

SANTIAGO

Office Q1 2023



YoY Chg 12 – Mo. Forecast

11.17 %
Vacancy Rate



10.128
Net Absorption, (Sq.m) Q1 2023



22.8
(*) Asking Rent, USD



ECONOMIC INDICATORS Q4 2022

YoY Chg 12 – Mo. Forecast

7.9 %
Unemployment Rate (Q4.22)



8.3 %
GDP Variation (Q4.22)



11.9 %
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 289- March, 8th 2023.

OFFICE MARKET OUTLOOK:

The First Quarter of 2023 ends with a vacancy rate of 11.17%, representing an available area of 193,727 sqm, an increase of 3.21% compared to December 2022 and a positive year-on-year variation of 17.43%. The increase in vacancy is mainly due to the vacancy of 9,800 sqm in a building in Apoquindo and the entry of new offices to the Nueva Providencia submarket, with a vacancy of 53%. This final reception corresponds to towers 1 and 3 of "Mercado Urbano Tobalaba" project, which adds a total of 16,330 sqm to the inventory. Tower 2, which is fully leased, is expected to be delivered very soon. During the last year there has been a strong trend towards buildings with high levels of architecture, location, finishes and security, the so-called "trophy buildings", which represent at least one third of the net absorption. On the other hand, some buildings are facing the dilemma of having to adapt to the new demand in order to be competitive, for which they should generate investment strategies and thus try to preserve their income and value, for example by improving amenities and facilities and renewing their sustainability proposal. An analysis of this phenomenon for the United States and Canada can be found in Cushman and Wakefield's global report "Obsolescence Equals Opportunity".

SUPPLY AND DEMAND:

Quarterly net absorption closes at 10,128 sqm, a 400% increase vs. the 2022 monthly average, which was approximately 2,500 sqm. Positive absorption shows a 40% increase vs. the quarterly average of 18,441 sqm and is centered in El Golf submarket, which accounts for 77%. Negative absorption shows a strong increase, due to the vacancy of a building in Apoquindo submarket, due to the merger of two companies, which unify their operations in a single building in Ciudad Empresarial. Negative absorption is led by the Apoquindo submarket, with 57% of share.

PRICE

The asking lease value this quarter is 0.51 UF/sqm, showing a slight 8% decrease, directly influenced by the almost 10,000 sqm mentioned above. It is important to mention that this quarter only 9 buildings lowered the price of their lease offers, as opposed to the previous quarter, when there was a price adjustment in 23 class A buildings. The rental value in dollars is 22.8 / sqm, a figure that increased again due to the 5% drop in the exchange rate, bringing the dollar closer to \$800, and the UF, which increased by 2% this quarter, as it is adjusted for inflation

SURFACE DEMAND / CONSTRUCTION COMPLETIONS



OVERALL VACANCY & AVERAGE ASKING RENT



OFFICE MAP WITH SUBMARKET DIVISION / SANTIAGO / CHILE

ECONOMIC OUTLOOK

Central Bank of Chile's December 2022 report confirms that economic activity increased by 2.4% over the previous year, in the first part there was a growth in domestic demand, which slowed down in the second half of the year. Commercial activity also exhibited a drop, with mining and manufacturing having the greatest impact on this figure.

Economic activity in 2022 was driven by services, particularly personal, business and transportation services, this is evidenced by some positive demand that can be seen in the premium office market. Construction activity increased marginally at 0.6%, led by housing.

