

SANTIAGO

Office Q2 2020

	YoY Chg	12- Mo. Forecast
4.67% Vacancy Rate	▲	▲
- 4,170 Net Absorption, (Sq.m) Q2-2020	▼	▲
\$ 21.17 (*) Asking Rate	▲	▲

ECONOMIC INDICATORS Q2 2020

	Year-on-year	12- Month Forecast
8.23% Unemployment Rate (Q1)	▲	▼
0.36% GDP Variation (Q1)	▲	▲
2.8% Inflation Index (Accumulated 12 months)	▲	▲

(*) Average lease price requested, expressed in USD/Sq.m/Month
 Source: Instituto Nacional de Estadística (INE)
 Newsletter: "Índice de Precios al Consumidor"- May 2020

MARKET OUTLOOK:

The uncertainty existing and the low activity in the general market, have affected the cash flow of companies, generating actions akin to preservation in the decision-making involving investment, which in turn translates into the low amount of square meters acquired during this quarter.

Within this period, it is observed a slight trend that could start to rise, such as the subletting of offices, which provides a solution to increase liquidity to the business by optimizing the underutilized space generated by teleworking, a modality that has impacted even essential companies.

In summary, it is still too early to reach a diagnosis of the negative effects brought about in recent months. However, it was observed that "Class A" offices showed stability in the face of the situation. Although there was a trend to release square meters, this situation is mostly due to contract termination regardless of the external situation.

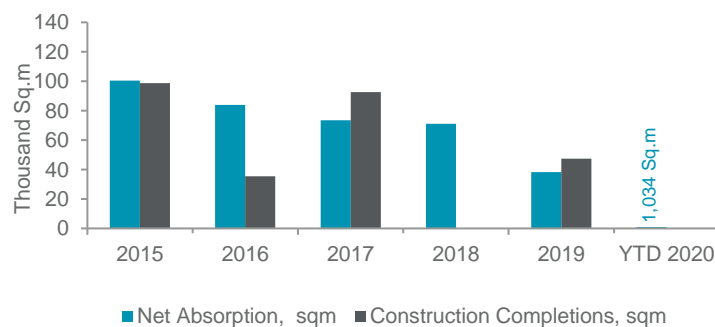
SUPPLY AND DEMAND:

The net absorption of this quarter, - 4,170 sqm, reveals that there were more square meters left vacant than leased, where 83% corresponds to the Las Condes market (El Golf - Nueva Las Condes - Apoquindo). The total area occupied was 2,779 sqm, which includes 1,236 sqm corresponding to a company in the Pharma business, in Costanera Center building. On the other hand, the vacancy remains at 4.67%, which is a healthy indicator since it has been stable since the beginning of 2019.

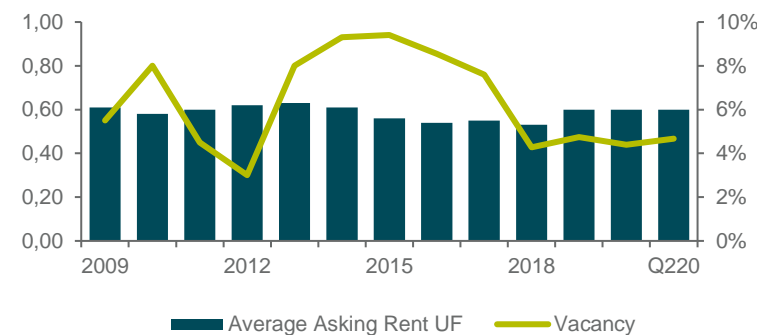
PRICING:

For this quarter, prices remain at 0.60 UF/m² as a result of the largest available area being found in one of the largest available area found in one of the highest valued buildings, concentrating approximately 41% of availability in Class A offices.

SURFACE DEMAND / DELIVERIES



OVERALL VACANCY & AVERAGE ASKING RENT



ECONOMIC OUTLOOK

As of January, the impact of COVID-19 has been severe, lasting longer than expected and with long-term repercussions that are still uncertain. The government has implemented various aid programs, both for the business sector and for vulnerable families. All this, aimed to maintain the function of the local economy in the best possible way.

