

Costa Rica Greater Metropolitan Area (GMA) Real Estate Industrial Market

By December of this year, it has been seen that the crisis caused by COVID-19 impacted all real estate markets in Costa Rica, including the Industrial one, mainly in activities related to the storage and distribution of merchandise. Although it is true that until now the exit or closure of companies dedicated to this industry has not been registered, some of these operations saw their activity reduced mainly during the first six months of the pandemic.

This phenomenon significantly delayed the demand for industrial spaces, maintaining high levels of availability, mainly in 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.

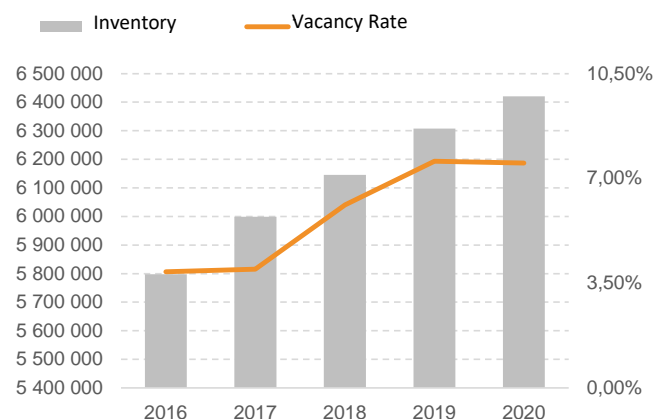
For its part, the manufacturing industry also showed a slowdown in the completion of the BTS projects that had been structured since 2019. The demand for this type of facilities remained slow during the first 6 months of the crisis. However, since September, these initiatives have been resumed and the construction of the already agreed properties has been reactivated, mainly in the El Coyoil submarkets in Alajuela and Lima de Cartago, buildings that will be entering the market during the present year.

Projected Changes (2021 – 2022)

- Moving to more efficient properties.
- BTS New Supply Entry.
- Increase in Electronic Commerce.
- Reactivation on Demand.
- Growth of the Logistics Industry.
- Growth in the Health Industry.

Supply

Inventory & Vacancy Rate

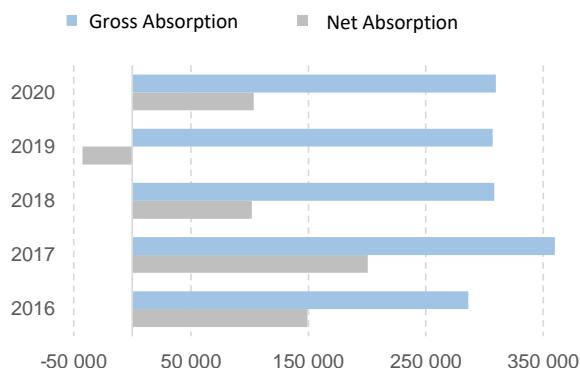


By December 2020, the inventory of the industrial real estate market was established at 6,420,227 square meters of total leasable area. A growth of 1.79% compared to the same period in 2019.

Regarding the vacancy rate of the entire market, this indicator was established at 7.51%. Rate that continues to be at acceptable levels, thanks to the fact that the largest properties that entered the industry were products built to suit users.

Demand

GROSS & NET ABSORPTION

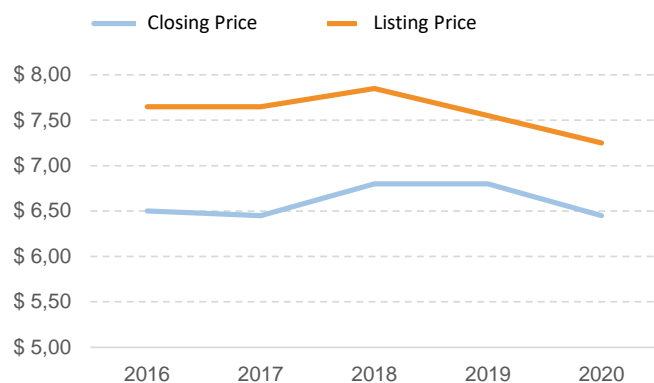


At the end of the last quarter, Gross Absorption was 309,696 square meters, reflecting an occupancy rate of 4.82%; while the Net Absorption was located at 103,467 square meters, which reflects a recovery compared to 2019.

