CAPITAL MARKETS

SOUTH AMERICA

CUSHMAN & WAKEFIELD

Summary

Executive Summary

South America's real estate market has a long way to maturity and offers great potential for the development of an institutional environment. It is challenging to compare the countries on a regional basis due to different sizes, depths and transparency of the markets. Additionally the analyzed countries are facing different economic situation and forex policies, partly justifying the disparity of asking prices.

[1]Until Nov 2019 (Source: B3)

Santiago, which is ranked first in the region in terms of built area and working age population, has 2.4 sq.m/individual far below cities such as Atlanta and Boston, which have rates of 16.5 and 13.5, respectively.

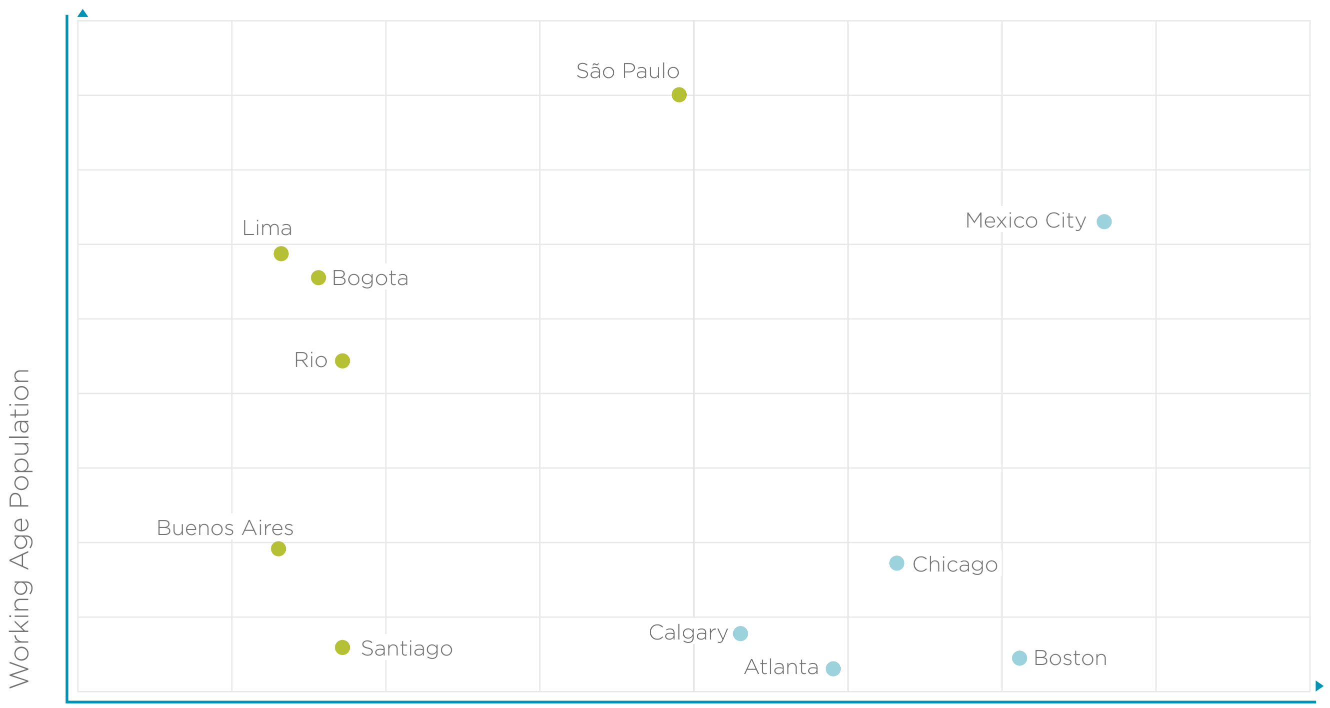
Coupled with potential for development, the analyzed countries have shown resilience even in periods when global economy is slowing down. In specific markets such as Lima, real estate market indicators are at their healthiest levels historically and an increase of 9.5% is expected in the prime office inventory until 2022.

Brazil, which has the largest economy in the region, has the widest variety of ways to invest in real estate. In the Brazilian Stock Exchange (Bovespa) more than 200 real estate investment funds are traded, guaranteeing almost 600[1] thousand investors access to the real estate market. In turn, neighboring countries still have a long way to go when it comes to investment alternatives.

Argentina is the second largest economy in South America, although the country lives a particular economic situation among the analyzed markets. Nonetheless, the country has more than 697 thousand sq.m in its pipeline of prime buildings to be developed by the end of 2022. An area equivalent to 52% of the current inventory of class A buildings, indicating that the market is ready for further expansion even with the unfavorable economic scenario. Besides the capitals of Peru, Colombia and Chile stand out for, the healthier macroeconomic indicators, the resilience in delivery of new buildings and the occupancy rate, even with rising global risks.

In general, South American countries are performing well, although some countries in the region are still at greater risk than others, creating different scenarios and market moments for each city, reflecting on the cap rates. Among the analyzed markets, Chile is the most stable in the long run and with more compressed real estate investments return. Despite having the lowest risk in South America, the return still higher than countries with more developed markets like the European and the North American.

Working Age Population VS. Prime Inventory

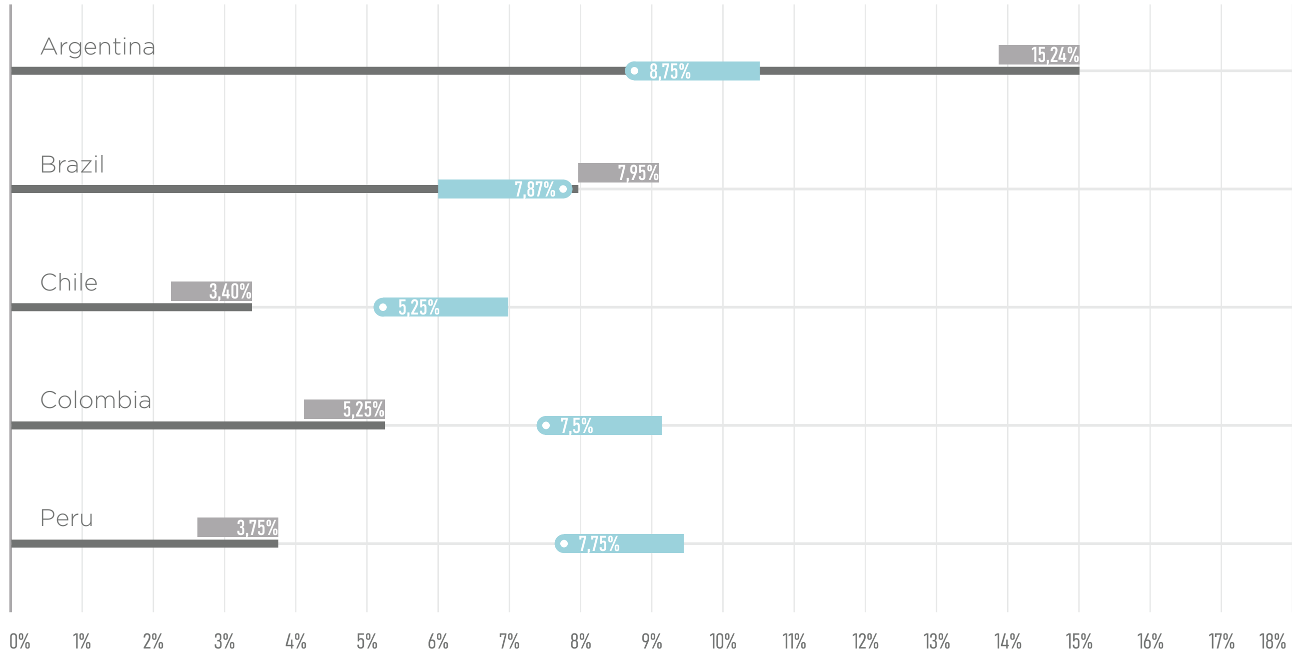


Prime Inventory

Source: Cushman & Wakefield

When comparing cap rates in prime offices and returns of the local government treasury bonds, the least attractive country is Argentina, where investors have a lower return investing in real estate than investing in argentine government bonds. And the largest spread is found in Lima, as the prime office market is resilient over time with constant deliveries accompanied by large absorptions over time.

Local Government 10Y Bonds VS. Cap Rate 2019*



■ Tbond 10 Years (Collected: 01/09/2020)
○ Cap Rate 2019
Source: Oxford Economics; Cushman & Wakefield

*Cap Rates are merely indicative and may not reflect accurately current pricing due to lack of transaction in some countries

Marc Royer
Managing Partner
Capital Markets
South America

"As institutional investors increase their asset allocation to real estate across South America, we have experienced continuous cap rate compression in most of our markets, **increasing liquidity**, cross border investment strategies, and providing clearer exit strategies for international capital looking to enter in the region."

Economic Outlook

> "[...]despite being dependent on the developed economies, the region has room to grow, offering untapped markets, including some real estate sectors."

South America

Global economies are in a slower growth rate, as the world's GDP expected by 2019 should be the lowest since 2010, not different from South American countries which shows growth rates lower than the last ten years average.

The US-China trade war helps explain this phenomenon, as the dispute has created uncertainty towards the global economy´s direction and as consequence, China, has been decreasing its demand for South American products and commodities.

