

**BOGOTÁ OFFICE**

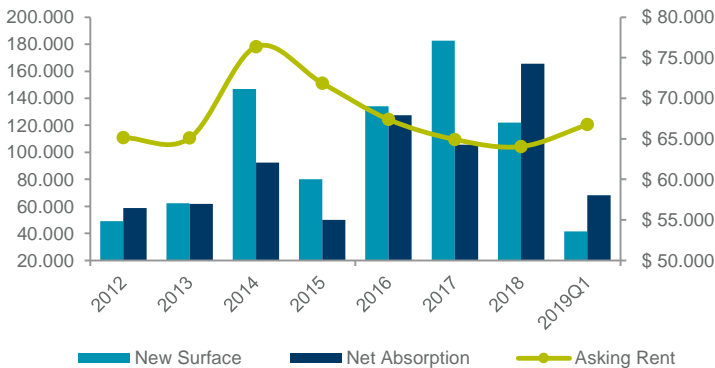
**Economic indicators**

	Q1 18	Q1 19	12-Month Forecast
Unemployment rate	9.4%	11.4%*	▼
GDP variation	2,2%	2.8%	▲
Inflation index YTD	3.10%	3.15%	▲

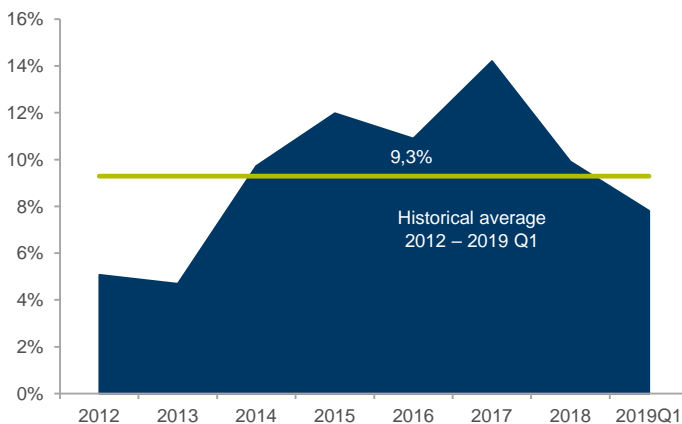
**Market indicators (Class A)**

	Q1 18	Q1 19	12-Month Forecast
Overall vacancy	12.34%	7,81%	▲
Net Absorption	46.229	68,329	▬
Under Construction (sq. m)		305.737	▼
Average asking rent (COP/sq. m/month)	\$63.626	\$66.745	▬
Average asking rent (USD/sq. m/month)	\$20.13	\$21,12	▬

**Net absorption (sq. m) / New surface (sq. m.) / Asking rent (USD/sq. m/month) (Class A)**



**Overall vacancy (%) (Class A)**



**Economy**

The first quarter of 2019 reflects continuity in the country's economic recovery, a cycle that began on Q3-2018. The World Bank increased the GDP growth projection from 3.3% to 3.5% in 2019 and to 3.7% in 2020. Besides, three sectors commonly important for the country's economy: construction, mining (oil) and business reported good performance.

Regarding inflation, a controlled indicator for the country, this year the projection is around 3.6%.

Given the current fiscal deficit, the government recently announced flexibility on the fiscal rule, and extended the country's deadline to reach the 1% target. The government is committed to implement an adjustment plan to achieve this goal; for which there are three strategies: to contract the size of the state, to modernize the tax collecting entity -the DIAN- and to sell unprofitable assets.

On the external front, the country may be affected by the slowdown in international economies and the consequent demand decrease. On the other hand, the central banks of Europe and the United States have announced that they will not change their rates, thus the capitals can continue to be placed in destinations such as Colombia. In addition the current oil price - between US \$ 65 and US \$ 70-, has a positive effect on the public finances.

The country's challenges are in essence to fulfill the strategy aimed to correct the fiscal deficit, to find a plan so that products different to oil can stand out in international markets and to reduce the current trade balance deficit.

**Market Overview**

The Class A office space demand in the city continues to rise and to press down the vacancy indicator, which registers the lowest figure of the last 5 years. This quarter registered high new occupation levels, reflecting a net absorption of 68,329 sqm. Q12019 is one of the quarters with the highest absorption since 2016. This important demand made the vacancy decrease to 7.8% , despite the entry of four new buildings, which contributed with 41,500 sqm to the Class A office inventory.

On the other hand, the asking rental price registered an increase compared to the previous quarter of \$2,811COP (+ 4.4%); and an annual increase of + 5% (approximately VAT + 2 pp).

Despite the good level of net absorption, the vacated office space during the quarter was high, reaching 24,400 sqm, 78% more than in Q1 2018, evidencing the movement of companies looking for better economic conditions and / or infrastructure.

## MARKETBEAT

# Bogotá

Office Q1 2019



During this quarter the occupied surface reached 74,200 sqm, a figure 26.2% higher than the one registered in the same period of 2018. By submarket; Salitre concentrates 51.9% of the total rented spaces, followed by Nogal-Andino and Noroccidente with 25% each. In the Nogal-Andino submarket, Buildings 81-11 and Tower 78 were in an important degree occupied by a Coworking company. In Noroccidente submarket, Urban 165 was partially occupied by a contact center, in Salitre, the Elemento building was occupied by several ministries and others government organizations; finally Central Point was occupied mostly by a coworking and an IT company.

