

9.4 %
Vacancy rate



21,522
Net Absorption (sqm) Q4 2023

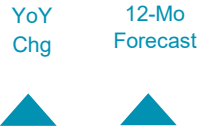


0.52
Asking rent (UF/sqm/month)



ECONOMIC INDICATORS Q3 2023

8.9 %
Unemployment rate (July 2023)



- 1.4 %
GDP Variation (Q2.23)



4.8 %
Inflation index (Accumulated 12 month)



(*) Average price of asking rents expressed in UF / sq m / month
Source of economic indicators: National Institute of Statistics of Chile (INE) - Bulletin 301 / December 7th 2023 (INE)

OFFICE MARKET OUTLOOK:

The fourth quarter of 2023 closes with a vacancy rate of 9.4%, equivalent to an area of 164,951 sqm, representing a quarterly decrease of 8%. A milestone that demonstrates an evolution of this outlook in the office market is the year-on-year decrease in vacancy, which was 10.8% last year, 12.96% higher than the current vacancy rate.

During this period, Gertrudis Callao building, in Golf district, joins the market. An innovative 15-story building, with 2 floors of exposed plinth and an English courtyard, adding value to these offices. This building is located on the south side of Apoquindo, a short distance from Alcántara metro station, with more activity towards Gertrudis Echeñique Avenue, which stands out for its green zones.

In 2023 there will be a trend in office occupancy in the Nueva Las Condes, Nueva Providencia and El Golf markets. Nueva Las Condes stands out due to its proposal of well-equipped buildings in a well-connected sector, in a well-established neighborhood.

SUPPLY AND DEMAND:

Net absorption registered 21,522 sqm this quarter, which is significantly higher than the net absorption of the fourth quarter of 2022, which summed -535 sqm. Annual cumulative is 59,098 sqm, this is almost 6 times 2022 cumulative at 9,885 sqm.

Cumulative positive absorption (demand) as of the third quarter reached 127,573 sqm, which is 73% higher than the 2022 cumulative, which averaged approximately 73,000 sqm. But negative absorption or vacancy for the year totals 68,475 sqm, which is similar to 2022, which was 63,880 sqm. This shows that occupancy of new space maintains a recovery, showing similar figures prior to 2019, where the dynamism is marked in positive absorption following high demand.

Migration of more competitive and better quality offices continues to be registered, as recorded in the previous period, under the term "Fly to quality" where companies make the transfer of their class B offices to class A offices, a growing post pandemic tendency.

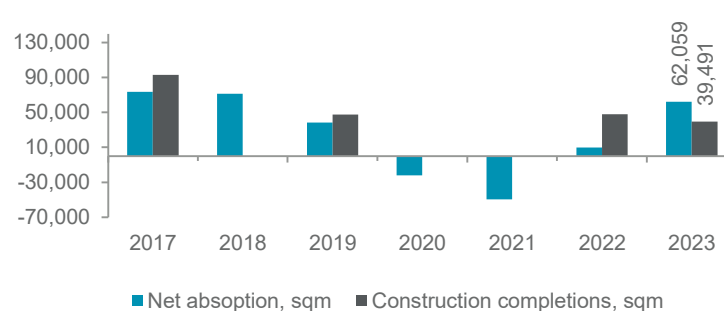
This semester, most rented office size has had a shift, where offices between 500 and 900 sqm have taken the largest share with 36% and 103 units have been closed; followed exceptionally by the smallest office size between 100 and 300 sqm, with 23%, with a closing of 66 units; it is important to mention that office size between 300 and 500 sqm is still very close with 22% of participation and a closing of 63 units.