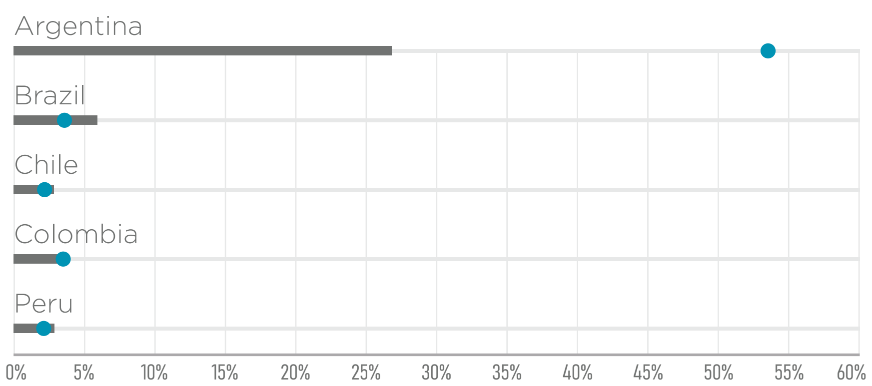
Average GDP Growth (2009-2018) VS. 2019 GDP Growth*

▪ Average 2009-2018 ▪ 2019

Source: Oxford Economics

*2019 indicators are forecast.

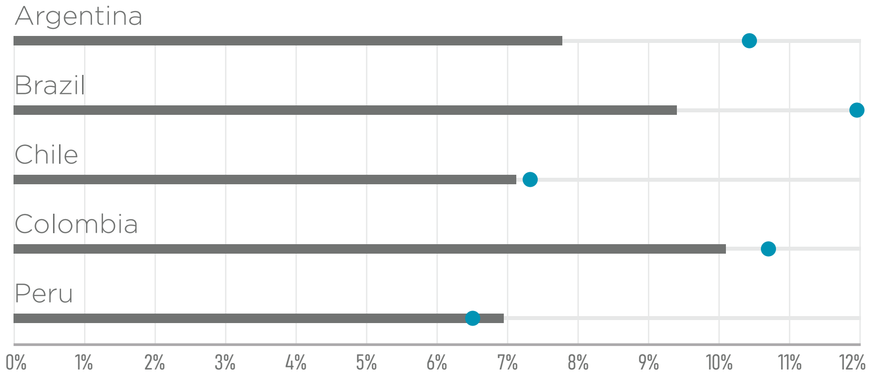
Average Inflation Rate (2009-2018) VS. 2019 Inflation Rate*



▪ Average 2009-2018 • 2019

Source: Oxford Economics

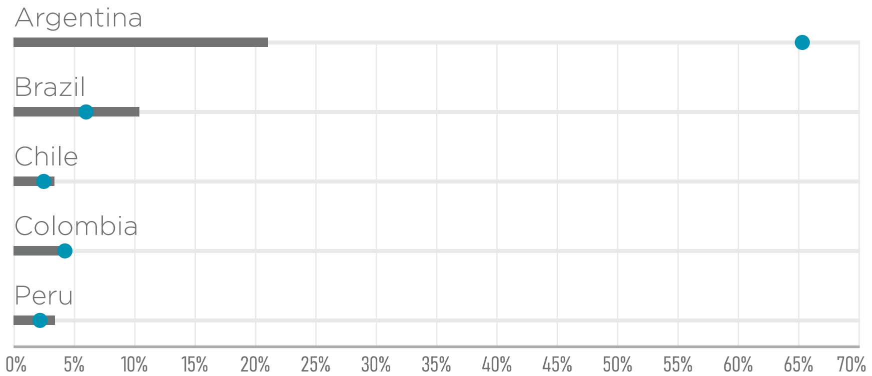
Average Unemployment Rate (2009-2018) VS. 2019 Unemployment Rate*



▪ Average 2009-2018 • 2019

Source: Oxford Economics

Average Interest Rate (2009-2018) VS. 2019 Interest Rate*



▪ Average 2009-2018 • 2019 (Period Avergage)

Source: Oxford Economics

*2019 indicators are forecast.

Despite the adverse global scenario, the countries that stood out regionally in the last five years were Colombia, Peru and Chile, with yearly growth above 3% in average. This behavior indicates that, even though they are dependent on the developed economies, the region has room to grow, offering untapped markets, including some real estate sectors.

Consumer price index in those countries was expected to be at higher levels with the regional economic expansion, showing high confidence and high domestic demand. However, countries such as Peru, Colombia and Chile have historically controlled their levels of inflation, reaching a maximum of 3.8%, and the domestic demand is expected to warm even with this adverse global scenario.

The 2019 expected growth rate in all analyzed countries is lower than average over the past decade, unlike the US and Eurozone that are forecasting a higher growth rate. Unemployment, on the other hand, does not follow the same pattern, only Chile and Peru among South American countries expect a reduction in unemployment rate while the other countries project an increase when compared to the last decade.

Local Economic Outlook

The largest country in the region suffered from economic volatility and low legal certainty during the past three years, which appear to be the biggest obstades in attracting capital, as well as tax complexity.

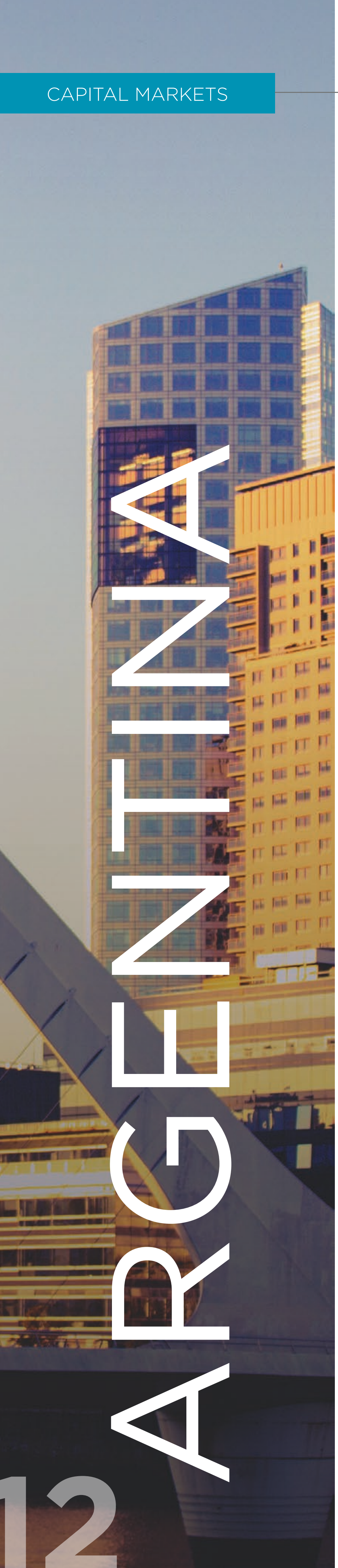
Between 2014 and 2016, Brazil went through the worst economic crisis in its history and, after the presidential elections in 2018, an injection of optimism hit the market with President Jair Bolsonaro's reform agenda. Even with the approval of the pension reform in the last quarter of 2019, the forecast economic growth for 2019, still low, 1.11%.

In the second quarter of 2019, Mercosur signed a free trade agreement with the Eurozone, but the agreement was frozen after the scandalous positions adopted by the Brazilian president regarding Amazon rainforest bushfires, which did not please the international community. Although the economic scenario has not reached the expected growth levels for 2019. Brazil is slowly recovering, inflation is under control; the interest rates have historically been at their lowest levels and unemployment have been steadily falling. The last two years have been a transitional period, between exiting the crisis and getting back on the path to growth.

> "We are expecting a great year for the Brazilian real estate market, with the economy going back on track and historically lower interest rates. Investment Funds are investing aggressively over the past couple of years. Sao Paulo´s market reached its best moment since 2014's crisis and Rio de Janeiro is building its way toward recovery."

Celina Antunes

CEO South America



ARGENTINA

Herman Faigenbaum

Executive Managing Director
Southern Cone

"Despite the current economic situation in the country, Argentina has a sub-offered market for premium offices, with the highest rent value per square meter in the region and one of the lowest vacancy rates. Clearly this is a market waiting for investments in order to fulfill the demand."

The last 20 years have been marked by high volatility in both economic and political fields, creating a scenario of constant uncertainty, often driving away foreign capital. Despite being the second largest economy in South America, Argentina's macroeconomic indicators are the most alarming among the analyzed countries. Over the past decade, the average growth has been 1.03% and the forecast for 2019 is a retraction of 2.81%.

During Mauricio Macri´s presidency, several political and economic reforms were made to provide a safer environment for foreign capital which, for a long time was chased away by predecessor governments. However, short-term reforms generated a shock to their economy that was highly dependent on subsidies and was unprepared for the process that followed.

In 2018, a USD 57 billion IMF agreement was signed and 3 months after receiving the first installment of the loan in 2019, Macri lost the primaries election, increasing the risk of default. The instability generated by the defeat, allied with poor growth, led the economy minister to declare a moratorium over the IMF.

With expected inflation over 53.5% in 2019 and the election of left-wing party, president Alberto Fernández, whose vice president is former president Cristina Kirchner, increased uncertainty about the country's economic future.

