

## SANTIAGO

## Economic indicators

	Q1 16	Q1 17	12-Month Forecast
Unemployment rate	6,3%	6,6%	▼
GDP variation rate	2,2%	0,3%	▼
CPI (% Annual Var.)	4,5%	2,7%	■

## Economic Outlook

The beginning of this year has been favoured by an expansive monetary policy that reflects successive cuts in interest rates.

This scenario reveals the moderate inflation rate (CPI) that by April of this year has accumulated an annual variation of 2,7%, value within the government's declared objective of 2%-4%.

## Market indicators (Class A)

	Q1 16	Q1 17	12-Month Forecast
Overall vacancy	10,5%	8,3%	▼
Under construction (sqm)	149.250	111.250	▼
Average asking rent (USD/sqm/month)	19,9	22,0	▲
Average asking rent (UF/sqm/month)	0,52	0,54	■

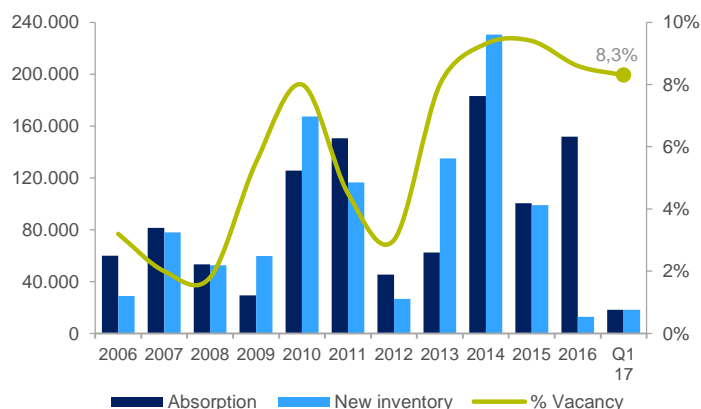
The reassessment of the Chilean peso against the U.S. dollar will continue to contribute to the reduction of the inflation as no major volatility is expected.

This heightens the maintenance of the expansive trend of monetary policies, expecting a moderate economic recovery.

In March 2017, the mining production index showed a decrease of 8,5% regarding the previous revealing an inter-annual deceleration of 21.7%. This downturn can be explained by a lower copper extraction and due to strike activity in the mine *Minera Escondida*.

As a result, GDP closed the first quarter with a 0,3% increase, face 2,2% observed in the same period of 2016. Forecasts for 2017 point out to an economic growth around 1,7%, figure below the levels achieved in previous years.

## Net absorption (sqm) / New inventory (sqm) / Vacancy (%) (Class A)



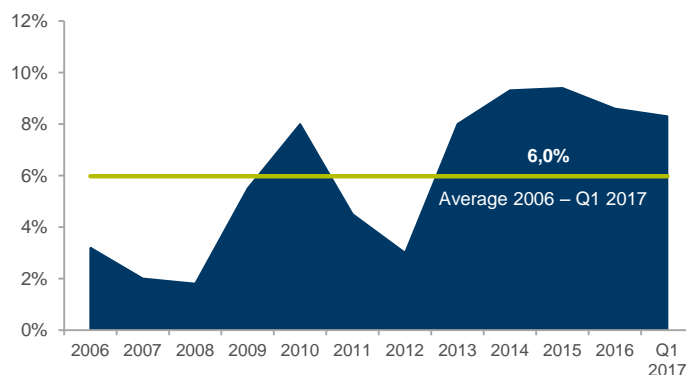
## Market Outlook

Due to the activity register during the first quarter of the year, the new supply that has been incorporated was compensated by similar absorption levels.

This is a reflection of the attractive opportunities that the market is currently offering, which has promoted that some companies move from Class B buildings in secondary locations to premium spaces located in better areas near services.

Regarding new incorporations, it is expected that the annual production continues to adjust downward which will reinforce the growing trend towards a balance market with healthy and stable condition.

## Overall vacancy (%) (Class A)



The asking rent prices in UF for Class A spaces remain stable, while in U.S dollars a slight increase was registered (+2,8%) as a result of the appreciation of the Chilean peso against the U.S. currency.