### THIS QUARTER REGISTERS ONE OF THE LOWEST VACANCY RATES OF THE LAST 5 YEARS

Regarding availability, the largest area is concentrated in Salitre with 32,420sqm, followed by Noroccidente. The corridors with less availability are Av. Chile, Centro and Nogal Andino. The dynamism of the Salitre corridor stands out, which, despite having an important inventory and available surface, has a low vacancy rate (6.23%). On the other hand, the submarket with the highest vacancy rate is Noroccidente (17.26%). In terms of average rental prices, the CBD surpassed this quarter the NON CBD, which is a fact to be highlighted.

At present there are 19 buildings developing that represent an area of 305.737sqm. From from these, 16 will be delivered in 2019, representing 90% of the buildings under construction .

**NOTE:** (CBD) Central Business District ( Av Chile, Calle 100, Chicó, Nogal – Andino, Salitre, Santa Bárbara, Centro). (NON CBD) NON Central Business District : ( Noroccidente )

SUBMARKET	INVENTORY (SQM)	AVAILABLE AREA (SQM)	VACANCY RATE %	UNDER CONSTRUCTION AND PROJECTS AREA (SQM)	ASKING RENT COP/SQM/MONTH	ASKING RENT USD/SQM/MONTH
<b>CBD</b>	<b>1.288.047</b>	<b>83.202</b>	<b>6.46%</b>	<b>724.534</b>	<b>67.257</b>	<b>21.4</b>
Avenida Chile	92.118	3.890	4,22%	-	61.342	19.6
Calle 100	164.657	10.884	6.61%	132.400	65.819	21.0
Centro	31.178	3.555	11.40%	224.000	58.097	18.5
Chicó	130.106	5.715	4.39%	26,641	66.498	21.2
Nogal-Andino	141.757	7.636	5.39%	41.000	84.686	27.0
Salitre	520.446	32.416	6.23%	300.493	57.576	18.4
Santa Bárbara	207.785	19.106	9.20%	-	76.780	24.5
<b>NON CBD</b>	<b>183.682</b>	<b>31.700</b>	<b>17.26%</b>	<b>105.077</b>	<b>67.748</b>	<b>21.6</b>
Noroccidente	183,682	31.700	17.26%	105.077	67.748	21.6
<b>TOTAL BOGOTÁ – CLASS A</b>	<b>1.471.729</b>	<b>114.902</b>	<b>7.81%</b>	<b>829.611</b>	<b>66.745</b>	<b>21.2</b>

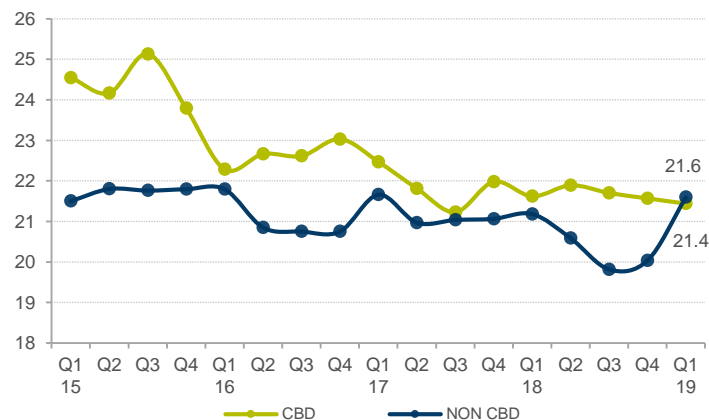
TRM: 3.137 COP = 1USD

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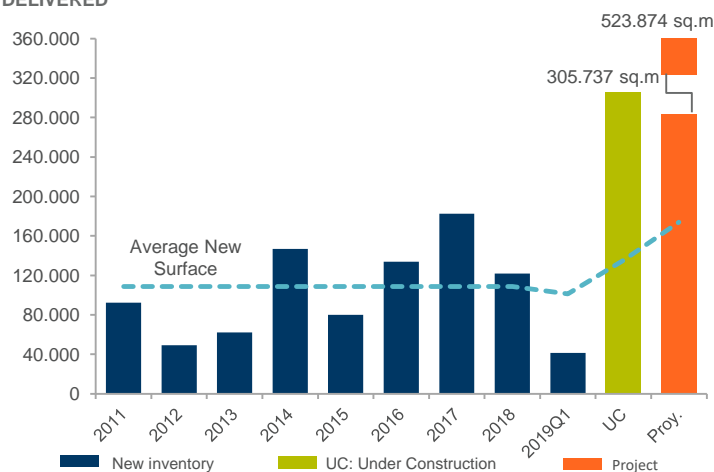
### Asking rent(USD/sq m/month) CBD / NON CBD

THE ASKING RENTAL PRICE IN NON CBD EXCEEDED THIS QUARTER THE PRICE OF THE CBD



### New inventory (sq m) / Projected surface (sq m)

IN 2019 305,737M2 OF PROJECTS UNDER CONSTRUCTION REMAIN TO BE DELIVERED



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