CHILE

The country with the highest HDI[1] in South America is also the one with the most stable economies in south american region. The average GDP growth over the last 10 years was 3.1%, which ensures a prominent position among the highest growth rates between the analyzed countries. The Chilean economy is marked by high degree of freedom and integration with the most developed economies, making Chile one of the few countries in South America that followed the world economic cycle with a fall in GDP among 2008 and 2009, also marked by a strong recovery and a long period without crisis. Unlike Brazil and Argentina that have a countercyclical profile because of countless governmental interventions in the economy, with a period of crisis and expansion isolated from other nations.

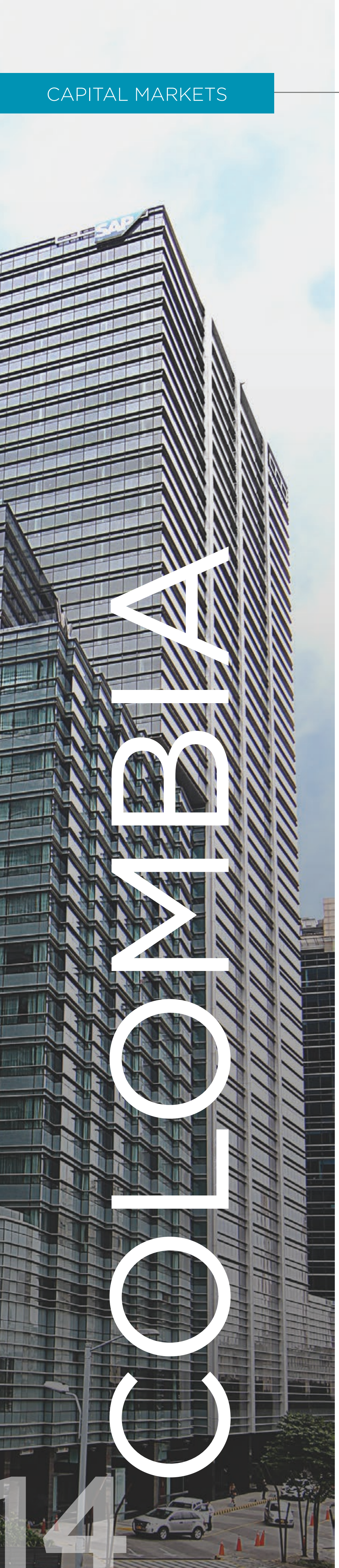
In this scenario, the Chilean economy is slowing down along with the other developed economies, despite having one of the lowest unemployment levels and the lowest interest rates among the analyzed countries. Chile's strong indicators attract not only more conservative foreign investors, but also a significant portion of their own pension funds. These excesses of liquidity increase the properties prices and compress the cap rates.

[1]HDI 2017 (Source: UNDP)

"The combination of high liquidity, low cost of capital, and broad access to attractive debt finance makes Chile's real estate market stand out as one of the preferred investment alternatives in the region. Despite the slowing down of the economy, local investors are still keen to increase their asset allocation to real estate, and will continue to export capital in the Andean region."

Ariel Benzaquen

Chile Country Manager



COLOMBIA

Juan Delgado

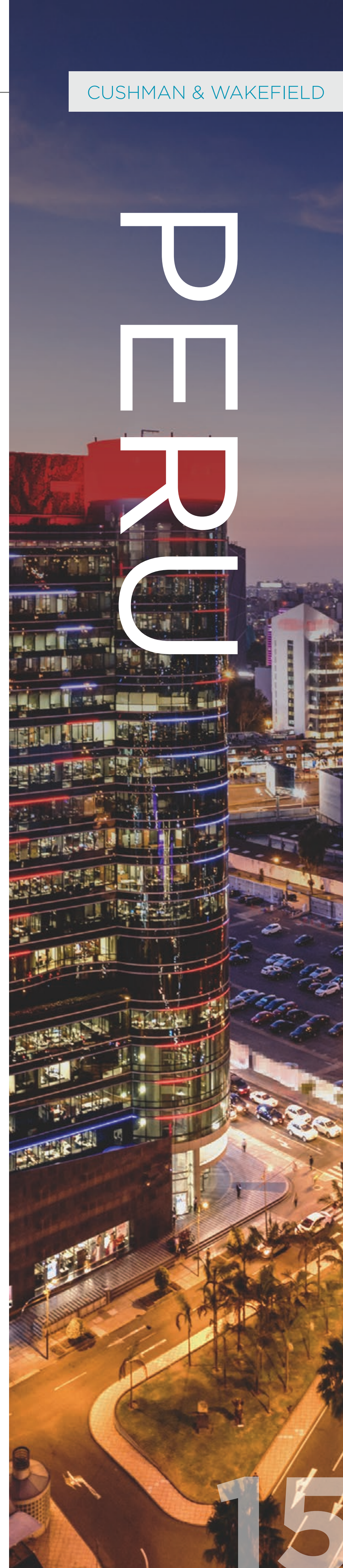
Colombia Country Manager

"The colombian economy is one of the most stable and fastest growing in South America, which makes it highly attractive. However, legal reforms are still required in order to attract more foreign investors. It is expected that as the recommendations of the Capital Market Mission are implemented, the investment environment in the country will improve."

The second most populous country in South America and the third largest economy in the region, had the second highest average growth among the analyzed countries, with an average of 3.5% the last decade, and is expected to grow 3.25% in 2019, ensuring steady growth even facing a global downturn. Inflation is expected to end 2019 with a decline compared to the average of the last ten years.

Like to other South American countries, Colombia is a major exporter of commodities that suffered with the global economic slowdown. However, domestic demand and private investments have been resilient, supporting economic expansion. The country is implementing certain measures in order to boost the economy, as the Capital Markets Mission and the Economic Growth Law signed in late December of 2019 aiming to stimulate the business sector . It included special tax treatment for investments surpassing USD 345 million.

However, even with the economic expansion, the projected unemployment for 2019 is higher than the average over the past 10 years.



PERU

Peru had the fastest-growing economy over the last ten years. It grew 4.4% in average of the period and is expected to be the fastest-growing economy among the analyzed countries in 2019 too. In addition, Peru presented one of the lowest levels of inflation, unemployment and interest rates among other countries in the region.

The consistent results of the last decade have ensured the country's stable rating against the adverse economic scenario that affected Brazil, Argentina and Colombia. Following the global trend to reduce interest rates in order to stimulate more significant economic growth, the Peruvian interest rate has reduced over the last decade.

"Peru's real estate market has achieved positive development based on a stable social scenario and a strong local currency that has allowed peruvian and foreign funds to find business opportunities with the most attractive cap rates in the region."

