

SANTIAGO

Office Q2 2023



YoY Chg 12 – Mo. Forecast

11.10 %
Vacancy Rate



1.134
Net Absorption, (Sq.m) Q1 2023



23.12
(*) Asking Rent, USD



OFFICE MARKET OUTLOOK:

The second quarter of 2023 ends with a vacancy rate of 11.1%, equal to a 192,587 sqm, representing a quarterly decrease of 0.6% and a YOY increase of 13%. At the close of this report, there were no final registrations of new Class A buildings, despite the fact that 4 buildings, which are in their last stage of construction, were forecast to be added to the market. These square meters will probably be included in the following quarter's inventory. Vacancy variation is due to the positive dynamics of demand, which is trending towards office reoccupancy, strengthening the return to workspaces. Post pandemic, occupants are looking for differentiating workspaces, which provide experiences that stimulate employees to be increasingly more present at the office. This is accomplished through better equipment or "amenities", categorized into: space activation, convenience, mobility, wellness, security and technology. For more information review the Global report: "Which amenities are driving leasing activity?".

SUPPLY AND DEMAND:

Net absorption this quarter was 1,134 sqm, equivalent to 33% of the absorption of the same quarter of 2022. The cumulative half-yearly figure is 11,262 sqm, which is 4 times the cumulative figure for the first half of the year 2022, with 2,645 sqm. The most demanded office units are between 100 to 300 sqm, these correspond to 38% of the closings that took place in the quarter, accounting for 16 occupied spaces, equivalent to 3,558 sqm. In terms of absorbed surface area, it can be concluded that 61.4% of the leased surface area is made up of offices larger than 500 sqm, totaling 13,132 sqm. Closed businesses in this format were located in the Nueva Las Condes, Apoquindo and El Golf submarkets, at an average asking rental price of 0.5 UF/m², in previously leased buildings.

PRICE

Asking rental value remained at 0.51 UF/m² this quarter, with no change during the quarter, but representing a decrease of 2.5% compared to 2022. Lease value in dollars is 23.12 USD/sqm, an increase of 1.4% over the previous quarter, mainly driven by inflation, which increases the value of the Unidad de Fomento. The dollar is stable, with no major changes in conversion.

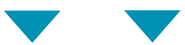
ECONOMIC INDICATORS Q2 2023

YoY Chg 12 – Mo. Forecast

7.9 %
Unemployment Rate (April 2023)



8.3 %
GDP Variation (Q1.23)

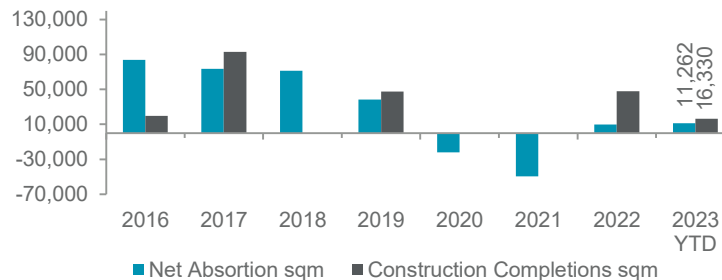


8.7 %
Inflation Index (Accumulated 12 months)

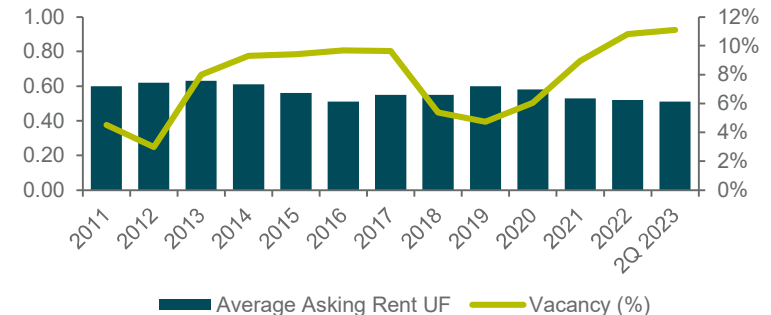


(*) Average lease Price requested, expressed in USD/Sq.m/Month
Source: Instituto Nacional de Estadísticas de Chile (INE)- Newsletter Number 295- June, 8th 2023.

SURFACE DEMAND / CONSTRUCTION COMPLETIONS



OVERALL VACANCY & AVERAGE ASKING RENT



OFFICE MAP WITH SUBMARKET DIVISION / SANTIAGO / CHILE

ECONOMIC OUTLOOK

Central Bank's March 2023 report confirms continuing high inflation, which is still far from its projected targets. Global cost pressures have eased, commodity prices, including oil, have fallen, supply chains have normalized, and transportation costs have declined. Most of the difference is due to non-volatile goods prices and services inflation, which are showing higher than expected increases.

