

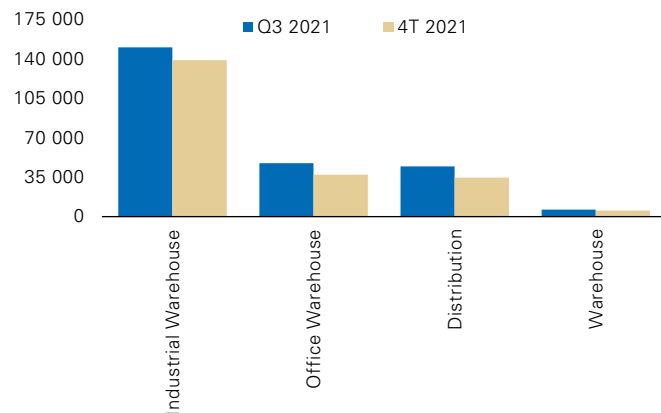
Increasing Demand

At the end of the last quarter of 2021, gross absorption was 321,297 square meters. The category that represented the highest occupancy was class A, reaching 147,698 square meters. An occupancy rate of 4.86% is reflected. Net Absorption stood at 150,436 square meters, which represents a significant growth compared to 2020. The categories that showed the highest unemployment were class B with more than 77,000 square meters and class C with almost 31,000 square meters.

It should be noted that the majority of disused areas corresponded to migration to their own properties or with better constructive qualities. In submarkets with more favorable locations for transportation activities and ease of access to the workforce. By 2022, the life sciences industry is expected to maintain these positive occupancy levels. Currently there are requirements for establishment, expansion and consolidation of operations, which will mostly be developed to suit users.

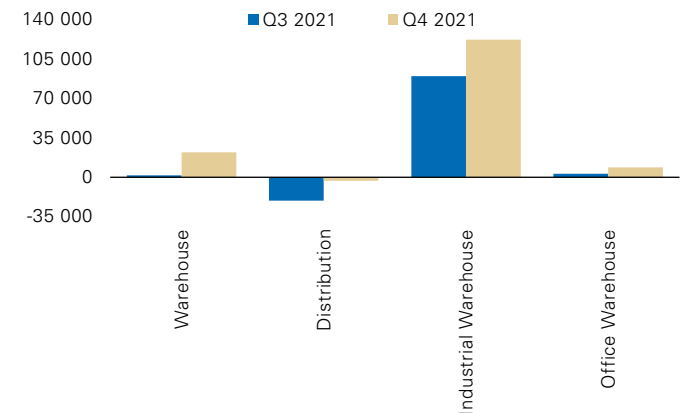
In Construction by Type of Property

CONSTRUCTION 3Q 2021 – Q4 2021 (M²)



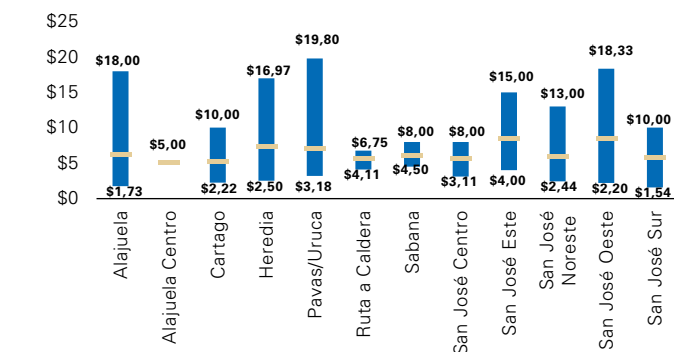
Absorption By Type of Property

NET ABSORPTION Q3 2021 – Q4 2021 (M²)



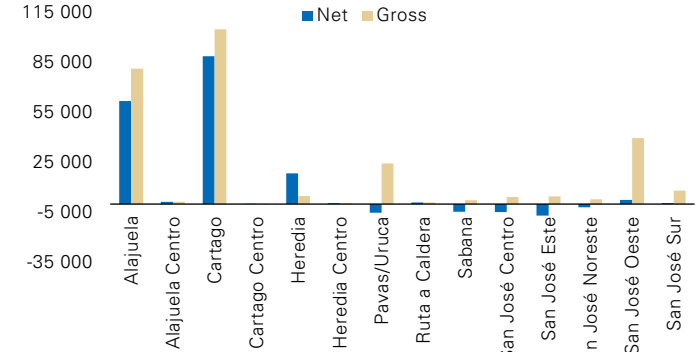
Starting Price Ranges by Submarket

AVERAGE RENTAL PRICE (USD/M²/MONTH)