Aissa Lavalle

Peru Country Manager

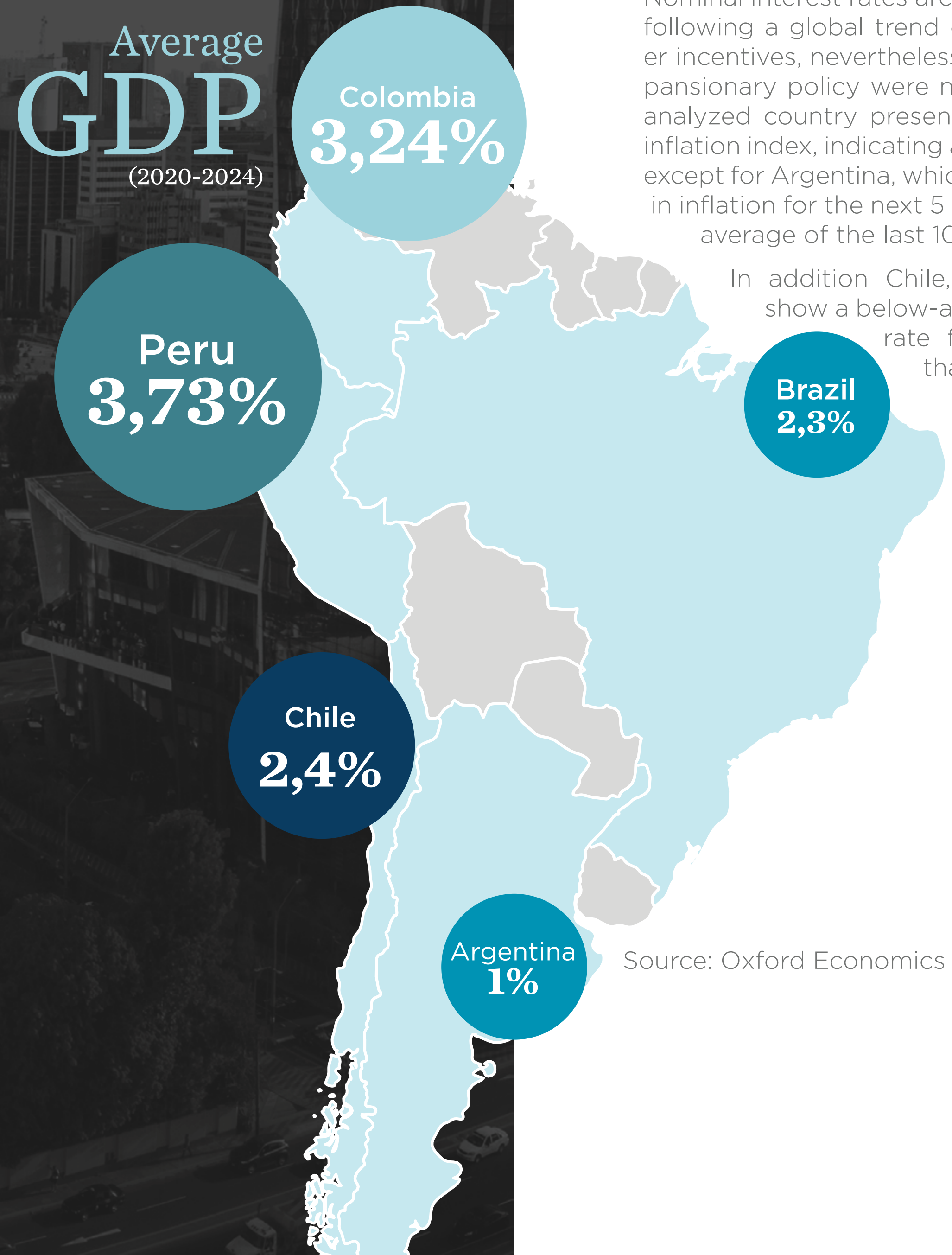
Economic Forecast

In the short term, South American countries are likely to be impacted by the risk of no deal Brexit and the increased trade dispute between the US and China. Both events represent a high power impact on the analyzed countries' economies, as they are dependent on both, the flow of foreign capital and exports.

The average growth rate for the next 5 years is lower than the last 10 for all analyzed countries, except for Brazil that went through an isolated financial crisis between 2015 and 2016 that impacted on the average. On the other hand, the country that presents the most fragility among those analyzed is Argentina, which should present an average growth rate of 1.01% over the next 5 years, a very low growth rate for the second largest economy in South America.

Nominal interest rates are on a downward trend, following a global trend of increasing consumer incentives, nevertheless the results of this expansionary policy were not as expected. Every analyzed country presented a decrease in the inflation index, indicating a reduction in demand, except for Argentina, which presents an increase in inflation for the next 5 years compared to the average of the last 10 years.

In addition Chile, Peru and Colombia, show a below-average unemployment rate for the next 5 years, than the observed in the last decade.



Source: Oxford Economics

Capital Markets

> "[...] four out of five South American countries´ stock exchange index reached their peak between 2018 and 2019..."

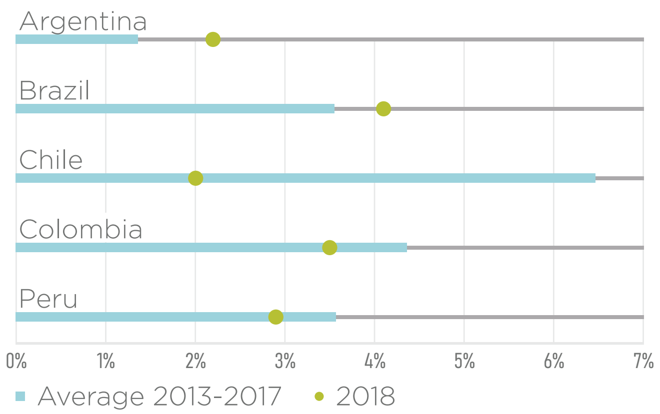
FDI INFLOWS 2018 (MILLIONS OF DOLLARS)

Source: World Investment Report 2019 (UNCTAD, FDI/MNE)

The South American capital markets remains underdeveloped compared to its European and North American peers but in the last five years the domestic demand has provided economic growth in some markets. In 2018 the main destination of Foreign Direct Investment (FDI) in South America was Brazil, that attracted more than USD 61 billion, representing 60% of the inflows in the region. Although Peru presented the fastest GDP growth in the past decade, it has experienced a reduction of FDI between 2016 and 2018, showing the power of the domestic demand. Moreover, the FDI inflows as percentage of GDP reduced in three countries in 2018, when compared with the five years average, mostly due to trade war between USA and China, that impacted negatively in the commodity prices.

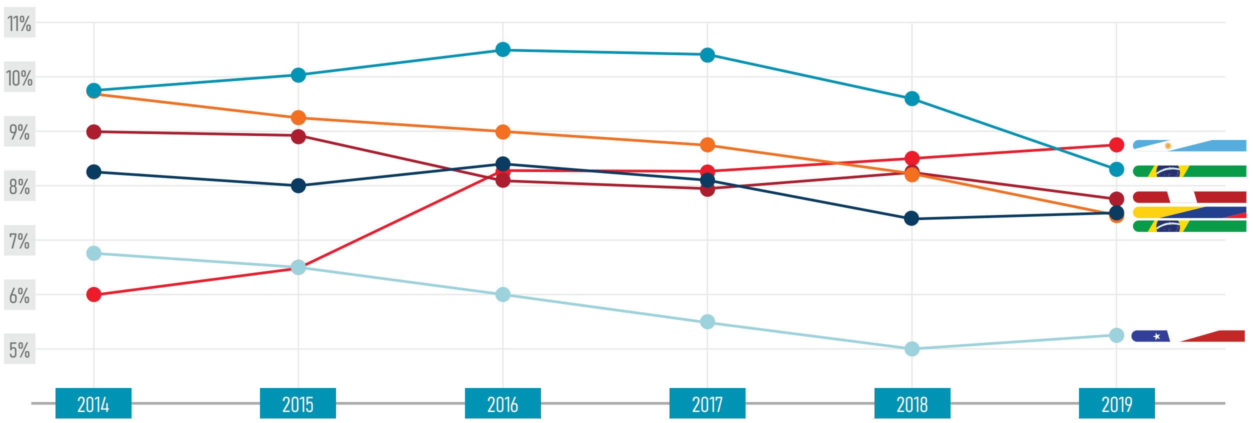
In addition, four out of five South American countries´ stock exchange index reached its peak between 2018 and 2019. Argentina's S&P Merval Index which is the most volatile in the region reached its peak in August 2019, just days before the government declared a moratorium to the IMF, provoking 37% fall in a single day. The Peruvian and Chilean exchanges reached their maximum values in the first half of 2018 and furthermore, Brazil, which overcame a crisis in 2017, renewed its historic BOVESPA index´s high in 2019.

FDI AS % OF GDP



Source: Oxford Economics

AVERAGE CAP RATE (ALL CLASSES)*



Source: Cushman & Wakefield

* Cap Rates are merely indicative and may not reflect accurately current pricing due to lack of transaction in some countries.

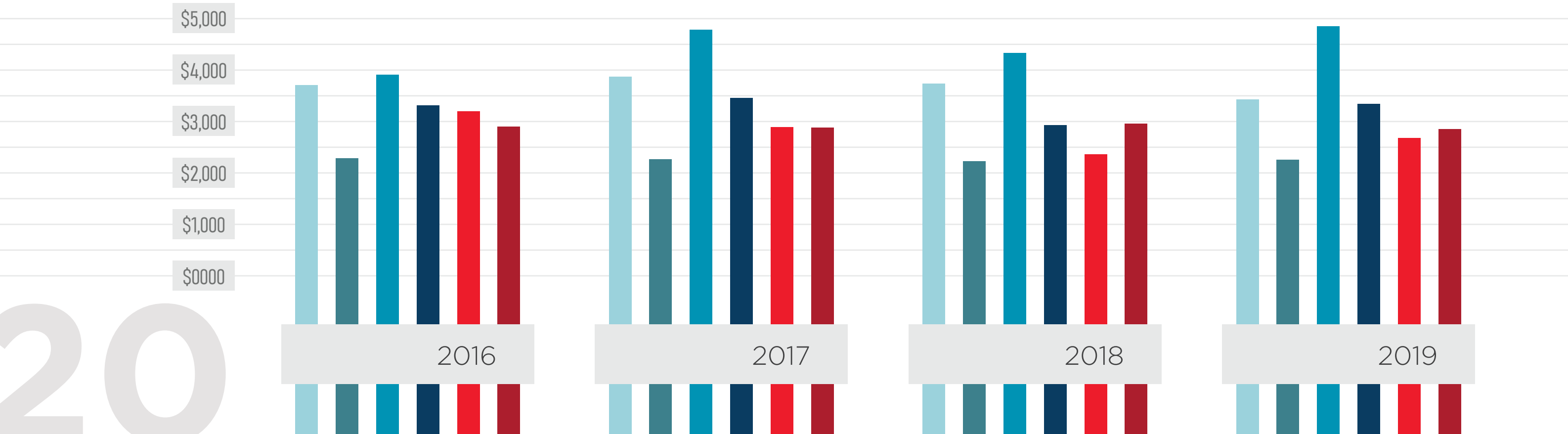
The Brazilian stock market has two major real estate market indexes, the IMOB and IFIX. The first one being an index that represents the most liquid publicly traded companies engaged in the real estate market and posted an average yield of 33.7% per year over the last five years[1]. Meanwhile, the IFIX represents the most liquid Real Estate Investment Funds traded in stock exchange. And it had an average yield of 22.7% per year over the last five years[1]. Among South American countries, Brazil has the largest number of exchange-traded Real Estate Fund market, with more than 200 and summing a total net worth of USD 22.23 billion and jumping to USD 31,18 billion when considering the 485 non-exchange-traded investment funds.[1]

The Merval Index, that tracks the most liquid stocks on the Buenos Aires Stock Exchange had its historical basis in 1986, however, in 2019, only few companies were traded on BMY, indicating a weakening of the Argentine stock market that has triggered a growing quest to go public in the US. The sector index that accompanies the Argentine real estate market is the “S & P / BYMA Argentina General Real Estate Index” which was launched in August 2019, very recent to create any kind of analysis and it is composed of only three companies. On the other hand, Santiago’s main stock index has 3.8% of it represented by real estate companies and the second largest real estate fund market among the analyzed countries, the funds industry registered in the first quarter of 2019 more than 95 funds.