Access the most recent information specific to COVID [here](#)

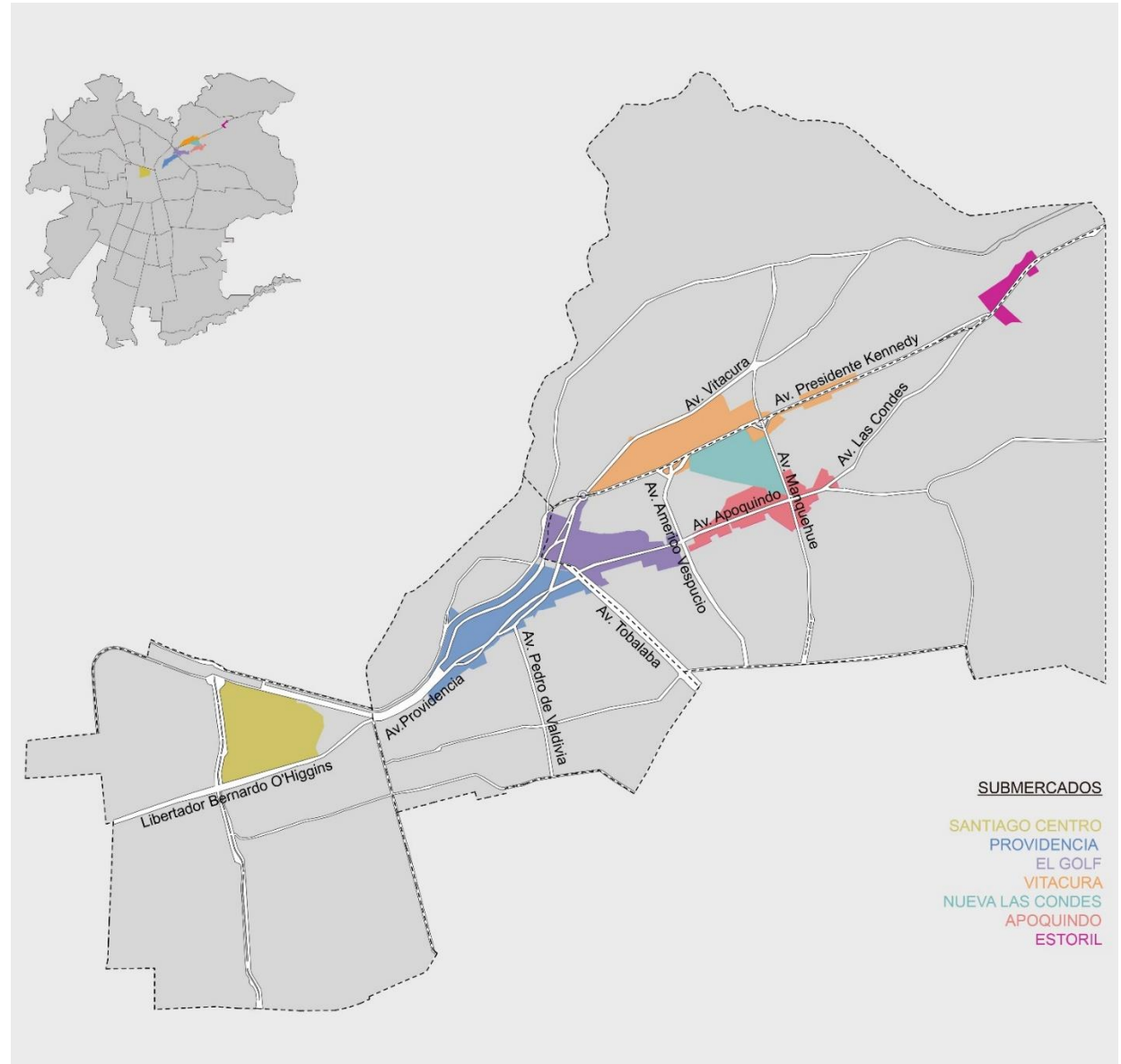
In this international scenario, national economic activity, despite the contraction forecast for this year of -5.5 and -7.5%, has increased to 0.36%. For 2021-2022 period the forecast is of a recovery of 4.75 to 6.25% and 3 to 4% respectively, considering that these periods will have greater certainty.

As for inflation, it reaches 2.8%, forecasting that it will be, for the second quarter of 2022, at 3%. In the mining sector, the metal mining indicator fell to 0.8%, as a result of a 1.4% drop in processing and lower grade of copper ore. Finally, investment contracted to 16% due to uncertainty and lack of liquidity; a reactivation is expected for the years 2021 - 2022.