PRICE:

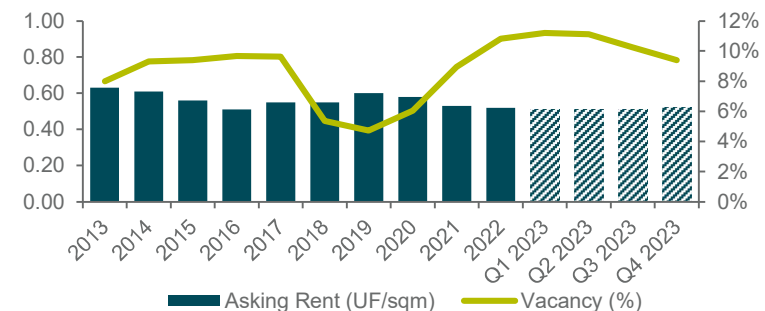
Asking rental value in this quarter has increased by one point, obtaining a value of 0.52 UF/m² and resuming the same amount in 2022. The highest average offer price is in the Golf submarket, with 0.66 UF/sqm, followed by Nueva Providencia with 0.6 UF/sqm. Lower average values are in the Santiago Centro and Providencia submarkets, with 0.35 and 0.44 UF/m² respectively.

Rental value in dollars is 22.00 USD/sqm, an increase of 1.85%. As a result of the revaluation of the Chilean peso in dollars and a stabilization in UF due to lower inflation.

SURFACE DEMAND / CONSTRUCTION COMPLETIONS



OVERALL VACANCY & AVERAGE ASKING RENT



ECONOMIC OUTLOOK

In accordance to the latest report of the Central Bank, economy shows a more resilient activity than expected in the international scenario: inflation continues to fall and the outlook has tended to relax in the US.

Data for the third quarter and the beginning of the fourth quarter show that activity resumed slightly positive expansion rates, non-mining GDP grew by 0.2% quarter-on-quarter and the Imacec for October increased by 0.5% monthly seasonally adjusted in the non-mining component. Job creation remains slow, consistent with the evolution of the economic cycle.

Inflation has continued to decline, with annual variations of the total and core CPI standing at 4.8% and 6.0%, respectively. As a result, the central bank recently cut its monetary policy rate to 8.25%. Oil prices fell to around US\$75 per barrel and copper prices returned to values around US\$3.8 per pound. This is creating a more auspicious scenario for companies, which will undoubtedly have an impact on investment.