There is a significant degree of global financial uncertainty, the problems of several US and European banks have generated volatility in the financial markets, generating coordinated actions to safeguard the provision of liquidity. The external scenario will have effects on the local economy.

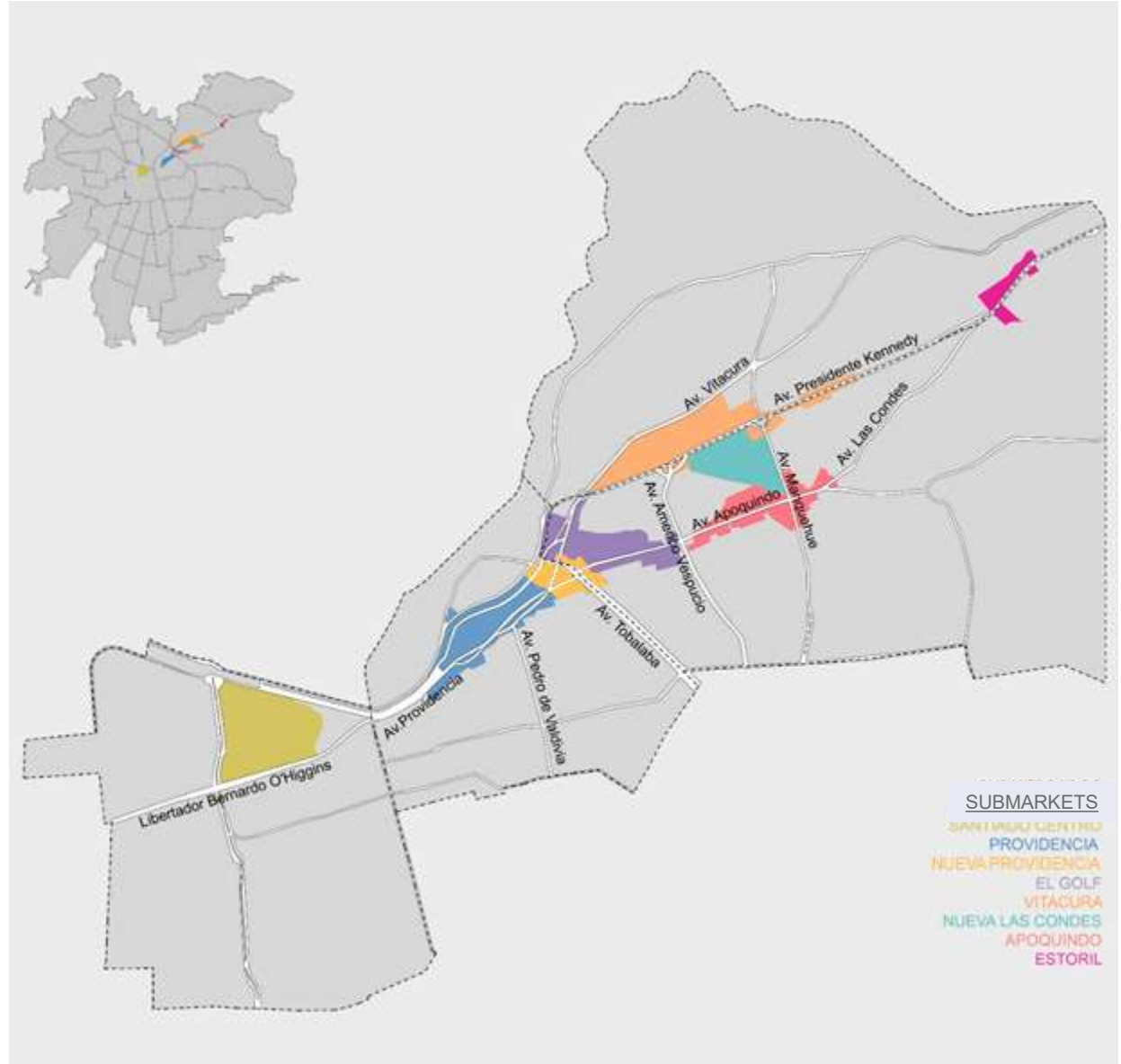
Inflation is projected to continue reducing in the coming quarters and to converge to the 3% target in the latter part of 2024. The projection considers greater slack in the labor market, consistent with the expected performance of the economy.

FUTURE OUTLOOK

Total projects under construction amount to 185,386 sqm, 87% of which are forecast to be operational by 2024 at the latest. In 2026, 23,948 sqm of new office space will be added, which will correspond to the Campus Santander building, located in the Nueva Las Condes submarket, which has recently begun construction.

The surface area of projects in the proposal stage that have not yet begun construction is 205,149 sqm, which are located mainly in the Las Condes and Nueva Providencia submarkets. These are 4 projects that were conceived before the crisis and their start-up will depend on the market dynamics in the coming quarters, which has not yet resumed the expected rate of expansion.

