

# SANTIAGO

Office Q4 2020

YoY Chg      12 – Mo. Forecast

**6.03%**  
Vacancy Rate      ▲      ▲

**-13,214**  
Net Absorption, (Sq.m) Q4 2020      ▼      ▲

**23.14**  
(\* ) Asking Rent      ▲      ▼

## ECONOMIC INDICATORS Q4 2020

Year-on-year      12 – Month Forecast

**12.3%**  
Unemployment Rate (Q3)      ▲      ▼

**2.45%**  
GDP Variation (Q3)      ▲      ▲

**2.7%**  
Inflation Index (Accumulated 12 meses)      ▲      ▲

(\* ) Average lease price requested expressed in USD/Sq.m/Month  
Source: Instituto Nacional de Estadísticas  
Newsletter: "Índice de Precios al Consumidor - - Noviembre (INE)"

## MARKET OUTLOOK:

The fourth trimester is closing with less dynamism in the market as a consequence of two key factors: the low demand on leasing and the space reduction in companies that have started teleworking. Vacancy has reached to 6.03%, showing an increase of 15% compared to the previous trimester. The largest available area is concentrated in the submarket of Providencia (32,965 sqm), then follows El Golf (28,107 sqm), Nueva Las Condes (19,898 sqm) and Santiago Center (11,3961 sqm). El Golf is the submarket that has had the greatest variation compared to the previous trimester, with an increment of 40%.

This year, the concept of telework and sublease have had a very important role, the latter not being included in the report as it's not considered a traditional way of leasing. Nevertheless, they do represent square meters available in the market and therefore they represent more opportunities for future tenants and better economic conditions for the current ones.

## SUPPLY AND DEMAND:

The net absorption of the trimester reaches – 13,214 sqm. El Golf submarket stands out as it has registered a release of 8,035 sqm release of surface. Annually, net absorption reaches -22,085 sqm, being the lowest value registered in the last 10 years, showing that the pandemic has slowed down the operational expansion of several companies and has affected the renegotiation of contracts as many tenants have chosen to move to other submarkets, as shown by the example of Santiago Center submarket, that had an increase year-on-year of 110% in the vacancy rate.

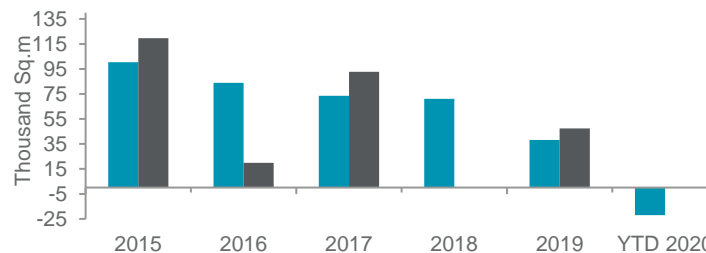
In 2020, a total of 23,546 sqm were registered as leased, representing only 28% of the leased area in the previous year. For 2021, a better performance is expected due to the progress in the vaccination process that should derive in the gradual return to regular commercial activity from the second trimester on.

## PRICING:

The total market continues at a price of 0.58 UF/m2. Compared with the previous trimester, the Santiago Center submarket is the one with the greatest decrease of 5.4%, reaching 0.40 UF/m2, being the submarket that represents the best option for companies that want to reduce their expenses.

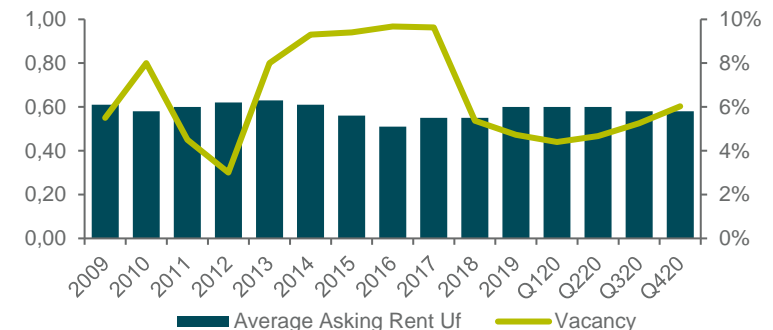
Regarding prices in dollars, they have risen by 9% compared to the previous trimester, reaching \$23.14, due to the strengthen of national currency in this last period and the variations of the consumer price index that have affected the risen in the price of the UF.

## SURFACE DEMAND / DELIVERIES



■ Net Absorption, sqm      ■ Construction Completions, sqm

## OVERALL VACANCY & AVERAGE ASKING RENT



■ Average Asking Rent Uf      — Vacancy

## ECONOMIC OUTLOOK

Improvements in the economical activity have been slower than expected in September. The withdraw of retirement savings has generated some transitory increases in consumption. However, health restrictions make construction and services sectors to remain affected.