FUTURE OUTLOOK

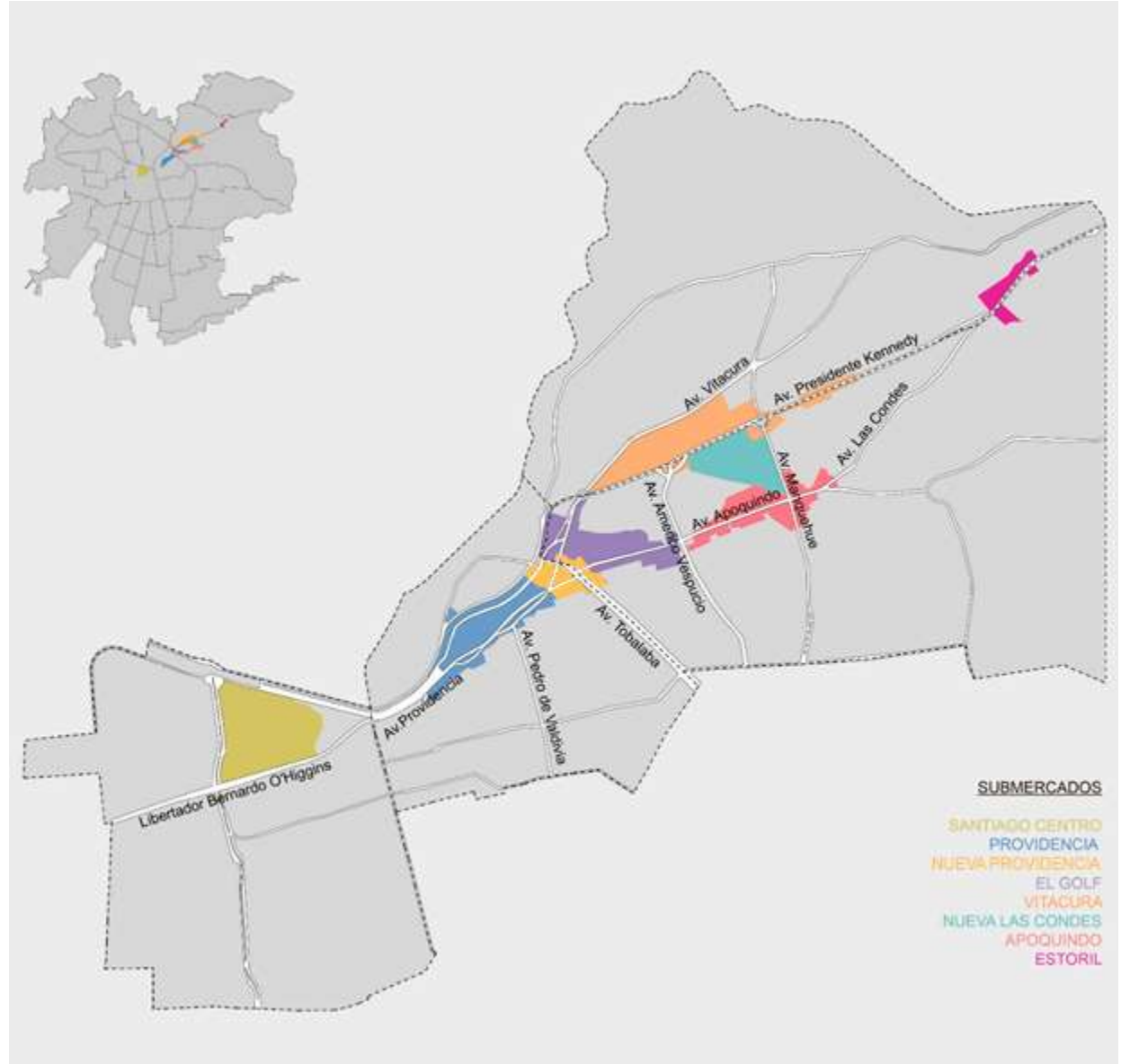
Total projects under construction amount to 164,558 sqm, of which 24,990 sqm would enter in 2024, with a total of 3 new buildings: Paul Claudel, Connecta Costanera and Edificio Manquehue.

Total floor area in 2024 would be similar to the one in 2023, which was around 40,000 sqm, but would be more diversified, since the increase in new floor area was mainly concentrated in the "Tobalaba Urban Market" project, in the Nueva Providencia submarket.

Of the total under construction, distributed between 2024 and 2026, around 100,000 sqm are located in the Nueva Providencia and Apoquindo submarkets, which are currently the ones with the greatest development of new initiatives.

There are also a total of 220,784 sqm in pre-project, 50% of which are located in the Las Condes market. The projected surface areas are still very speculative, and although some of them are part of ongoing projects, there is no definite feasibility report. It is forecast that by 2024 the destiny of these projects will be clarified, considering the improved economic outlook.

OFFICE MAP WITH SUBMARKET DIVISION / SANTIAGO / CHILE



MARKET STATISTICS

SUBMARKETS	CLASS A INVENTORY (*)	BUILDING NUMBERS	AVAILABLE AREA (sq m)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (sq m)	UNDER CONSTRUCTION (sq m) (**)	PROJECTED (sq m) (**)	CLASS A ASKING RENT (USD / sq m / mes)	CLASS A ASKING RENT (UF / sq m / mes) (***)
El Golf	713,989	42	54,019	7.6 %	10,863	10,075	0	27.92	0.66
Nueva Las Condes	420,165	25	21,297	5.1 %	20,725	23,948	82,345	22.85	0.54
Apoquindo	182,430	11	11,688	6.4 %	-2,602	61,069	29,489	20.0	0.52
Estoril	30,809	4	2,692	8.7 %	186	0	0	18.62	0.44
LAS CONDES	1,347,393	82	89,696	6.7 %	29,172	94,395	111,834	22.85	0.54
Santiago Centro	195,598	11	23,820	12.2 %	5,420	0	0	14.8	0.35
Providencia	50,510	2	8,159	16.2 %	-291	8,104	15,635	18.62	0.44
Nueva Providencia (*)	128,191	10	35,288	275 %	22,147	54,551	93,315	25.39	0.60
Vitacura	36,255	4	7,988	22.0 %	2,650	7,508	0	24.12	0.57
TOTAL SANTIAGO	1,757,947	107	164,951	9.4 %	59,098	164,558	220,784	22.00	0.52