Colombia’s stock market has returned 24.53% in 2019 and higher returns are expected as the country has attracted foreign capital seeking better returns for an economy that has been stable over time.

[1]Source: B3

CAPITAL VALUE (USD/sq.m)



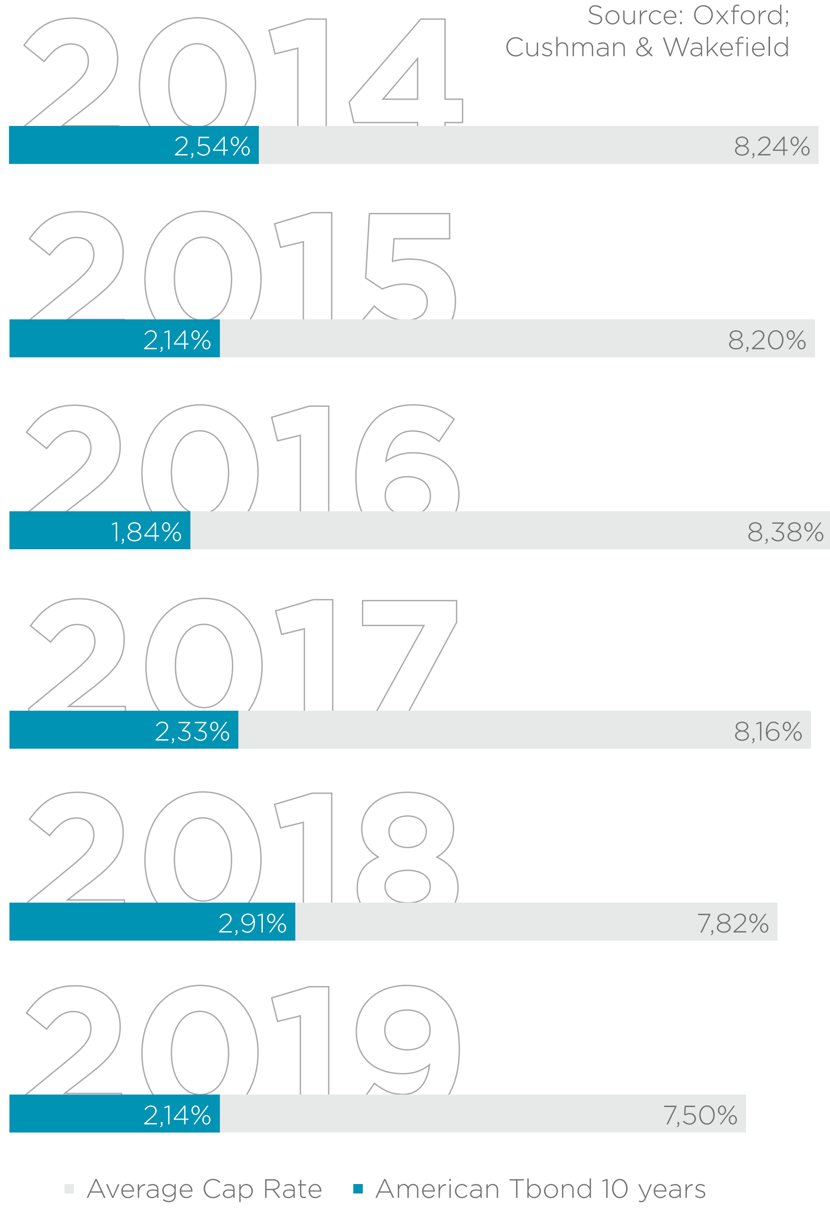
Source: Cushman & Wakefield

On the other hand, direct investments in South America also presents different realities for each city since each location is at a different moment of the real estate cycle, making the returns distinct from each other. Buenos Aires passed through a restricted access to Forex from 2011 to 2015, and it injected liquidity in real estate market and as consequence the cap rate was compressed by the high demand. After that policy ended, the demand for real estate investment decreased and the asking rental prices stabilized in the same level and since the vacancy rate was low and the pipeline of new deliveries are high, the cap rates have risen to overcome the country risk. São Paulo on the other hand, where vacancy and asking rental prices are decreasing (USD) and the pipeline of new deliveries by 2022 is 11% of current inventory, the cap rates are compressed, indicating excess of liquidity in the real estate market. The Shouth America cap rate decreased in 2019, almost due to the lowest interest rate, that garantees cheaper acess to debt financing and creates a high demand for all classes real estate assets, even prime buildings, that naturally offer lower capitalization rates than the average.

The returns on the prime market reached at the end of 2019 around 5% in Santiago and 7.5% in Lima, that stil higher than the US Treasure Bonds and the local government bonds.

SOUTH AMERICA CAP RATE VS. US TBOND 10 YEARS

Source: Oxford; Cushman & Wakefield



Office

2019

City	Asking Rent	Effective Rent	Gap
BUENOS AIRES	USD 27.70	USD 24.93	10% GAP
RIO DE JANEIRO	USD 23.69	USD 18.48	22% GAP
SANTIAGO	USD 22.75	USD 21.16	7% GAP
SÃO PAULO	USD 22.43	USD 20.64	8% GAP
BOGOTA	USD 20.20	USD 17.78	12% GAP
LIMA	USD 16.51	USD 14.53	12% GAP

The analyzed cities have a lot of opportunities for investors and developers. Sao Paulo, which is the most developed market among other South American countries, has the largest inventory, with a total of 3,98 million sq.m of corporative properties classes A and A+, far from Manhattan's 37,984 million sq.m.

For investors, the analyzed cities are in different moments of the real estate market cycle, and the gap between the asking rental prices and the effective rent is a thermometer of what side the market is more favorable, tenants or landlords.

Lima is at a tenants' favorable moment, as the asking rent is going down and the gap is growing, from 8% in 2014 to 12% in 2019. On the other hand, São Paulo is in transition, leaving the tenants´ favorable market and turning into a more landlord favorable, which could be seen by the gap that dropped from more than 20% in 2015 to 8% in the end of 2019, and in its turn Santiago is the most stable market among the analyzed countries, with gaps varying between 10% and 7%, the lower one in the region.

These distinct characteristics guarantee to the investor different types of investments, riskier or less, even if the cap rates are compressing in all analyzed cities. That is why institutional investors are looking for all South America markets searching for investments opportunities that could be allied with cheaper financing, providing clearer exit strategies for international capital looking to enter in the region.

CORPORATIVE PROPERTIES
A and A+

3,98M Square meters

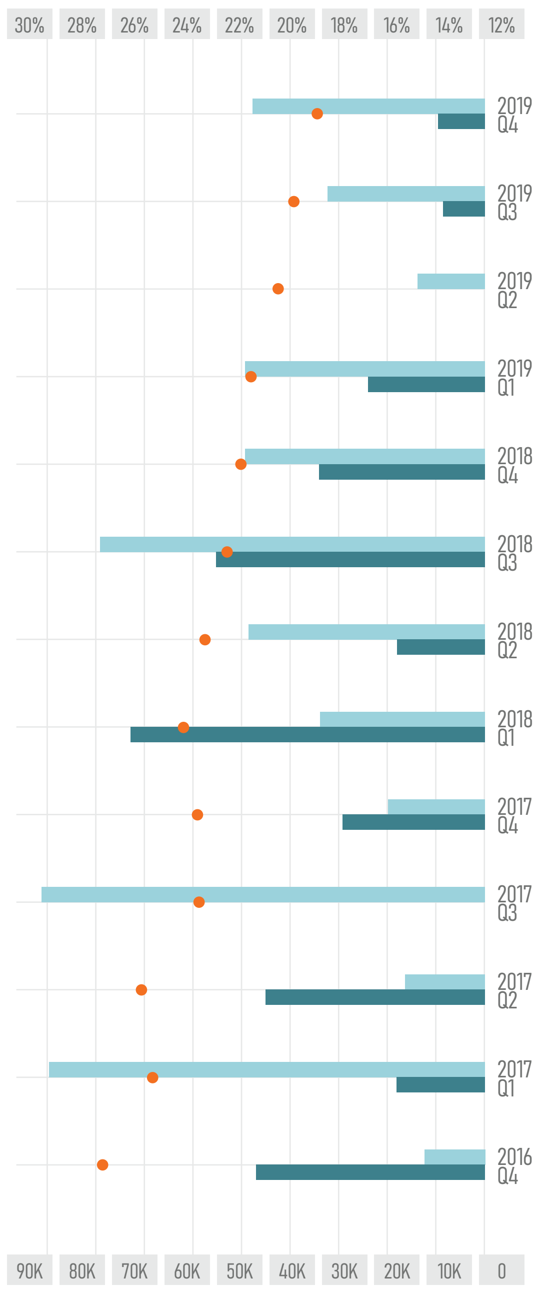
37,9M Square meters

"The market recovery has already impacted the city's rental prices and the number of new projects to be delivered by the end of 2022..."