Absorption by Submarket

NET AND GROSS ABSORPTION (M²)



Price with Healthy and Dynamic Evolution

The average listed rental price for the last quarter of the year 2021 was USD \$7.12 per square meter per month. The closing price for this same period was US\$ 6.94 per square meter the month, after the negotiations.

Local rental prices are due to a healthy and dynamic evolution of the market and remain very competitive at the regional level. Supported mainly by the tax incentives offered by the Free Trade Zone law and the experience of local developers in the construction of specialized facilities.

The rental price ranges of class B and C are wide and intersect with the higher categories, an element of great weight that has motivated users to migrate to better categories, maintaining the prices they currently pay or slightly higher..

Industrial Overview

There is a significant impact on e-commerce activity, but this industry is expected to reflect its needs during the first half of 2022. Thanks to the efforts in attracting foreign investment and the benefits of the special regime, there has been a reactivation of demand that was slow and the appearance of new requirements for manufacturing activities.

The growing demand is the product of the development of new infrastructure, the growth in the capacity of the workforce and the confidence of foreign companies for the development of conglomerates. It tends to take longer in emerging sectors compared to already developed areas. However, recent modifications in the Free Zones law and the joint effort between developers and local governments to attract foreign investment, have begun to yield positive results in the occupation of real estate in projects located in these sectors.

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	1,693,602	97,670	105,873	6.3%	61,761	81,168	\$6.98
Alajuela Centro	20,911	0	0	0.0%	1,280	1,280	\$5.00
Cartago	789,971	43,142	24,862	3.2%	88,712	104,797	\$5.44
Cartago Centro	6,024	0	0	0.0%	147	147	-
Heredia	1,476,816	28,949	84,990	5.8%	18,283	4,696	\$7.72
Heredia Centro	2,950	0	0	0.0%	400	400	-
Pavas/Uruca	1,010,245	0	108,806	10.8%	-5,332	24,396	\$7.04
Ruta a Caldera	43,867	0	204	0.5%	828	832	\$5.47
Sabana	73,411	0	9,083	12.4%	-4,659	2,304	\$6.49
San José Centro	150,842	0	15,669	10.4%	-4,937	4,053	\$5.80
San José Este	122,786	0	21,096	17.2%	-6,905	4,487	\$9.13
San José Noreste	250,885	0	23,553	9.4%	-1,933	2,867	\$6.17
San José Oeste	624,390	27,765	74,640	12.0%	2,373	39,543	\$8.03
San José Sur	336,503	18,976	16,614	4.9%	418	8,063	\$7.14
Total	6,603,203	216,502	485,390	7.4%	150,436	321,297	\$7.12

Positive Economic Outlook

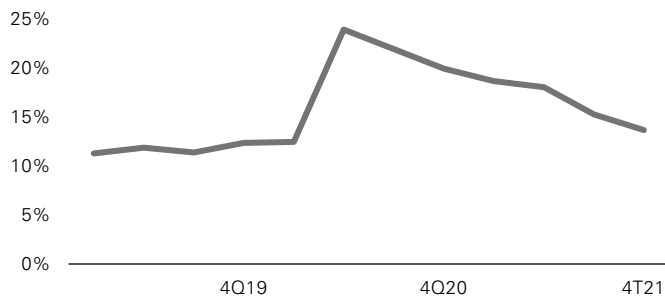
According to the Central Bank of Costa Rica, the country's production measured by the cycle trend series of the Monthly Index of Economic Activity (IMAE), obtains in November 2021 a year-on-year variation rate of 9.8%. Since March 2021, growth rates have remained positive.