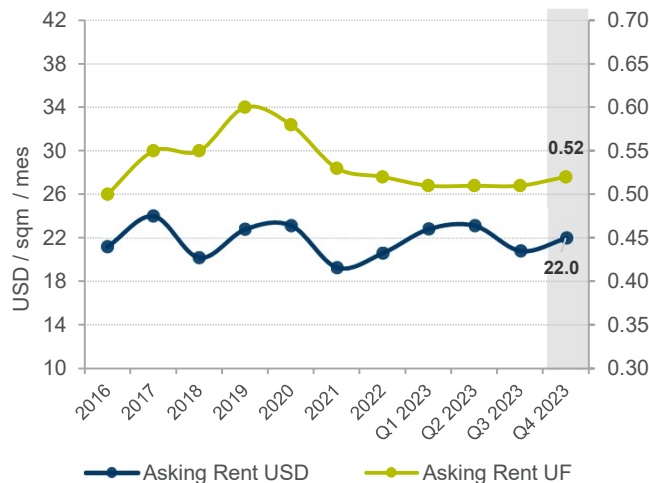
(*) Cushman & Wakefield does corrections for areas at the beginning of every year. For this reason, fluctuations can occur with respect to prior year closes in area and availability.

(**) Corresponds to rentable area according to available information

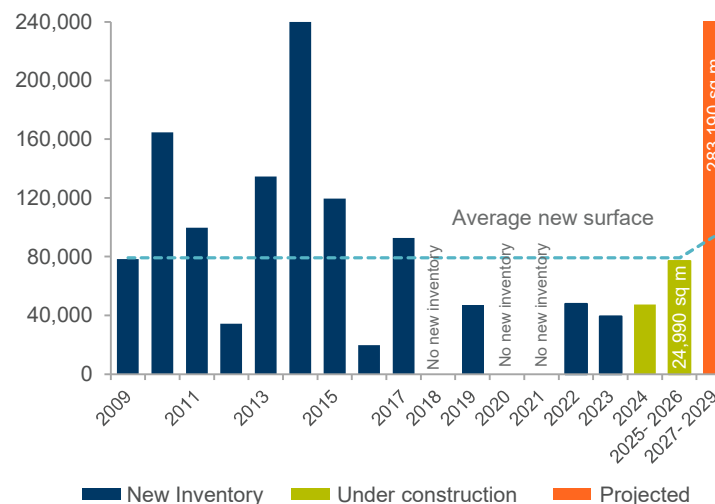
(***) The "Unidad de Fomento" (UF) is an artificial currency adjustable according to the inflation of the prior month. Its value is determined by the Central Bank of Chile according to the Consumer Price Index (IPC) calculated by the National Institute of Statistics (INE) CLF is its currency code (ISO 4217). Its value as of September, 15th is 1 UF = CLP \$ 36,179.44 = USD \$ 40.84 ; 1 USD = CLP \$ 885.84.

ASKING RENT

UF / sq m / month vs. USD / sq m / month



NEW INVENTORY (sq m) PROJECTED SURFACE (sq m)



ROSARIO MENESES

Market Research Leader

+56 999 492 991

rosario.meneses@cushwake.com

GUSTAVO VALENZUELA

Brokerage Director

+56 994 483 764

gustavo.valenzuela@sa.cushwake.com

cushwakechile.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in over 400 offices and approximately 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.