According to national indicators, the mining production index has registered an increase of 1.9% annually. This is partly because of the 1.8% increase in extraction and processing of copper. Economic activity for 2021 is expected to grow between 5.5 and 6.5% and, for 2022, it is expected that it will return to the levels registered in September 2019 (depending on the progress of the vaccination process in 2021), growing between 3 and 4%. Finally, investment has improved because of the gradual resumption of works. After dropping 13% this year, it is projected that it will grow by 7.3% in 2021, subject to uncertainty.

Regarding international overview, financial international markets have shown an important recovery since news of the vaccine. China has led the recovery with indicators that match and even exceed the ones registered before the pandemic, which has had a positive impact in copper prices.

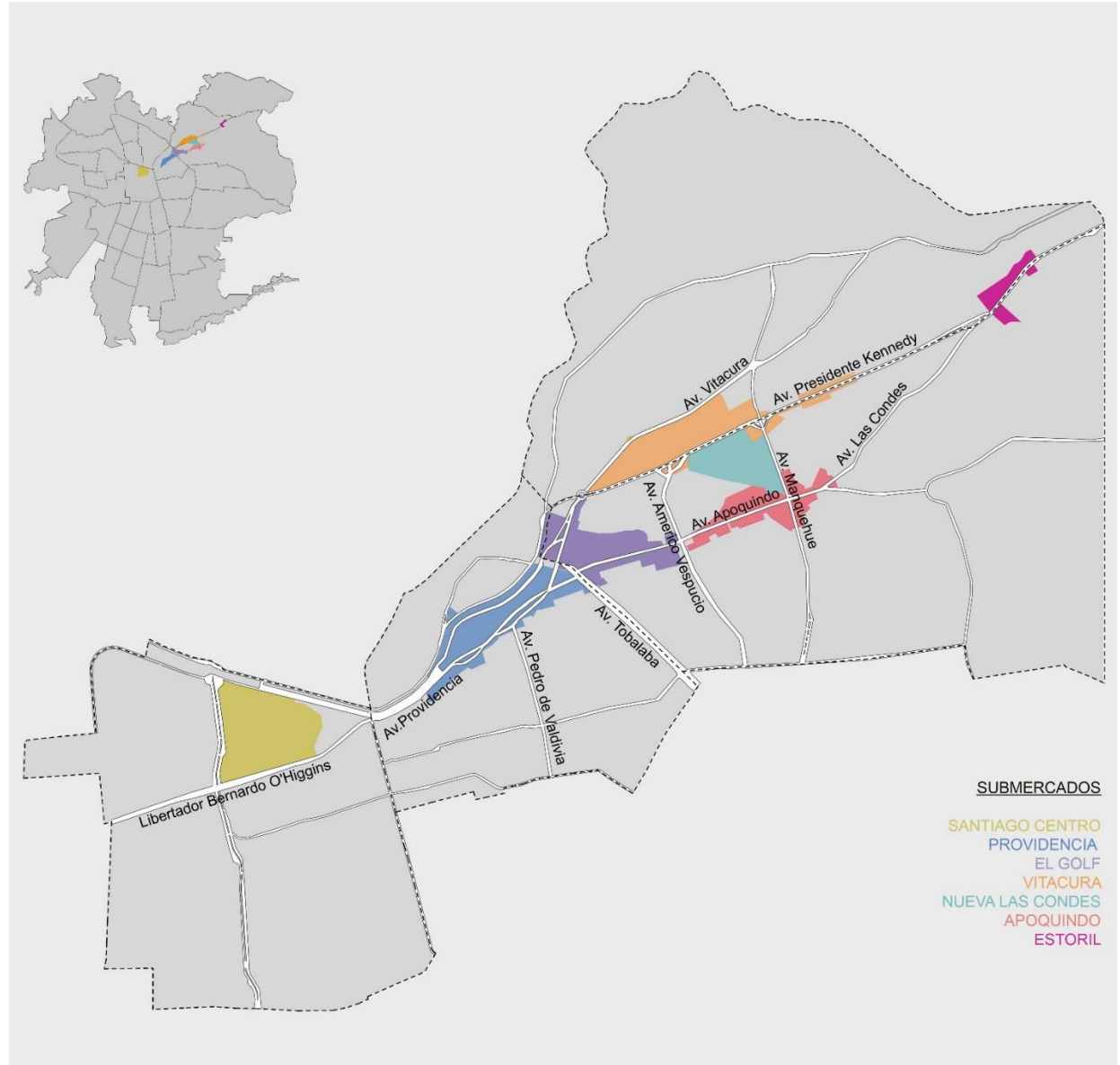
## FUTURE OUTLOOK

The pandemic has delayed all the projects that were expected for the year. Because of this, 74,171 sqm that had been planned for 2020 will be added to the new projects that will be delivered in 2021, making a total of 116,189 sqm. Of the entire projected area, 38% belongs to the El Golf submarket.