São Paulo

SÃO PAULO PRIME OFFICE

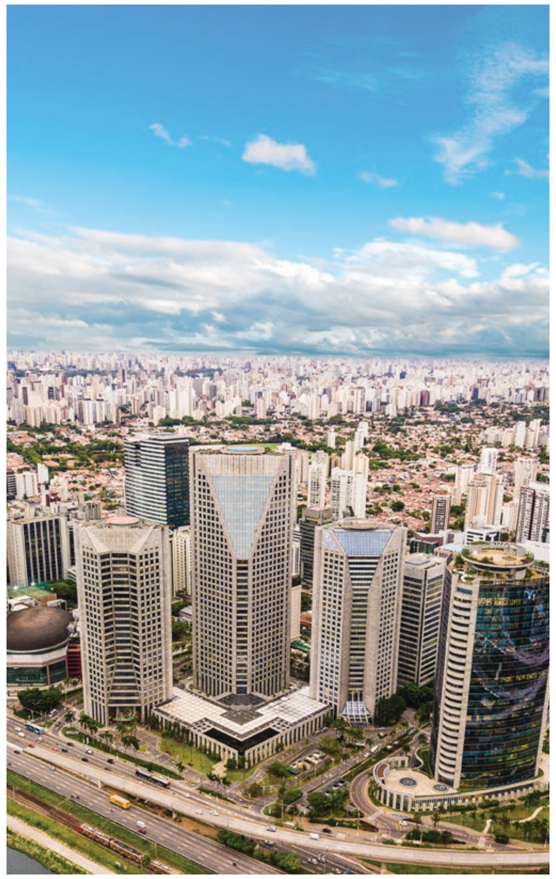
Vacancy (%)



Square Meters

Net Absorption
New Inventory
Vacancy

The biggest population in South America, the economic center, responsible for 17.9% of Brazilian GDP and counting with more than 12 million habitants, suffered a major recession in 2014/15, culminating in the city's highest historical vacancy rate in the fourth quarter of 2016 reaching 27,7%. With all-time high vacancy rate and a few new deliveries of prime office projects, the real estate market was favorable to tenants who were faced with a wide range of buildings to choose from and high power of bargain to move from older to newer buildings. During that period, the cap rates reached 9.7% - 9.2% respectively in 2014 and 2015 to offset the shrinking market risk.



One year later, during the second half of 2016 the presidential impeachment injected a new breath into the Brazilian economy and large tenants started the process of looking for new spaces for expansion and/or relocation of the headquarters in newer buildings, examples of this movement was Claro and United Health that together occupied more than 55 thousands sq.m in the first quarter of 2017, marking the beginning of the recovery of prime office market in São Paulo. The following quarters were also highlighted by major transactions, such as Banco do Brasil's 22 thousand sq.m in the Paulista region and Nestlé's 21 thousand sq.m new headquarters. Despite the recovery, one of the largest tenant in São Paulo was the coworking company, Wework with more than 126 thousand sq.m leased, increasing the risk of a high volume of departure, as a consequence of the company's turnover.

The market recovery has already impacted the city's rental prices and the number of new projects to be delivered by the end of 2022 which represents 13.7% of the current inventory, compressing the cap rates, that reached 7.4% in the end of 2019.

"Despite the adverse scenario in 2019, Rio de Janeiro had presented the higher net absorption since 2013..."

Rio de Janeiro

Prime offices are shrinking due to the same major recession of 2014/15 which impacted São Paulo, although Rio de Janeiro was particularly hit by the high concentration of tenants from the oil and gas industry that were target of the "Lava Jato's" investigations.

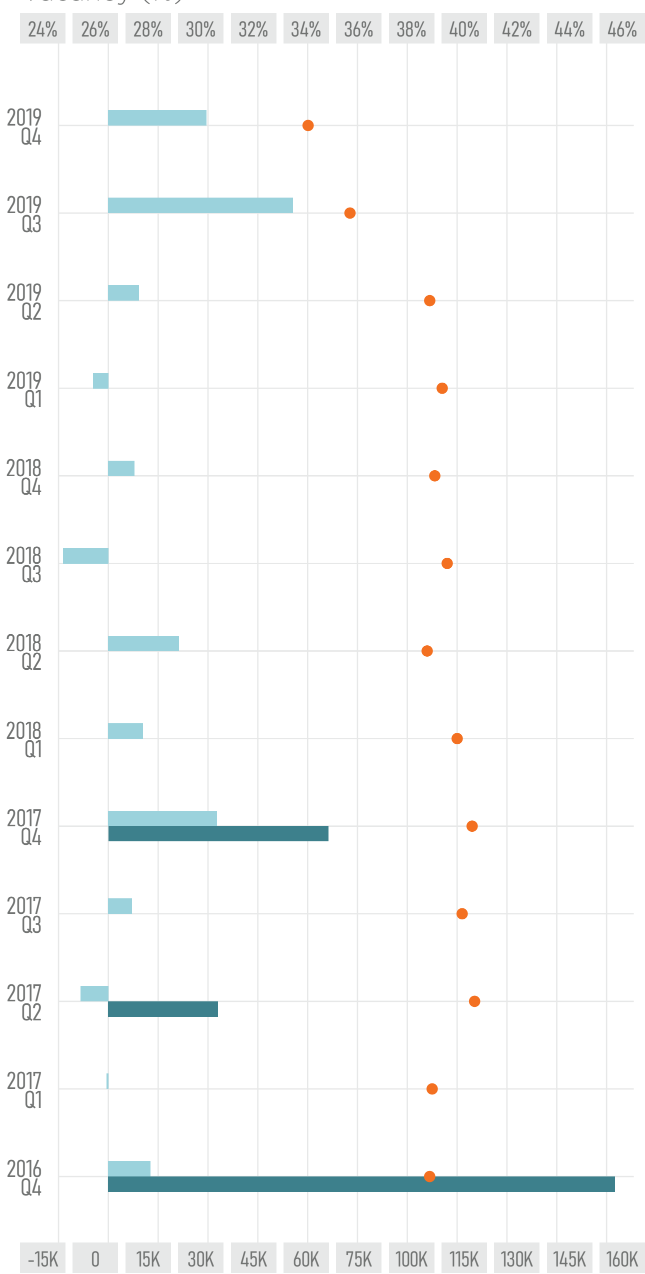
After hosting 2014 FIFA World Cup and Rio 2016 Olympic Games that took a lot of effort of Rio de Janeiro's local economy, combined with the national crisis, have thrown the state of Rio de Janeiro into a particularly strong recession.

Due to that circumstances, the vacancy rate in prime offices went from 17% in 2014 to 40.6% in 2017 and asking rent prices decreased by 12.3% over the same period, creating a tenant favorable scenario. However, different from Sao Paulo's market, Rio de Janeiro still suffers from high vacancy levels due to the still negative outlook which failed to improve its economic. Building projects in the city were canceled and projects had their works stopped, such as the new Central Bank´s headquarters in the Porto region. Almost 344 thousand sq.m project were postponed which is equal to 20% of the city´s prime office inventory.

As the Rio de Janeiro pipeline is still slowing down, the capitalization rates demanded by investors remain at high levels. Despite the adverse scenario in 2019, Rio de Janeiro presented the highest net absorption since 2013, indicating that the real estate market is still breathing and is preparing to recover.

RIO DE JANEIRO PRIME OFFICE

Vacancy (%)