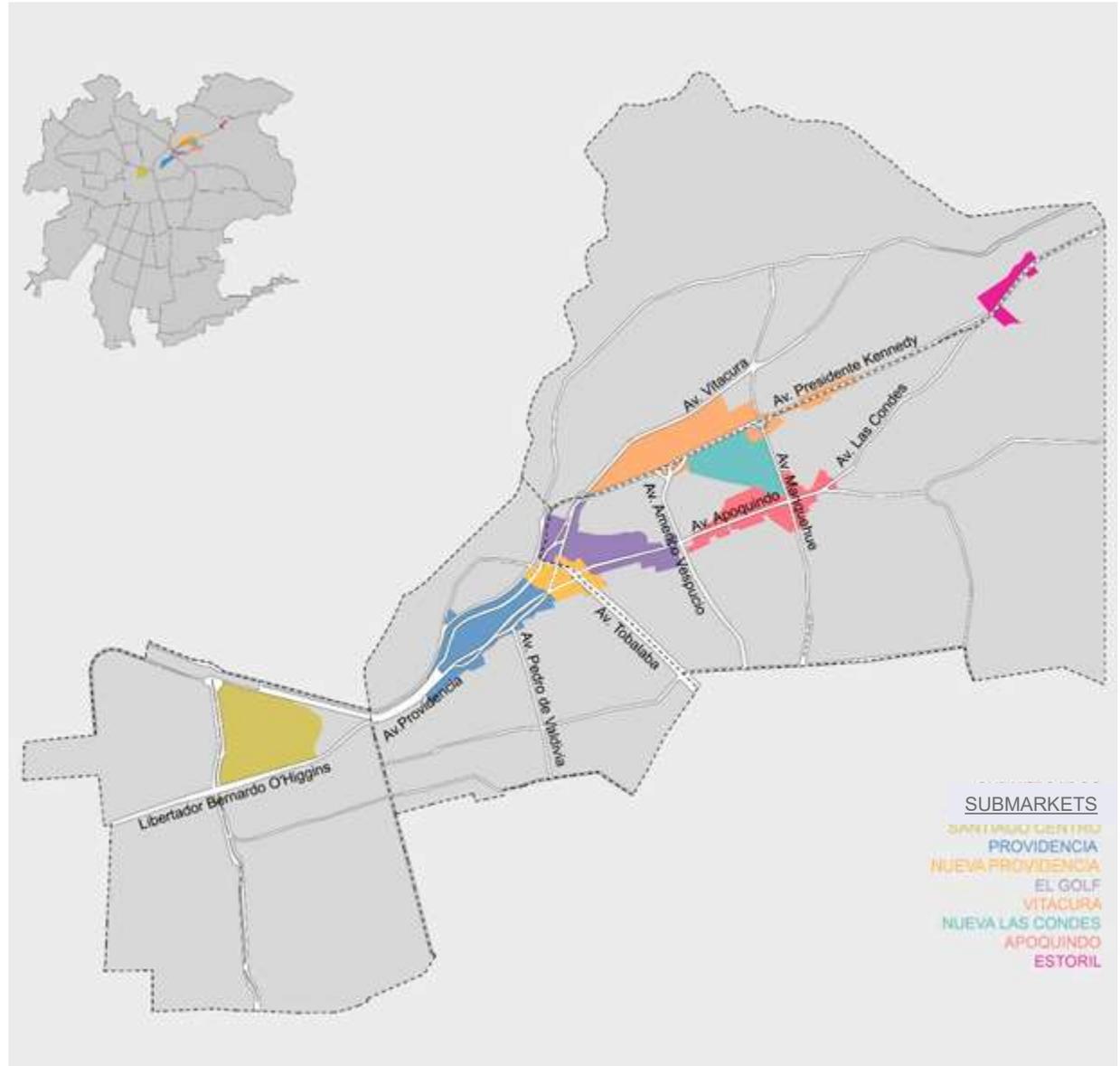
The unemployment rate is observed constant, ranging between 8.0% and 7.9%, 2 p.p. higher than in 2021, this indicator could improve as the stagnation of the economy becomes less profound.

FUTURE OUTLOOK

During 2023, the addition of 4 buildings is expected, which are located in three different submarkets: El Golf, Vitacura and Nueva Providencia, totaling 40,670 sqm, adding this figure to what has already been added, this year could have a total production of 57,000 sqm, 19% more than in 2022.

In 2024, two new projects will start construction, which will consolidate the intersection of the Apoquindo and Manquehue corridors, with mixed proposals, including retail, self-storage and multifamily. There are 122,804 sqm of proposed projects, which are presumably speculative, as developers are still in a state of "wait and see", paying attention to the increase in demand for offices in order to make decisions on the destination and adjust their project to the type of product that users are looking for.

This year will be decisive for the definition of these projects; it is forecast that construction may begin on one or two of the proposals, which correspond to 24% of the total new surface area. The rest will most likely be postponed, as they are two stages of a larger project in the process of leasing its initial stages.



