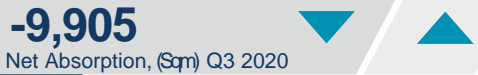


# SANTIAGO

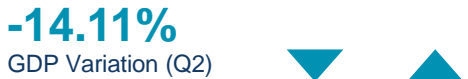
Office Q3 2020

YoY Chg      12 – Mo. Forecast



## ECONOMIC INDICATORS Q3 2020

Year-on-year      12 – Month Forecast



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

## MARKET OUTLOOK:

By the end of the third quarter 2020, we can see an increase in the vacancy that ascends to 5.25%, being the highest one since the beginning of 2019. This represents a variation of 12% compared to the previous quarter, which means an increase of almost 10,000 sqm of available office area.

Currently occupancy in buildings is close to 25% as a result of telework which, triggering a tendency to sublet space, this forecasts an increase in vacancy in the mid-term.

Although most availability in the market comes from expected expired leases, other part comes from companies that have preferred to reduce their office occupancy. Finally, the rest of the available area has been vacated by companies that were most affected by the pandemic and had to move to other offices that allowed them to cut prices on operating costs.

## SUPPLY AND DEMAND:

Regarding absorption, the new registered vacant area was 16,385 sqm, by far exceeding the 6,480 sqm attributed to the leased area for this quarter. This shows a net absorption balance of – 9,905 sqm, which results in – 8,871 sqm for 2020, making it the first year within a decade with a negative indicator.

The highlight during this period is a tenant dedicated to business services that leased 1,697 sqm in the most expensive building in Santiago, the Costanera Center.

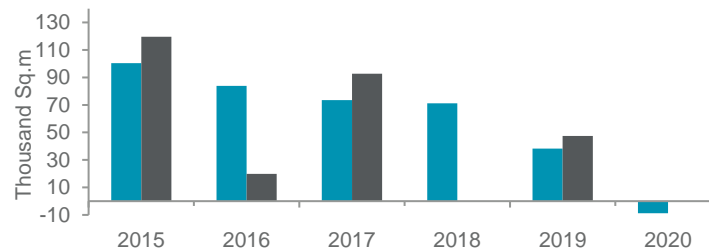
## PRICING:

The total average rental price was 0.58 UF/sq.m, representing a decrease of 3% compared to the previous quarter, a value that did not vary since the end of 2019.

There is a price decline in submarkets, caused mainly by 3 reasons: first, the lease out of higher priced offices (Such as the registered transaction in the Costanera Center Building), second, new availability of lower priced submarkets of the total average and finally, landlords' strategy to achieve competitiveness in times of uncertainty.

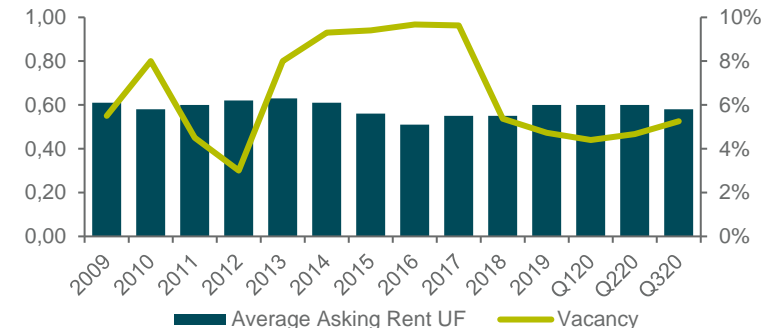
The submarket that showed the largest decrease on the price compared to the last quarter was Santiago Centro, with a variation of -3.8% to try to increase competitiveness in an area that is the most exposed potential turmoil in the city.

## SURFACE DEMAND / DELIVERIES



■ Net Absorption, sqm   ■ Construction Completions, sqm

## OVERALL VACANCY & AVERAGE ASKING RENT



■ Average Asking Rent UF   ■ Vacancy

## ECONOMIC OUTLOOK

The impact of COVID-19 has stopped most activities in the country. However, the improvements in controlling the pandemic along with the government's actions have created expectations of a slow recovery.

By the end of this report, the quarantine has been lifted in every district where the main office submarkets are located.

Access [here](#) the most recent and specific information of COVID-19.