FUTURE OUTLOOK

New availability of 74,171 sqm is projected for this year, corresponding to the remaining of the Costanera Center building (44,064 sqm), Nueva Córdova Building (21,264 sqm) and Vespucio 345 building (8,843 sqm), which indicates an increase in Providencia submarket by 41.8%, Nueva Las Condes 5.6% and El Golf 1.2%, respectively

All of this is subject to possible delays, as a result of the little progress in sites, first with the social crisis, which directly impacted the workers due to the interruption of public transportation and then with the pandemic and the quarantines established by the health authority.

OFFICE MAP WITH SUBMARKETS DIVISION / SANTIAGO / CHILE

MARKET STATISTICS

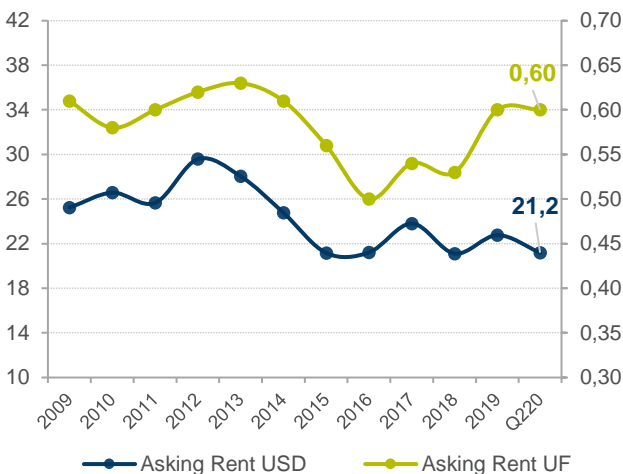
SUBMARKETS	INVENTORY CLASS A (*)	NUMBER OF BUILDINGS	AVAILABLE SURFACE (SQ.M)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (SQ.M)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQ.M/MONTH) (*)	OVERALL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	760,438	46	17,064	2.24	2,195	44,247	-	\$ 20.47	0.58
Nueva Las Condes	377,713	22	14,444	3.82	-2,834	21,264	-	\$ 20.47	0.58
Apoquindo	187,915	12	1,211	0.64	1,108	-	33,239	\$ 19.06	0.54
Estoril	30,809	4	1,835	5.96	-74	-	-	\$ 15.53	0.44
LAS CONDES	1,356,875	84	34,554	2.55	395	65,511	33,239	\$ 20.12	0.57
Santiago Centro	195,598	11	7,393	3.78	-1,720	-	-	\$ 15.88	0.45
Providencia	105,471	5	34,742	32.94	1,555	50,678	93,315	\$ 23.29	0.66
Vitacura	40,144	4	2,591	6.45	804	-	-	\$ 20.82	0.59
TOTAL SANTIAGO	1,698,088	104	79,280	4.67	1,034	116,189	126,554	\$ 21.17	0.60

(*) The report reflects an inventory adjustment.

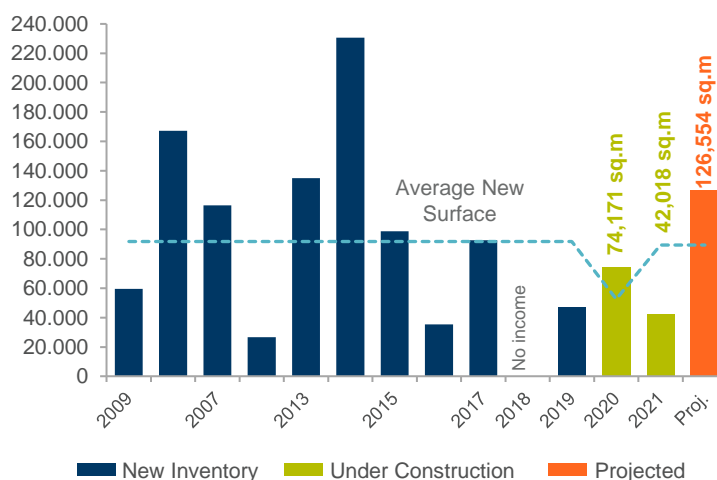
(**) Corresponds to rentable Surface according to available information

(***) 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 accordingly to the CPI index calculated by the National Institute of Statistics (INE); its code ISO 4217 is CLF. Data up June 26th 2020: 1 UF = CLP \$ 28,700.24 = USD \$35.29 ; 1 USD = CLP \$813.25

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



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



GUSTAVO VALENZUELA

Director de Brokerage
+56 232 539 610
Gustavo.valenzuela@sa.cushwake.com

VICTOR MUÑOZ

Market Research Assistant
+56 232 539 623
Victor.muñoz@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 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services

©2020 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