If the performance of this year turns out to be like the one in 2020, regarding the amount of leased surfaced, the vacancy is expected to vary around 10%, thus being similar to the records in 2016.

Although some of these projects have arisen the interest of certain companies that have reserved new offices, none of them have made formal agreements. Therefore, the projects would enter the market with full availability, showing the effect of uncertainty.

## OFFICE MAP WITH SUBMARKETS DIVISION / SANTIAGO / CHILE





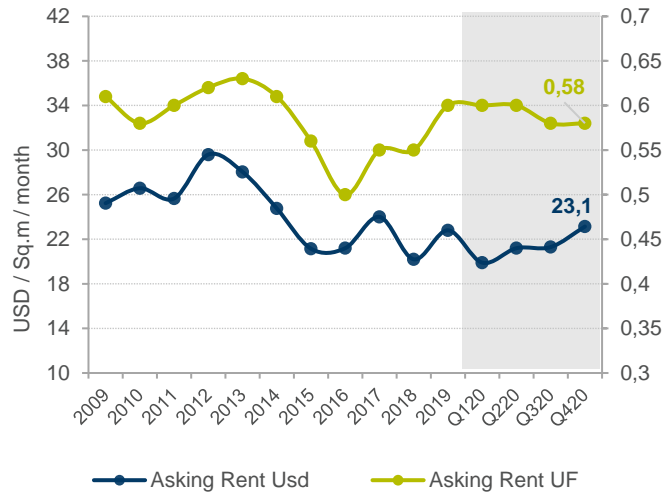
MARKET STATISTICS

SUBMARKETS	INVENTORY CLASS A (*)	NUMBER OF BUILDINGS	AVAILABLE AREA (SQ.M)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (SQ.M)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQ.M/MONTH)	OVERALL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	760,438	46	28,107	3.70	-8,848	44,247	-	23.14	0.58
Nueva Las Condes	377,713	22	19,898	5.27	-8,288	21,264	-	22.74	0.57
Apoquindo	187,915	12	4,882	2.60	-2,563	-	33,239	21.94	0.55
Estoril	30,809	4	1,835	5.96	-74	-	-	17.55	0.44
<b>LAS CONDES</b>	<b>1,356,875</b>	<b>84</b>	<b>54,722</b>	<b>4.03</b>	<b>-19,773</b>	<b>65,511</b>	<b>33,239</b>	<b>22.74</b>	<b>0.57</b>
Santiago Centro	195,598	11	11,961	6.12	-6,288	-	-	15.96	0.40
Providencia	105,471	5	32,965	31.26	3,332	50,678	93,315	25.93	0.65
Vitacura	40,144	4	2,733	6.81	644	-	-	23.14	0.58
<b>TOTAL SANTIAGO</b>	<b>1,698,088</b>	<b>104</b>	<b>102,381</b>	<b>6.03</b>	<b>-22,085</b>	<b>116,189</b>	<b>126,554</b>	<b>23.14</b>	<b>0.58</b>

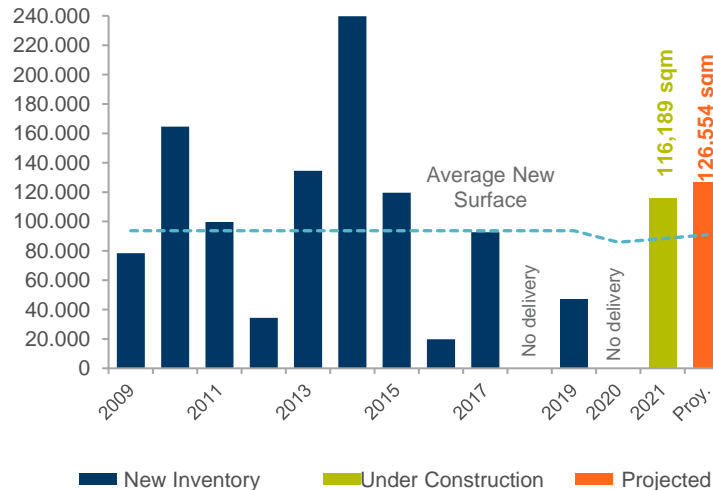
(\*\*) Corresponds to rentable Surface according to available information.

(\*\*\*) The Unidad de Fomento is a unit of account used in Chile, readjusted according to the inflation. Its value is adjusted daily by the Central Bank of Chile according to the CPI index calculated by the National Institute of Statistics (INE); its code ISO 4217 is CLF. Data up December 23th, 2020: 1 UF = CLP \$ 29,077.84 = USD \$39.89; 1 USD = CLP \$ 728.96.

ASKING RENT  
UF / SQ.M / Month vs. USD / SQ.M / Month



NEW INVENTORY (SQ.M)  
PROJECTED SURFACE (SQ.M)



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