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

Rent Price

LISTING & CLOSING PRICE



The average rental price listed for the last quarter of the previous year was US \$ 7.25 per square meter per month; while the closing price for this same period was US \$ 6.45 per square meter per month, after the negotiations.

Local prices are due to a healthy evolution of the market and remain highly competitive at the regional level, supported by the tax incentives of the Free Trade Zone law.

Construction

Project	GLA
Bodegas Montecillos - Etapa I	3000
Coyol Free Zone - Lote 50B - Teradyne	11000
Coyol Free Zone - Lote Multitenant 28	9000
Coyol Free Zone - Lote 45C	3725
Ofibodegas La Lima- II Etapa	3600
Bodega Llorente de Flores	1600
Zeta Cartago - Edificio A-1 Nuevo	3000
Centro de Logística - Cargill Costa Rica	10873
Parque Empresarial Lindora	27302
La Lima Free Zone - Etapa I - FF.33 - Coloplast	20000
La Lima Free Zone - Etapa II - FF.4	11730
La Lima Free Zone - Etapa I - FF.2 - 3	14600
La Lima Free Zone - Etapa I - FF.20 - 21	20000
Total	139 430

Submarket Aalysis

	Inventory (m²)	Vacancy(%)	Net Absorption (m²)	Gross Absorption (m²)	Rent (US\$)	CAM Fee (US\$)
Downtown San Jose	142 368	5,29%	11 985	16 645	6,23	1,00
Sabana	74 403	2,28%	-2 894	1 386	6,50	1,27
West San José	570 931	7,29%	2 161	21 544	7,96	0,84
East San José	122 786	19,55%	3824	4 876	7,16	-
Pavas/Uruca	1 013 333	10,14%	-4 728	55 534	7,07	1,02
North East San José	246 305	8,64%	2 418	5 673	6,24	2,35
South San José	327 889	6,52%	1 575	15 058	7,22	-
Heredia	1 482 449	7,84%	-8 615	52 441	7,66	1,03
Alajuela	1 730 379	6,96%	84 652	117 087	6,96	0,73
Cartago	709 384	3,52%	12 439	18 802	5,56	0,69
Total	6 420 227	7,51%	102 817	309 046	7,09	0,85

Conclusions

By December of the previous year, it was possible to appreciate that the crisis caused by COVID-19 impacted the Industrial market to a lesser extent, thanks to the storage needs of consumer goods, local and regional logistics activity, as well as the reactivation in the construction of custom buildings for industries such as advanced manufacturing and life sciences.

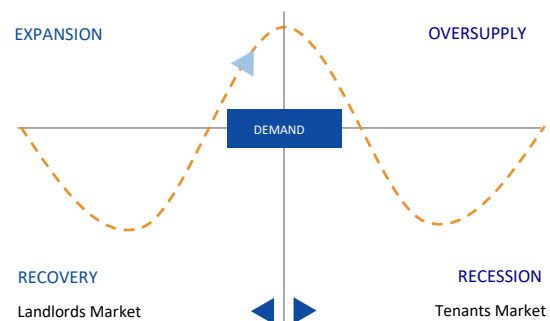
During the first three months of the crisis, landlords had to make some adjustments in rental prices, a consequence of a delay in their activities while they adapted to the new measures.

This phenomenon significantly delayed the demand for industrial spaces, maintaining high levels of vacancy, mainly in class B and C facilities, while in category A, there has been a significant recovery in the occupation of warehouses for this use.

For its part, the manufacturing industry also showed a slowdown in the completion of the BTS projects that had been structured since 2019. The demand for this type of facilities remained slow during the first 6 months of the crisis. However, since September, these initiatives have been resumed and the construction of the already agreed properties has been reactivated, mainly in the El Coyol submarkets in Alajuela and Lima de Cartago, industrial buildings that will be entering the market during the present year.

During the last three months, there has been a reactivation of the demand that was slow and the appearance of new requirements for industrial space for manufacturing activities, despite the negative political situation that the country has been experiencing. This trend is expected to continue throughout 2021.

Real Estate Cycle



REAL ESTATE INDUSTRIAL MARKET

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