In the current economical situation, the forecast is to decrease between 4.5 and 5.5%, due to the uncertainty produced by the impact of the pandemic. Nevertheless, in the next 2 years, the GNP would increase between 4 and 5%, and between 3 and 4% respectively

Investment has improved due to the evolution of big projects related to the energy sector and the recent announcement of public investment and relief measures, among others. Regarding inflation, it is projected to be 3% in 2022 and estimated that it won't be lower than 2% annual in the short-term.

Regarding international overview, central banks and governments have implemented several incentives in the last few months, with different emphasis and scales, encouraging the revitalization of financial markets and prices of raw material. This way, the international GNP is predicted to slowly rise in the 2020-2021 period, though there will be a big contraction this year and a slow recovery during next year.

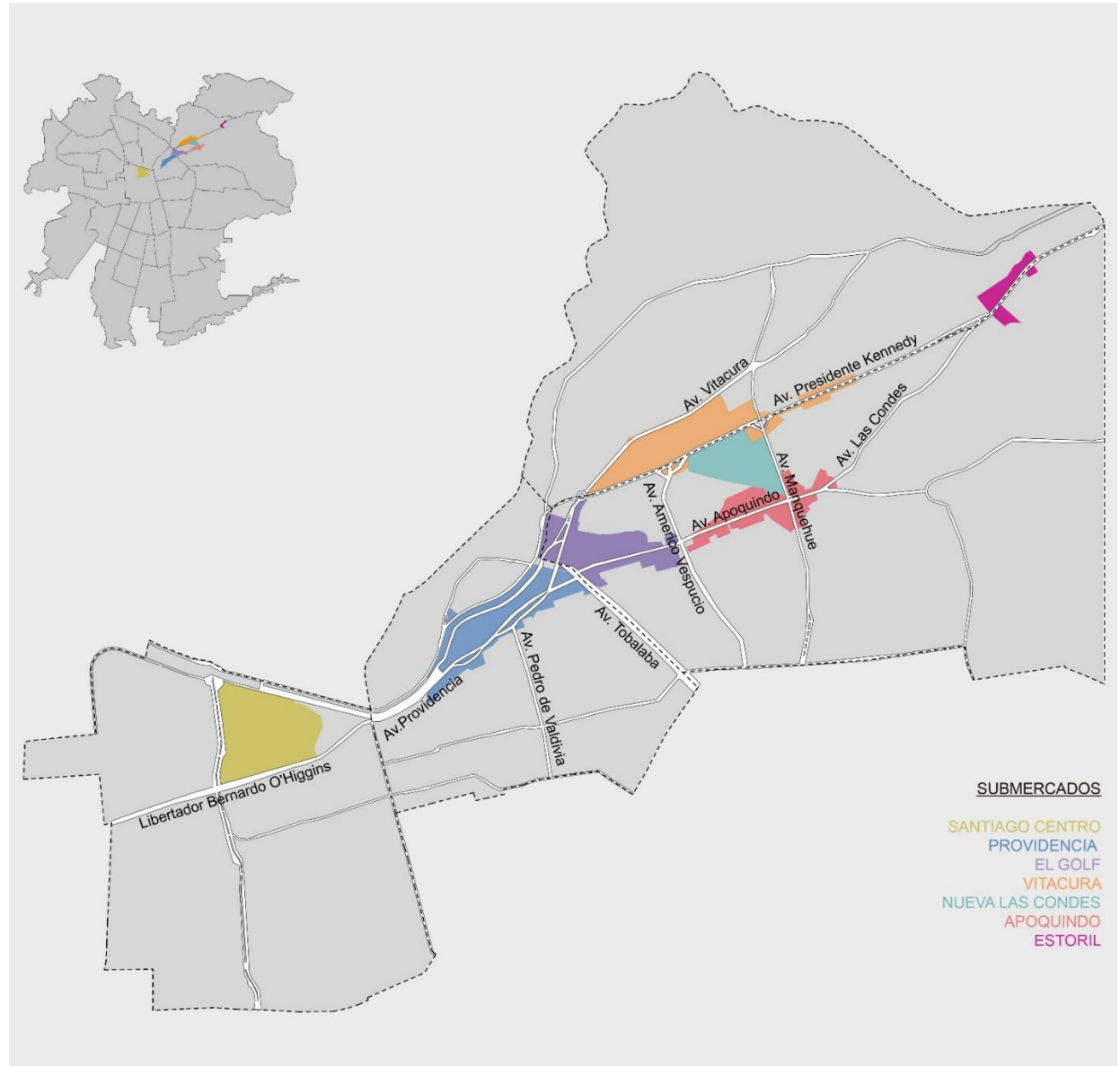
## FUTURE OUTLOOK

The greatest impact of the pandemic on Class A offices is reflected in the delay in delivery of projects under construction. Mainly because of the restrictions imposed by the health authority to combat the pandemic.

