

BOGOTA OFFICE

Economic Indicators

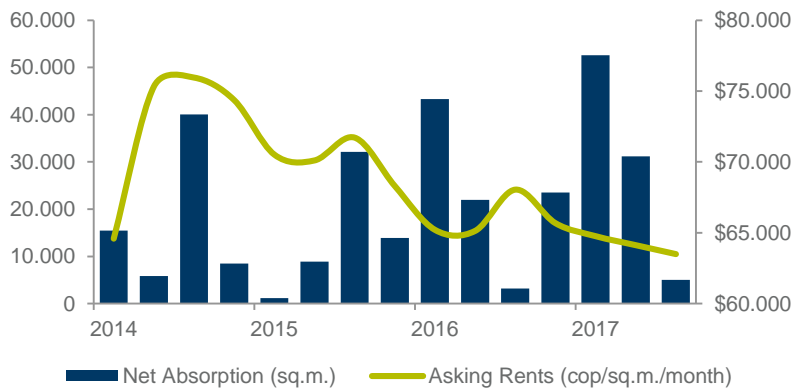
	Q3 16	Q3 17	12-Month Forecast
Bogota Employment	4,182k	4,161k	▼
Bogota Unemployment	9.3%	10.1%	▲
Colombia Unemployment	8.5%	9.2%	▲

Market Indicators (Type A Buildings)

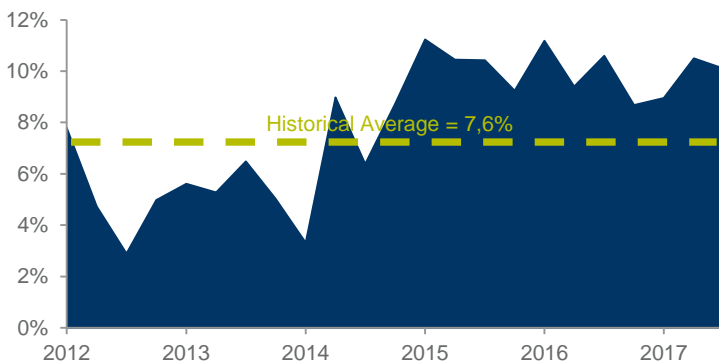
	Q3 16	Q3 17	12-Month Forecast
Vacancy	10.8%	10.12%	▲
Net Absorption (sqm)	3.7k	5.03K	▲
Under Construction (sqm)	19k	0	▲
Average Asking Rent COP*	\$65,145	\$63,486	▼
Average Asking Rent USD*	\$21.8	\$21.3	▼

\*Rental rates reflect net asking sqm/month

Overall Net Absorption/Overall Asking Rent  
1-QTR TRAILING AVERAGE



Overall Vacancy



Economy

For the 2017Q3, the Colombian economy recorded a GDP growth of 2%, compared to the same quarter in 2016. Most of the growth occurred in the following economic sectors: agriculture, livestock, hunting, forestry and fishing (+7.1 %); financial establishments, insurance, real estate activities and business services (+ 3.2%); and social services activities (+ 3.2%). On the other hand, the activities that registered the biggest declines were: construction (- 2.1%), and mining (-2.1%). By the end of the year, local analysts project a total GDP growth of 1.8% (for the year).

The drop in the Construction sector compared to the same quarter of the previous year is partially explained by a 15.9% drop in new construction. Compared to 2017Q2, the construction sector grew by 0.9%. For the first three quarters of 2017 (January - September) this sector decreased by 0.9% compared to the same period on 2016.

National unemployment increased by 0.7 p.p. in September compared to the same period last year, reaching 9.2%. Bogota's rate stood at 10.1%, 0.9 p.p. above the country average. Inflation, through September 2017, reached 3.44%, lower than the same period in 2016 which recorded a rate of 5.15%. The local currency devaluated by 1%, recording an average of COP \$2,976.26 per US dollar in 2017Q3, compared to COP\$2,946.25 per US dollar in 2016Q3.

\* Sources: DANE and Banco de la República

Market Overview

For 2017Q3, the vacancy level hit 10.1% in the 91 Class A buildings tracked by C&W Colombia. This is 0.4% lower than the previous quarter, and 0.6% lower than the same quarter in 2016. Total vacancy amounted to 131,000 square meters of available market space, primarily in the Salitre submarket (68.7K m2).

The average price per sqm of Class A office space was \$63,486 COP/sqm/ month, registering a 0.8% decrease over 2017Q2, and a 2.5% drop compared to the same period of the past year. Furthermore, this value was the lowest rental rate registered by C&W Colombia since 2011. The submarket with the highest rental price per sqm was the Santa Bárbara submarket, with an average asking rent of \$74,846 COP/sqm, and the one with the lowest value was the Salitre submarket at \$60,892 Cop/sqm.

# MARKETBEAT

## Bogota

Office Q3 2017



SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVERAGE ASKING RENT COP*	OVERALL AVERAGE ASKING RENT USD*
Avenida Chile	88,018	3,450	4%	-827	-3,450	-	\$64.357	\$21.6
Andino	29,806	-	-	-	344	-	-	-
Calle 100	173,283	11,007	6%	947	19,726	87,000	\$66.734	\$22.4
Centro	29,000	-	-	-	-	250,000	-	-
Chicó	56,653	962	2%	953	337	21,034	\$61.861	\$20.8
Nogal	79,818	-	-	-	1,264	-	-	-
Salitre	487,578	68,721	14%	814	33,883	52,719	\$60.892	\$20.5
Santa Bárbara	226,375	4,854	2%	2,036	4,560	-	\$74.846	\$25.1
Otros	126,166	42,278	34%	1,109	14,648	-	\$65.518	\$22
<b>BOGOTA TOTALS - CLASS A</b>	<b>1,296,697</b>	<b>131,272</b>	<b>10,1%</b>	<b>5,032</b>	<b>71,311</b>	<b>410,753</b>	<b>\$63.486</b>	<b>\$21.3</b>

\*Rental rates reflect net asking \$sqm/month

### Highlights

UNDER CONSTRUCTION	S.Q.M.	MAIN OCCUPIER	DELIVERY DATE	SUBMARKET
Cortezza 93	8,807	TBD	1T2018	Chicó
Plaza Claro – Torre 2	12,544	TBD	1T2018	Salitre
Connecta – Gold 8	7,925	TBD	2T2018	Salitre
Connecta – Gold 9	8,250	TBD	2T2018	Salitre
América Centro de Negocios – Torre Norte	70,000	TBD	4T 2018	Calle 100
América Centro de Negocios – Torre Sur	17,000	TBD	4T 2018	Calle 100
Sigma 95	12,227	TBD	4T 2018	Chicó
Atrio - Torre Norte	100,000	TBD	2T 2019	Centro
Atrio – Torre Sur	150,000	TBD	2T 2022	Centro

\*TBD : Tenants to be defined

### Outlook

For the end of the year 2017, the market is expected to maintain its current situation, with a downward trend on rental prices, since the demand for big spaces is not increasing and the inventory continues to grow. During the year, numerous projects which their constructions began two or three years ago, were delivered leading to an increase in the supply. Following this trend, the vacancy will continue increasing in a higher rate due to the increase of inventory and the decrease of the demand. With the completion of the major construction projects by 2020, the supply is expected to remain constant which might result in the turning point of the vacancy rate to start decreasing -if demand increases. We observe that a Tenant Market (tenants in an advantage position) is being consolidated, which benefits the negotiation and renegotiation of contracts. Given this scenario, there have been transfers of companies from type B to type A buildings, as they obtain better advantages for a similar or a lower price.

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