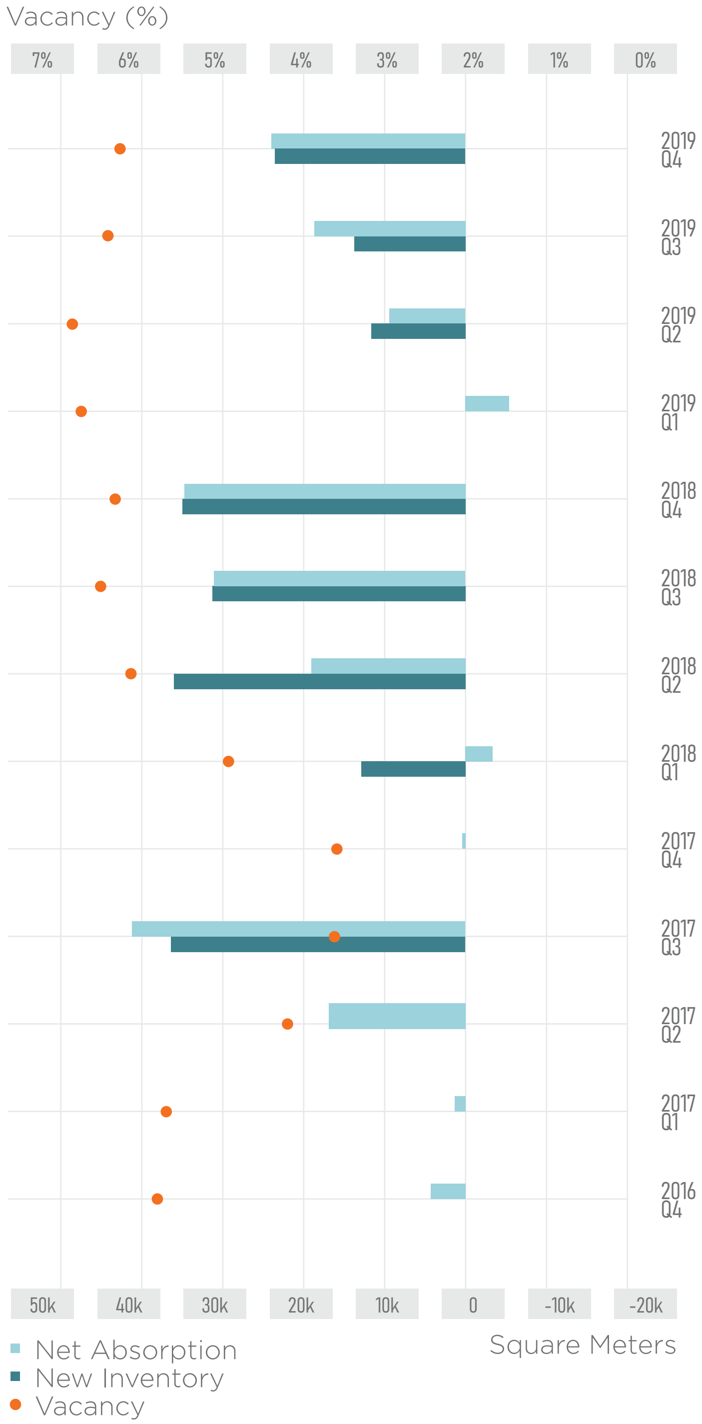
Net Absorption
New Inventory
Vacancy

Square Meters

> "In the last triennium, the financial sector was the one that occupied most of prime office area..."

Buenos Aires

BUENOS AIRES PRIME OFFICE



Even with its economy in recession, the city of Buenos Aires showed one of the lowest vacancies among the analyzed markets. Argentina's prime office market is small for the region's second largest economy – 1,3 million sq.m, with controlled space offering and few new deliveries in the last 3 years, the market is more owner-friendly.

On the other hand, the cap rates increased in the last six years, in face of the high risky of the country, and the policy that restricted acess to Forex, that is a commun type of investment in the country to protect of the high inflation.

Although supply is limited and the development market in the city of Buenos Aires is concentrated in the hands of a small number of players. That plan to deliverie by the end of 2022 almost 700 thousands of sq.m, that represents 52% of actual inventory.

In the last triennium, the financial sector was the one that occupied most of prime office area, such as the BBVA in Torre Catalinas Norte, occupying 48 thousand sq.m and Banco Macro which occupied 36 thousand sq.m in its new headquarters, both in the Catalinas region.

Santiago

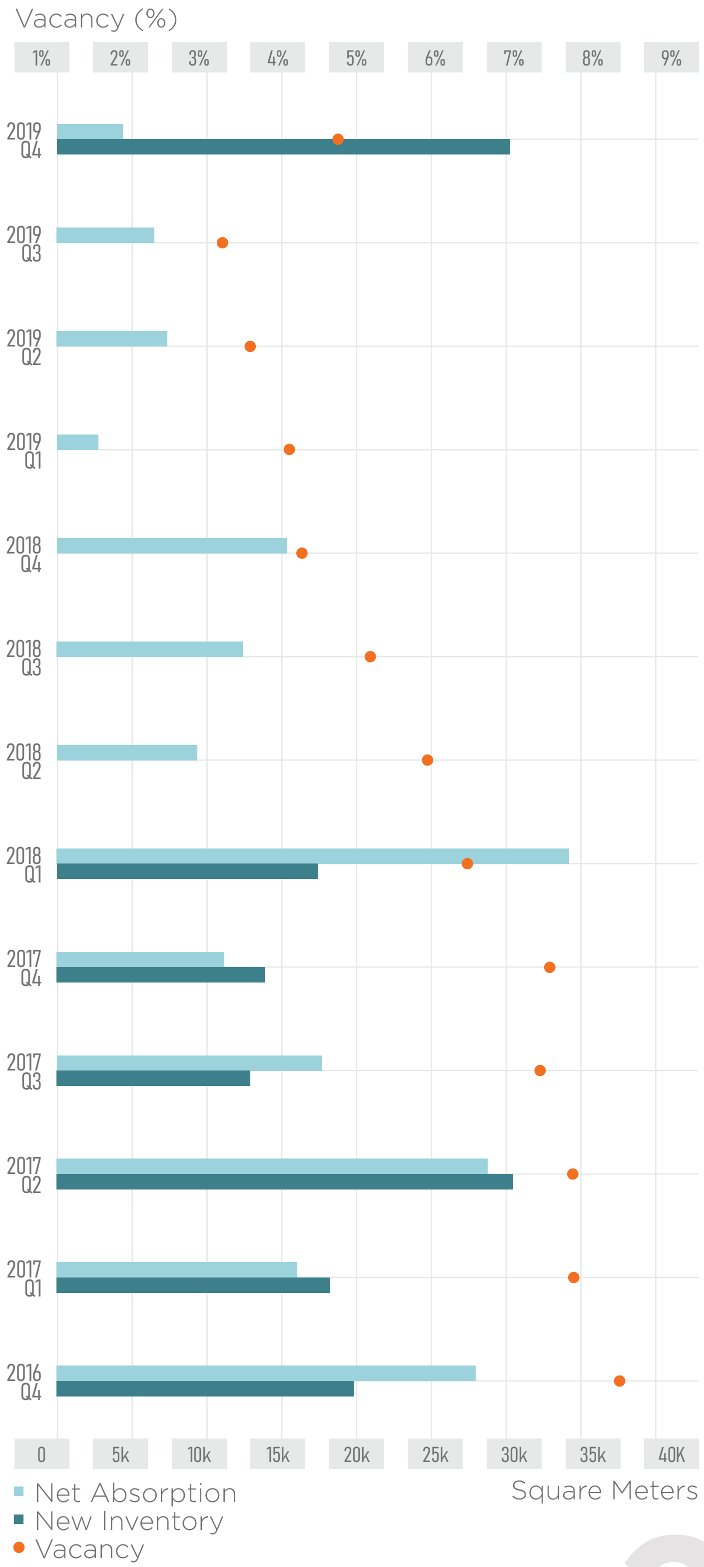
More than a year has passed without deliveries of prime projects in the Chilean capital, that combined with three consecutive years of positive absorption have contributed to the drop of the vacancy rates in the city.

In the current scenario, the real estate market is favorable to the landlords who control office supply. Furthermore, the combination of high liquidity, low cost of capital and easy access to debt finance, has pushed cap rate downwards during the same period.

The inventory of the prime office market in Santiago is 1.69 million sq.m, of which only 4.75% is vacant and by the end of 2020 is expected an increase of 6.9% in the Santiago's inventory, offering positive rental growth perspectives.

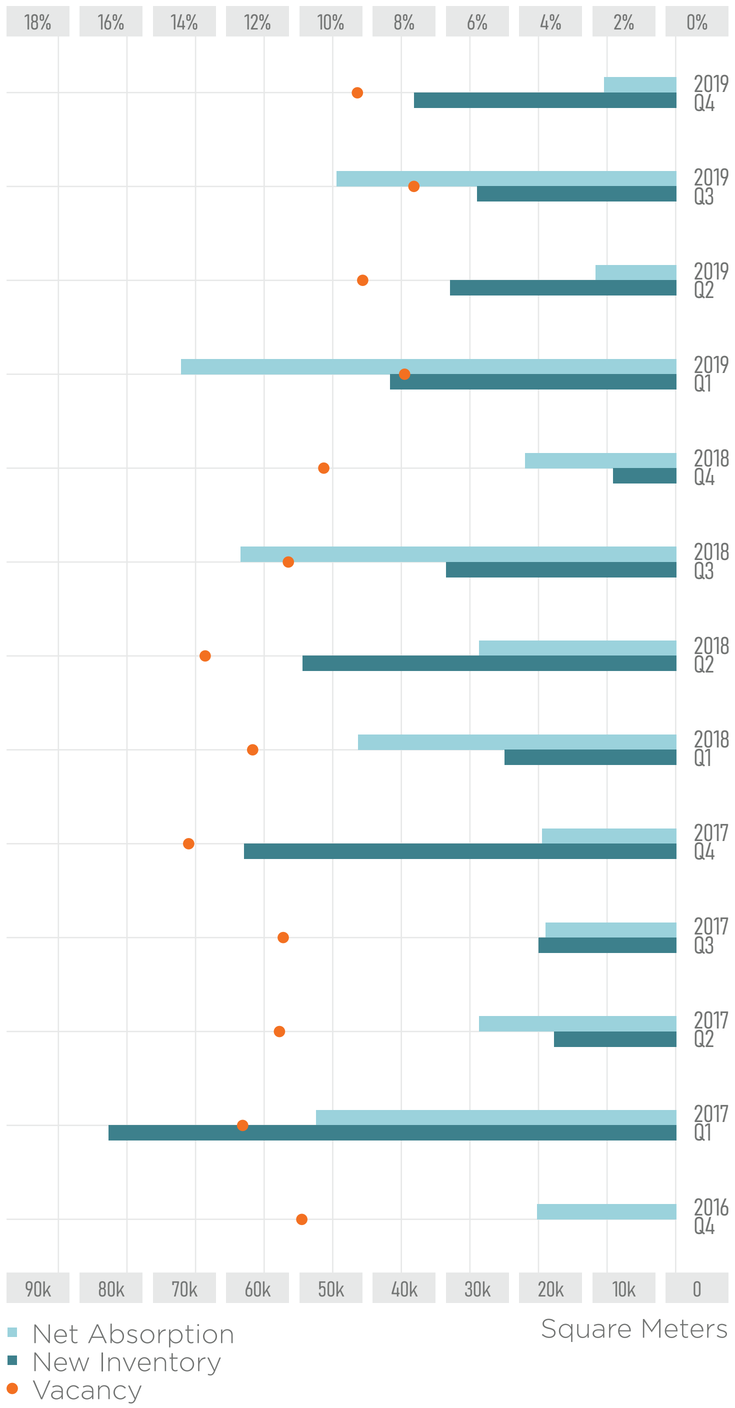
> "The inventory of the prime office market in Santiago is 1.6 million sq.m, of which only 4.75% is vacant..."