Most of this area under construction is located in Nueva Las Condes, focused on a new and promising mixed-use project. It is followed by Nueva Providencia with the future stages of an existing development.



SUBMARKETS

- SANTISIMO CENTRO
- PROVIDENCIA
- NUEVA PROVIDENCIA
- EL GOLF
- VITACURA
- NUEVA LAS CONDES
- APOQUINDO
- ESTORIL

MARKET STATISTICS

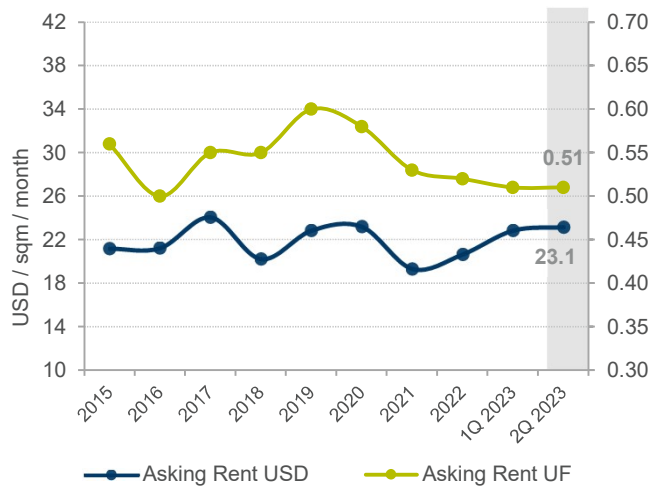
SUBMARKETS	INVENTORY CLASS A (*)	NUMBER OF BUILDINGS	AVAILABLE AREA (SQ.M)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (SQ.M)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQ.M /MONTH)	AVERLL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	703,428	41	48,114	6.8 %	-2,417	10,075		22.92	0.51
Nueva Las Condes	420,165	25	41,792	9.9 %	-690	23,948	82,345	24.42	0.54
Apoquindo	182,430	11	19,782	1.8 %	1,186	61,069	29,489	23.00	0.51
Estoril	30,809	4	3,019	9.8 %	727			18.89	0.42
LAS CONDES	1,336,832	81	112,707	8.4 %	-1,194	95,092	111,834	23.35	0.52
Santiago Centro	195,598	11	29,319	15.0 %	315			16.19	0.36
Providencia	50,510	2	6,038	12.0 %	2,475	15,635		19.80	0.44
Nueva Providencia (*)	115,591	7	36,345	31.4 %	-1,229	67,151	93,315	27.86	0.62
Vitacura	36,255	4	8,178	22.6 %	767	7,508		25.62	0.57
TOTAL SANTIAGO	1,734,786	105	192,587	11.1 %	1,134	185,386	205,149	23.12	0.51

(*) Cushman & Wakefield performs area corrections at the beginning of each year; therefore, there may be fluctuations with respect to previous years' closings in inventory and available space.(**) Corresponds to rentable Surface according to available information.

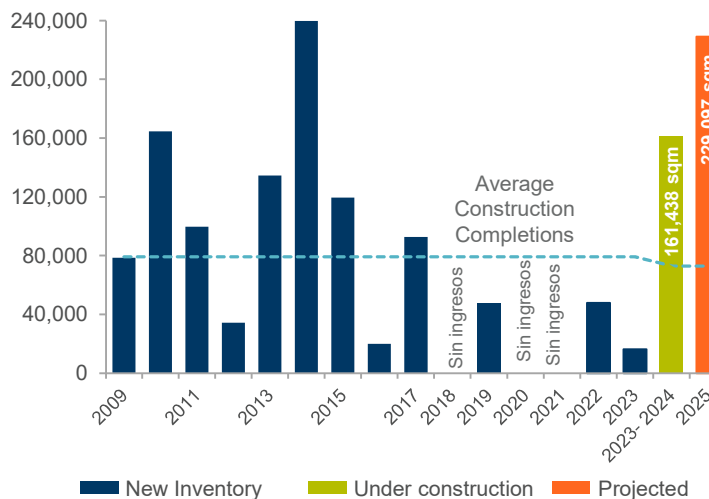
(***) The Unidad de Fomento is a unit of account used in Chile, readjusted according to the inflation. Its value it is adjusted daily by the Central Bank of Chile accordingly to the CPI index calculated by the National Institute of Statistics (INE); its code ISO 4217 is CLF. Data up June 15th, 2023 1 UF = CLP \$ 36,071.45 = USD \$ 44.86 ; 1 USD = CLP \$ 804

ASKING RENT

UF / SQ.M / Month) vs. USD / SQ.M / Month



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



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