However, the remanent of the Costanera Center Tower 2 (44,064 sqm), which is still lacks municipal reception, is projected to enter the end of the year, subject to possible postponement.

72,125 sqm are expected to enter next year, where approximately 62% would be allocated to the El Golf submarket.

## OFFICE MAP WITH SUBMARKETS DIVISION / SANTIAGO / CHILE



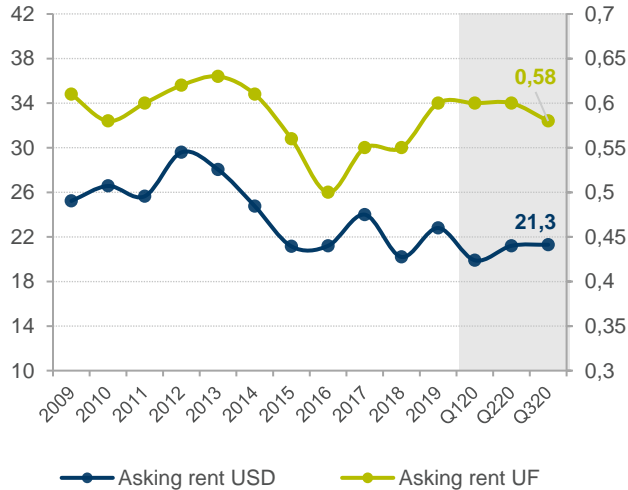
MARKET STATISTICS

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/MONT H)	OVERALL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	760,438	46	20,072	2.64	-813	44,247	-	20.94	0.57
Nueva Las Condes	377,713	22	16,357	4.33	-4,747	21,264	-	20.94	0.57
Apoquindo	187,915	12	3,657	1.95	-1,338	-	33,239	20.57	0.56
Estoril	30,809	4	2,171	7.05	-410	-	-	15.79	0.43
<b>LAS CONDES</b>	<b>1,356,875</b>	<b>84</b>	<b>42,257</b>	<b>3.11</b>	<b>-7,308</b>	<b>65,511</b>	<b>33,239</b>	<b>20.57</b>	<b>0.56</b>
Santiago Centro	195,598	11	10,112	5.17	-4,439	-	-	15.79	0.43
Providencia	105,471	5	34,225	32.45	2,072	50,678	93,315	23.87	0.65
Vitacura	40,144	4	2,573	6.41	804	-	-	21.67	0.59
<b>TOTAL SANTIAGO</b>	<b>1,698,088</b>	<b>104</b>	<b>89,167</b>	<b>5.25</b>	<b>-8,871</b>	<b>116,189</b>	<b>126,554</b>	<b>21.3</b>	<b>0.58</b>

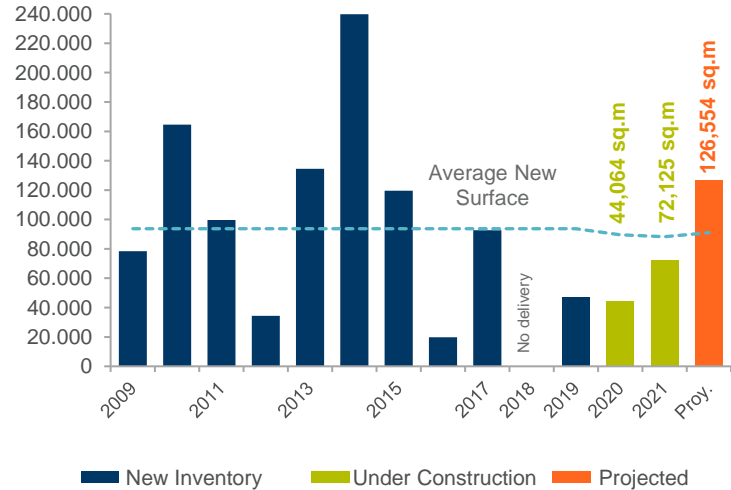
(\*\*) Corresponds to rentable Surface according to available information.

(\*\*\*) The Unidad de Fomento is a unit of account used in Chile, readjusted according to the inflation. Its value 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 September 24th, 2020: 1 UF = CLP \$ 28,702.11 = USD \$36.73; 1 USD = CLP \$ 781.44.

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



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



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