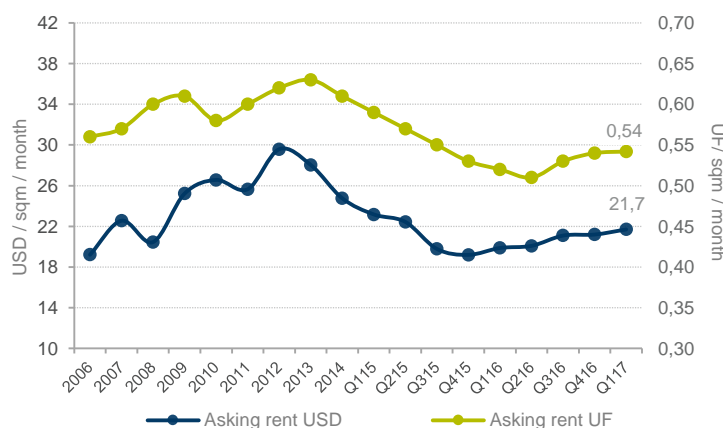
Regarding submarkets, is highlighted the development that during the past years has had Apoquindo, especially in the areas between the metro stations Escuela Militar and Los Domínicos. This area has similar connectivity and services to Nueva Las Condes that offers premium spaces at lower and affordable prices.

The growth of Apoquindo corridor has undercut the asking rent prices of Nueva Las Condes (-4,5%) as a result of the adjustment made at the asking rent prices in same areas available in order to reactivate its occupation.

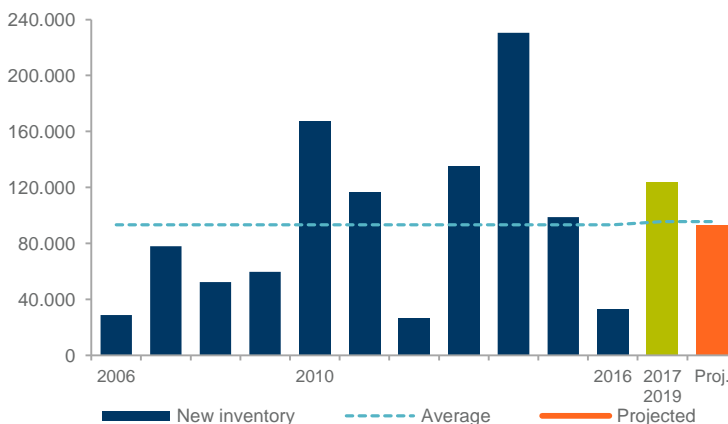
### THE NEW SURFACE PRODUCTION IS EXPECTED TO CONTINUE ADJUSTING DOWNWARD TO STRENGTHEN THE WAY TOWARDS THE MARKET BALANCE

Although, El Golf submarket continues to maintain the highest asking rent prices (0,60 UF/sqm/month) and the lowest vacancy rate of the market (5,0%). In addition, it is the area most required by companies due to the quality of the offices buildings, its connectivity, equipment and services.