SANTIAGO PRIME OFFICE



“During analyzed period, approximately 446 thousand sq.m were delivered, representing 28% of all current inventory.”

BOGOTA PRIME OFFICE



Bogota

The Colombian capital, is one of the most prominent markets in the region.

Vacancy rates over the past three years have been below 14% in a market of 1.57 million sq.m, even with a constant supply of new buildings over time. During the analyzed period, approximately 446 thousand sq.m were delivered, representing 28% of all current inventory.

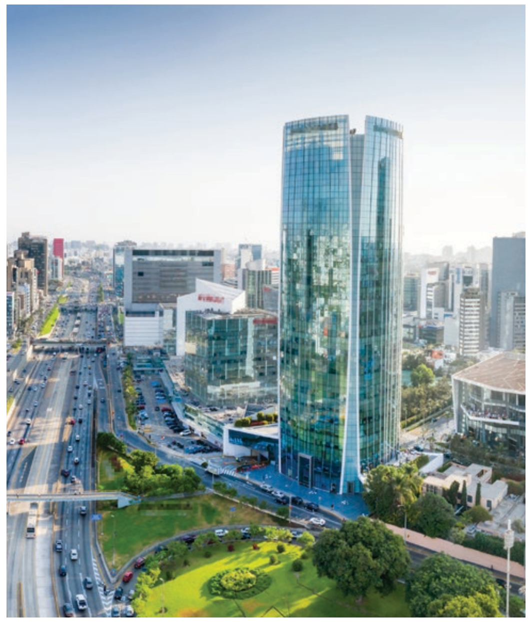
In a fast-growing market like Bogota, the absorption of new spaces is the main vector to keep vacancy under control, unlike Santiago, which has the lowest vacancy among the analyzed markets, but its main control vector is the lack of new projects.

In order to maintain the fast pace of new deliveries, an additional 267 thousand sq.m are expected to be delivered to the Colombian capital until the end of 2022. In this heated market moment, with constant new deliveries and equally impacting net absorption, the cap rates in the city are in a downward trend.

Lima

“Approximately 392 thousand sq.m of class A offices have been delivered over the past three years and another 151 thousand sq.m are expected until the end of 2022.”

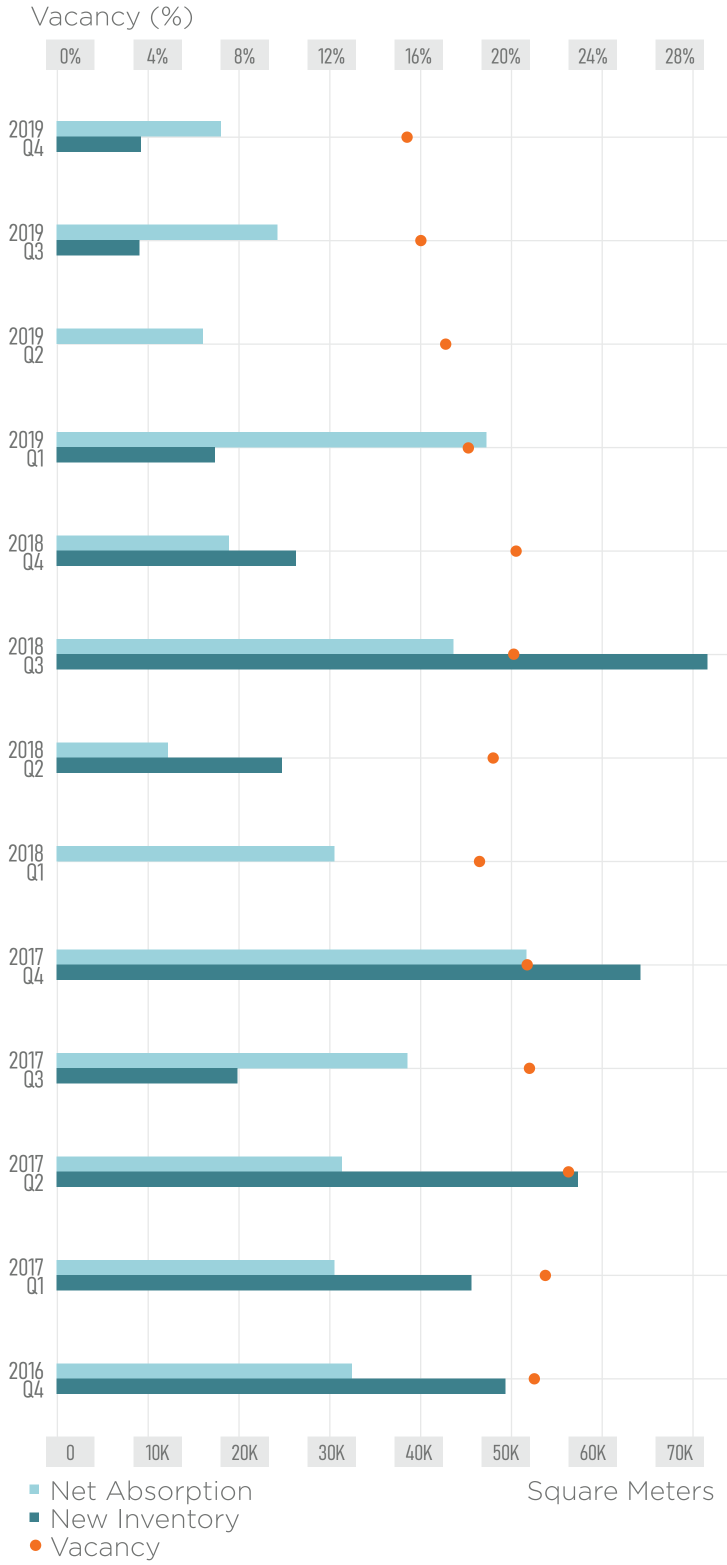
Lima’s office market as well as Bogota’s is heated, with new building deliveries and positive net absorption, however, Lima’s vacancy level is higher.



The Peruvian capital´s cap rates are also on a downward trend due to high demand for real estate assets that are inherent in the better performing markets. Approximately 392 thousand sq.m of class A offices have been delivered over the past three years and another 151 thousand sq.m are expected until the end of 2022.

The slowdown in new deliveries is consequence of the asking rental prices reduction, that is a feature of a tenant’s favorable market. Even with capitalization rates in downward trend, that was caused by international investors looking to diversify their portfolio in South America region.

LIMA PRIME OFFICE



Outlook

South America real estate shows itself a fertile ground for investors that look for opportunities in an under-exploited market, and despite it is often analyzed as a region, each city has a unique reality, allowing different investor profiles to find different opportunities.

Buenos Aires that counts with the third largest population, is expecting almost 700 thousand sq.m of new class A developments until the end of 2022, representing 52% of current inventory, even with the high risk in the economic scenario. Bogota which is one of the hottest markets in the region, has also projected for the next 3 years more than 267 thousand sq.m to be delivered, considering only prime offices, which represents an increase of 17% of the current stock of the city.

Among the cities analyzed, Rio de Janeiro is the one that stands out most negatively, considering real estate market indicators, due to the recent history of recession. However, the net absorption is in upward trend and the vacancy rate is decreasing due to the lack of new inventory, pointing to the resumption of the second largest market in Brazil.

São Paulo and Lima also should receive an increase of 13.7% and 9.5% respectively of new inventory. Finally, Santiago, which is the most stable market among those analyzed, with a history of consistency, has projected deliveries for the next three years of 6.9% of the current inventory of current prime offices.

This environment of growing new inventory in almost all South America markets and economic expansion, creates unique opportunity to invest at an early stage of real estate investment institutionalization in large cities across the region and to further increase investors' returns via broader access to more competitive debt financing. While interest rates have been decreasing and the number of lenders and source of debt financing has been increasing, creating more competition between lenders that are offering improved terms for real estate financing.

As Brazil remains by far the largest economy and real estate market in the region, we foresee increasing capital flow from investor outside the region. Another higlight goes to Chile as it is the stablest economy in the region and continuous invest in Peru and Colombia as they are atractive markets in the Andean Region.

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ABOUT CUSHMAN & WAKEFIELD

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. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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