- SUBMARKETS**
- SANTIAGO CENTRO
 - PROVIDENCIA
 - NUEVA PROVIDENCIA
 - EL GOLF
 - VITACURA
 - NUEVA LAS CONDES
 - APOQUINDO
 - ESTORIL

MARKET STATISTICS

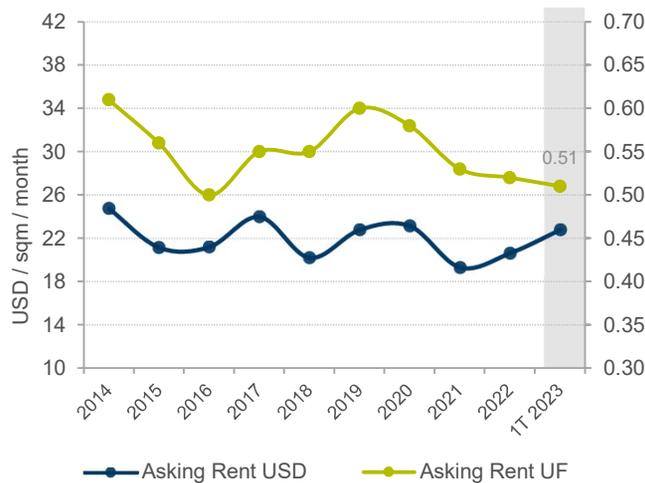
SUBMARKETS	INVENTORY CLASS A (*)	NUMBER OF BUILDINGS	AVAILABLE AREA (SQ.M)	VACANCY RATE (%)	ANNUAL ABSORPTION TO DATE (SQ.M)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (**)	OVERALL AVG ASKING RENT CLASS A (USD/SQ.M /MONTH)	AVERLL AVG ASKING RENT CLASS A (UF/SQ.M/MONTH) (***)
El Golf	703,428	41	45,697	6.50%	11,585	10,075	0	23.0	0.52
Nueva Las Condes	420,165	25	41,102	9.80%	920	0	0	24.4	0.55
Apoquindo	182,430	11	20,974	11.50%	-11,882	61,069	29,489	22.3	0.5
Estoril	30,809	4	3,746	12.20%	-868	0	0	18.8	0.42
LAS CONDES	1,336,832	81	111,519	8.30%	-245	71,144	29,489	23.0	0.52
Santiago Centro	195,598	11	29,634	15.20%	-394	0	0	15.8	0.35
Providencia	50,510	2	8,513	16.90%	-645	15,635	0	19.6	0.44
Nueva Providencia (*)	115,591	7	35,116	30.40%	9,719	67,151	93,315	27.7	0.62
Vitacura	36,255	4	8,945	24.70%	1,693	7,508	0	25.1	0.56
TOTAL SANTIAGO	1,734,786	105	193,727	11.20%	10,128	161,438	122,804	22.8	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.

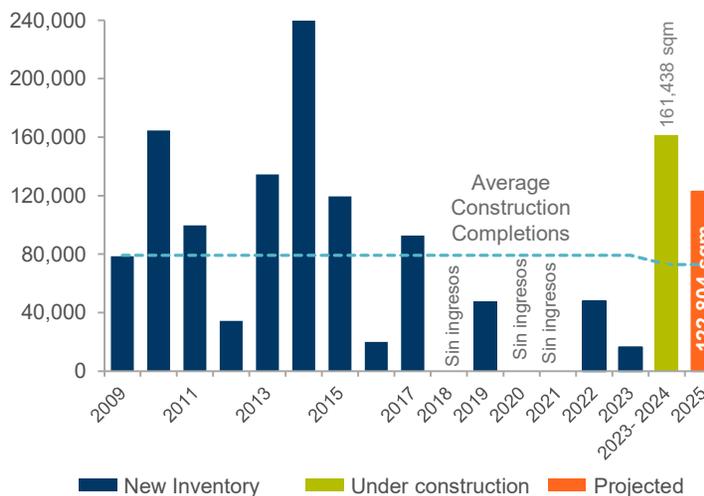
(***) The Unidad de Fomento is a unit of account used in Chile, readjusted according to the inflation. Its value it is adjusted daily by the Central Bank of Chile accordingly to the CPI index calculated by the National Institute of Statistics (INE); its code ISO 4217 is CLF. Data up March 15th, 2023 1 UF = CLP \$ 35,593.86 = USD \$ 44.49 ; 1 USD = CLP \$ 800

ASKING RENT

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



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



GUSTAVO VALENZUELA

Director of Brokerage

+56 994 483 764

Gustavo.valenzuela@sa.cushwake.com

ROSARIO MENESES

Market Research Leader

+56 999 492 991

Rosario.meneses@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 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 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. cushmanwakefield.com