

MARKETBEAT

Bogota Office Q4 2016



BOGOTA OFFICE

Economic Indicators

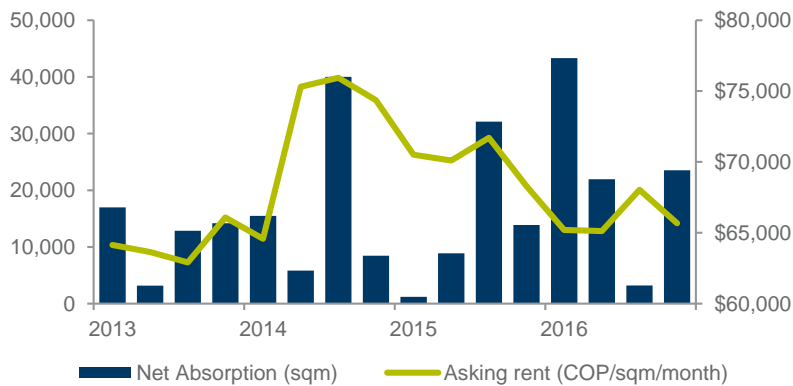
	Q4 15	Q4 16	12-Month Forecast
Bogota Employment	4,265k	4,241k	▲
Bogota Unemployment	8.2%	8.3%	▼
Colombia Unemployment	7.3%	7.5%	▼

Market Indicators (Overall, All Classes)

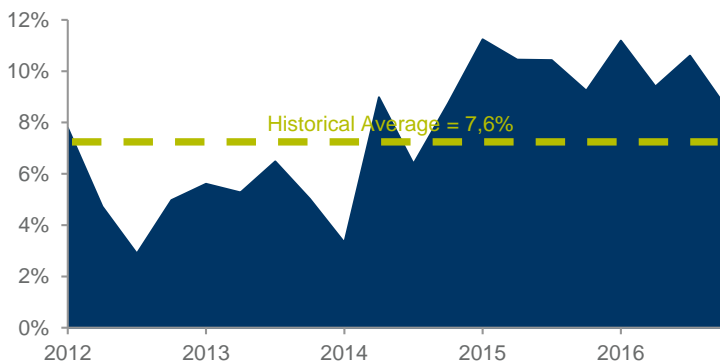
	Q4 15	Q4 16	12-Month Forecast
Vacancy	9.2%	8.7%	▲
Net Absorption (sqm)	14k	24K	▼
Under Construction (sqm)	371k	224k	▼
Average Asking Rent COP*	\$68,600	\$65,700	▼
Average Asking Rent USD*	\$21.8	\$21.9	▼

*Rental rates reflect net asking sqm/month

Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

GDP growth is expected to close 2016 near 2%, considering the 9 month accumulated rate of 1,9% and the recovery of non-oil activities. Some of the main drivers, according to DANE's latest data, were construction, banking and manufacturing. Besides that, higher oil prices and 4G PPP investments can lead to a regular recovery in 2017, despite the resilient risks (such as the deterioration of the terms of trade).

Nationwide unemployment had a 0,2pp YoY increase in November, reaching 7.5%; Bogota's rate stood at 8.3%, the third lowest unemployment rate in the country. Inflation increased, reaching 5.75%, lower than previous forecasts, but still above government's target (2-4%). Finally, local currency had a -4.72% YoY change, ending 2016 at cop\$3,000.71 per US dollar.

Market Overview

Class A inventory had no increase over last quarter, even though around 93,000 sqm of office space entered Bogota's market in 2016. This number is 22% higher than 2015's figures. Salitre contributed with 44% of the new deliveries, boosting its inventory in 51,000 sqm. Calle 100 contributed with 35% of the new office spaces, adding 32,000 sqm to its stock. The remaining inventory was delivered by the city's northwest. Despite the inventory increase, vacancy levels reached 8.7% by year-end, a 0.5pp contraction compared to same period last year (9.4%). Yearly net absorption were of 90,000 sqm, levels above the average of the past four years. The latter could have been the result of the 4% YoY overall decline in asking rents, led mainly by the Salitre corridor (with a drop of 9%). This region also contributed the most to overall absorption levels, summing 60,000 sqm. Lastly, asking rents in US dollars had a 0.5% increase, mostly due to exchange rate variation.

Outlook

New inventory in 2017 could reach close to 100,000 sqm. Considering more conservative absorption levels than those witnessed in 2016, vacancy could reach the 11% threshold. As a result, asking rents could suffer downward pressure. Even more, given that most of the new inventory will be delivered in Salitre, traditionally one of the submarkets with average rents below market's average.

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Bogota

Office Q4 2016



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	-	-	2,831	784	-	-	-
Andino	29,806	344	1,2%	-344	-344	-	\$75,000	\$ 25,0
Calle 100	206,783	31,986	15,5%	7,672	6,107	74,000	\$66,500	\$ 22,2
Centro	29,000	-	-	-	-	50,000	-	-
Chicó	83,953	8,553	10,2%	-	1,322	-	\$66,700	\$ 22,2
Nogal	85,412	1,264	1,5%	-	490	-	\$75,100	\$ 25,0
Salitre	411,593	32,582	7,9%	12,689	69,022	99,818	\$59,600	\$ 19,9
Santa Bárbara	226,375	9,414	4,2%	676	4,041	-	\$83,100	\$ 27,7
Otros	93,990	24,750	26,3%	-	9,811	-	\$65,000	\$ 21,7
BOGOTA TOTALS - CLASS A	1,254,930	108,893	8,7%	23,524	91,233	223,818	\$65,700	\$21.9

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

Highlights

UNDER CONSTRUCTION	SQ.M.	MAIN OCCUPIER	DELIVERY DATE	SUBMARKET
Elemento – Torre E1	17,483	TBD	1Q 2017	Salitre
Elemento – Torre E2	18,624	TBD	1Q 2017	Salitre
Elemento – Torre E3	13,262	TBD	1Q 2017	Salitre
Elemento – Torre E4	13,905	TBD	1Q 2017	Salitre
Plaza Claro – Torre 1	24,000	Claro	4Q2017	Salitre
Plaza Claro – Torre 2	12,544	TBD	4Q2017	Salitre
América Centro de Negocios – Torre Norte	44,000	TBD	2Q 2018	Calle 100
América Centro de Negocios – Torre Sur	30,000	CREMIL	2Q 2018	Calle 100
Atrio - Torre Norte	50,000	TBD	4Q 2018	Centro

Cushman & Wakefield
Calle 98 No. 9A-41
Of. 203, Ed. AB
Proyectos, Bogota
cushmanwakefield.com

For more information, contact:
Diego Rodriguez Rueda,
V&A / Market Research
Coordinator
Tel: +57 1 7452038
diego.rueda@cushwake.com

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