Headline inflation, measured by the year-on-year rate of the Consumer Price Index (CPI), as of December 2021 was 3.3%, located within the inflation target range for 2021 (2% to 4%). It should be noted that this indicator has shown an increasing trend since the end of 2020.

The unemployment rate prepared by the National Institute of Statistics and Censuses (INEC), down to 14.4% in November 2021. When comparing these figures with those of the same period of 2020, it has decreased by 6.7 percentage points (p.p.) for the whole country.

Unemployment Rate

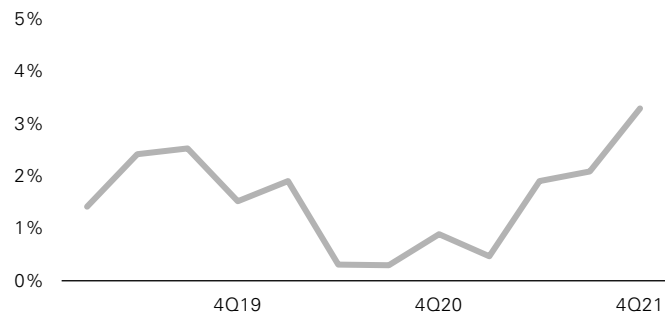
QUARTERLY INDICATOR



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

National Consumer Price Index (INPC)

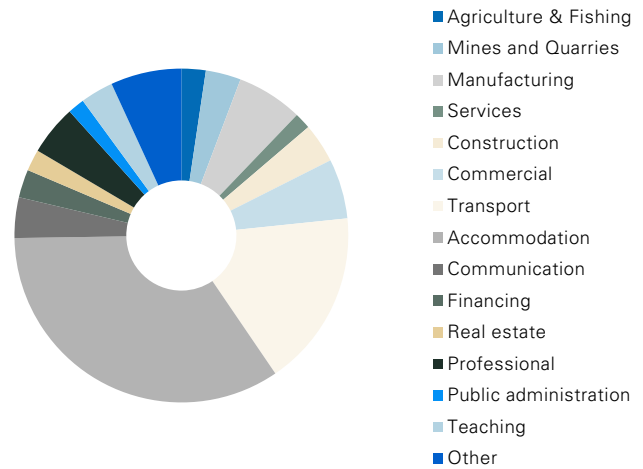
YEAR-ON-YEAR CHANGE



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

Monthly Index of Economic Activity

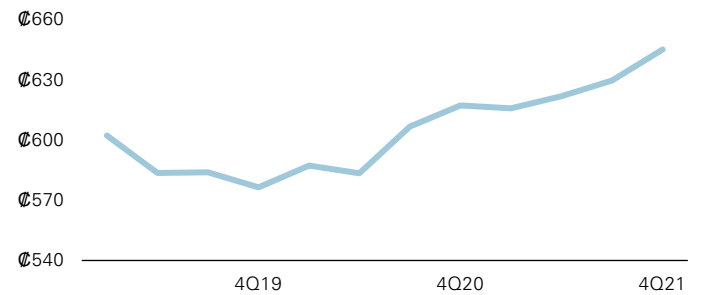
YEAR-ON-YEAR CHANGE, NOVEMBER 2021



Source: Department of Macroeconomic Statistics

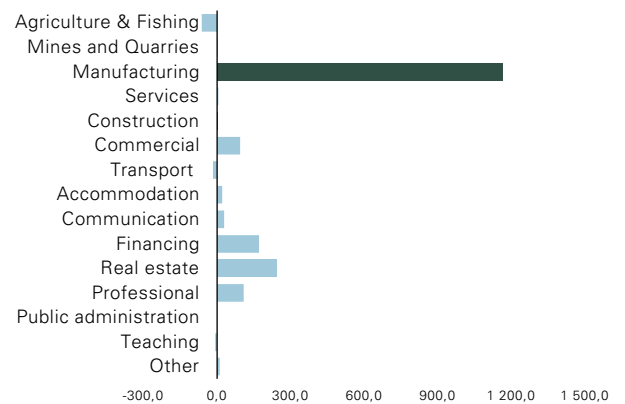
Exchange Rate

COLONS (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).

RESEARCH Q4 2021

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