**Class A asking rent (USD/sqm/month) USD / UF**  
THE AVERAGE RENTAL COST IN UF REMAIN UNCHANGED



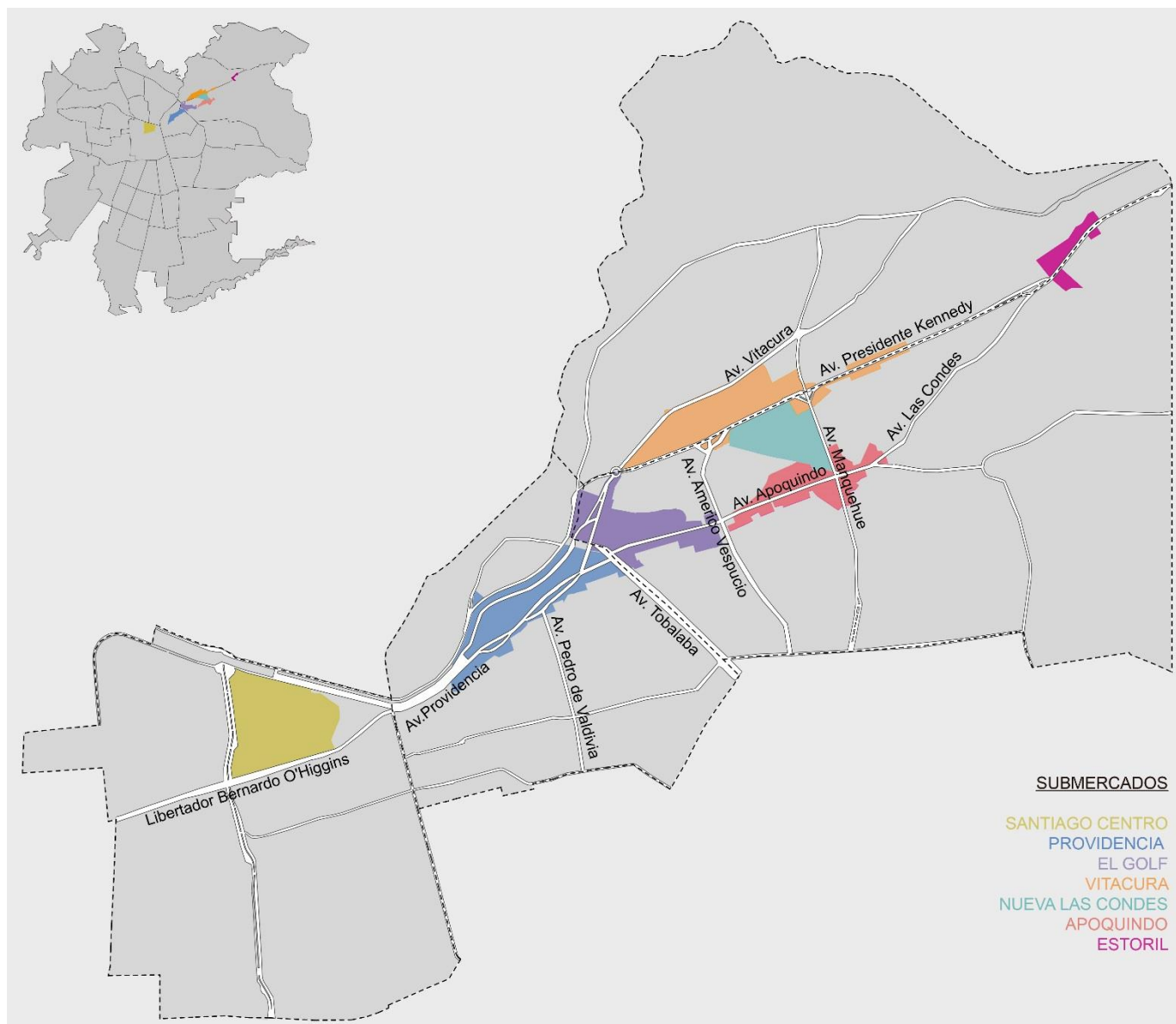
**New inventory(sqm) / Projected surface (sqm)**  
UNDER CONSTRUCTION AND PROJECTED SPACE RISES 2,5% OVER THE HISTORICAL AVERAGE



SUBMARKET	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE	AVERAGE ASKING RENT (UF/SQM/MONTH)	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM)	PROJECTED (SQM)
El Golf	771.043	38.390	5,0	0,60	24,1	35.404	-
Nueva Las Condes	379.547	22.268	5,9	0,53	21,3	6.795	-
Santiago Centro	198.823	30.579	15,4	0,41	16,5	-	-
Apoquindo	172.271	20.010	11,6	0,49	19,7	26.240	-
Providencia	43.296	12.326	28,5	0,53	21,3	34.733	93.315
Vitacura	26.893	2.111	7,8	0,51	20,5	20.776	-
Estoril	30.295	9.518	31,4	0,41	16,5	-	-
<b>TOTAL CLASS A</b>	<b>1.622.168</b>	<b>135.202</b>	<b>8,3</b>	<b>0,54</b>	<b>21,8</b>	<b>123.948</b>	<b>93.315</b>

## OFFICE MARKET MAP WITH SUBMARKET DIVISION

SANTIAGO / CHILE



UF\*: The Unidad de Fomento (UF) is a unit of account used in Chile, readjusted according to the inflation. Its ISO 4217 code is CLF. It is a way of determining the cost of construction, housing values and mortgages for both the private and public sectors. It is adjusted daily.  
 Data of March 2017: 1 UF = CLP \$26.471,94 = USD \$39,95 ; 1 USD = CLP \$662,66

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