



**RealtyCorp**

# Analytics

2<sup>nd</sup> Quarter 2017 - Office & Industrial

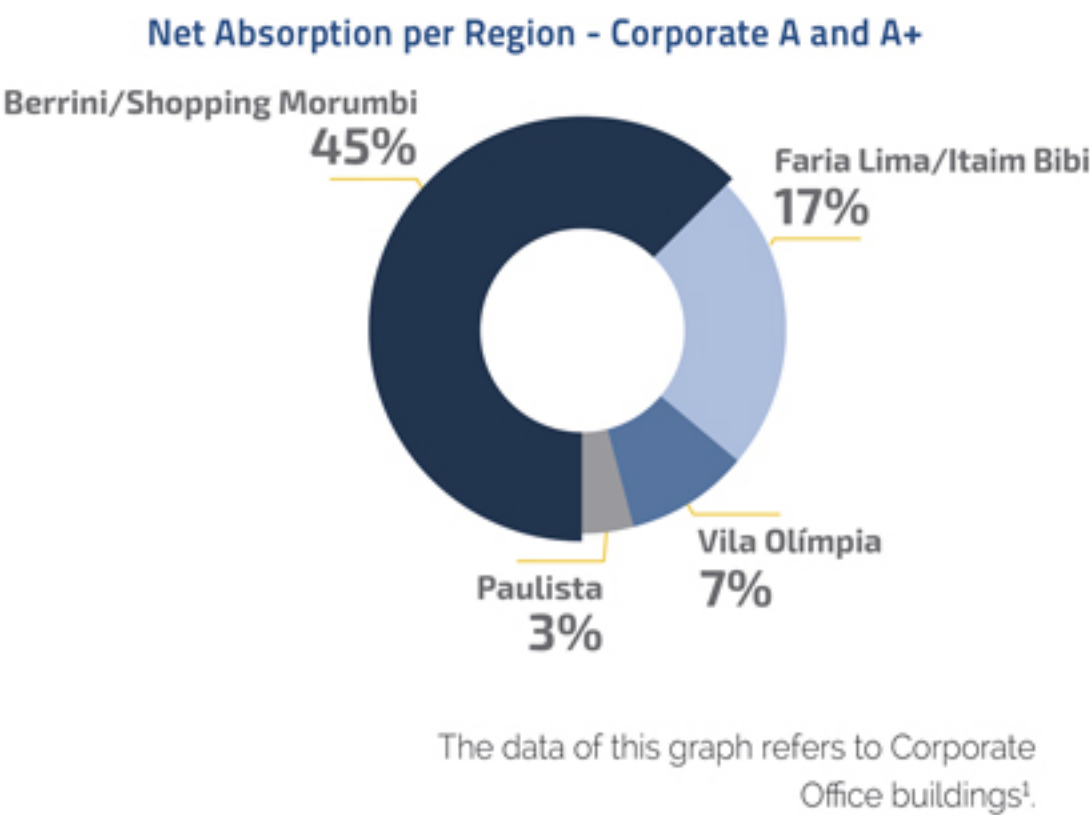




# OFFICES

## São Paulo<sup>3</sup>

- The total office stock in the city of São Paulo stands at 10.472 million m<sup>2</sup> in corporate office buildings, representing 68% of the total stock of office space in the city. This stock of office space consists of 14% in A + buildings, 11% A buildings and 43% in Others (B and C). The remaining 32% consist of Office buildings (small office suites).
- The first quarter of 2017 recorded an increase in the trend of Flight-to-Quality, as an increase in the net absorption has been identified in the Corporate B and C universe, reaching -58,800 m<sup>2</sup> in this quarter. At the same time, there has been an increase in the net positive absorption in the Corporate A and A + universe, reaching 104,000 m<sup>2</sup>. It is important to note that, when analyzing the entire Corporate universe, the net absorption was positive by 45,000 m<sup>2</sup>, the highest since the end of 2014. The graph alongside, shows the net absorption in the city for Corporate A and A + buildings, divided per region. The current highlight is the region of Berrini / Morumbi Shopping Mall district, responsible for 45% of the net absorption.



## Occupation, Vacancy and Construction Activity<sup>3</sup>

Vacancy Rate (%)					
		Vacancy	Class A+ Occupation	Class A Occupation	Construction Activity
Faria Lima / Itaim Bibi	26,00%	155.621	443.019		66.311
	13,55%		40.472	258.241	6.788
Marginal Pinheiros	32,77%	159.457	327.148		162.229
	14,47%		24.456	144.584	
Vila Olímpia	7,32%		19.697	249.405	18.000
	27,64%		38.962	102.012	9.000
Paulista	2,42%		1.502	60.591	26.299
	18,88%	44.438		190.907	68.073
Leopoldina / Barra Funda	30,01%		33.339	77.752	53.768
	17,91%		32.627	149.499	48.600
Alphaville	17,43%		42.557	201.619	29.880
	36,56%	106.875		185.447	29.811
Chácara Sto. Antônio / Sto. Amaro	25,25%	31.176	92.273		13.750

The data in the tables correspond to the universe of office buildings classified as Corporate<sup>1</sup>. (leasable m<sup>2</sup>)

<sup>1</sup> The classification methodology adopted by RealtyCorp for office buildings is based on the classification used by Buildings, namely: Office: bui

<sup>2</sup> The statistical data on Alphaville has not been included with the data of the city of São Paulo.

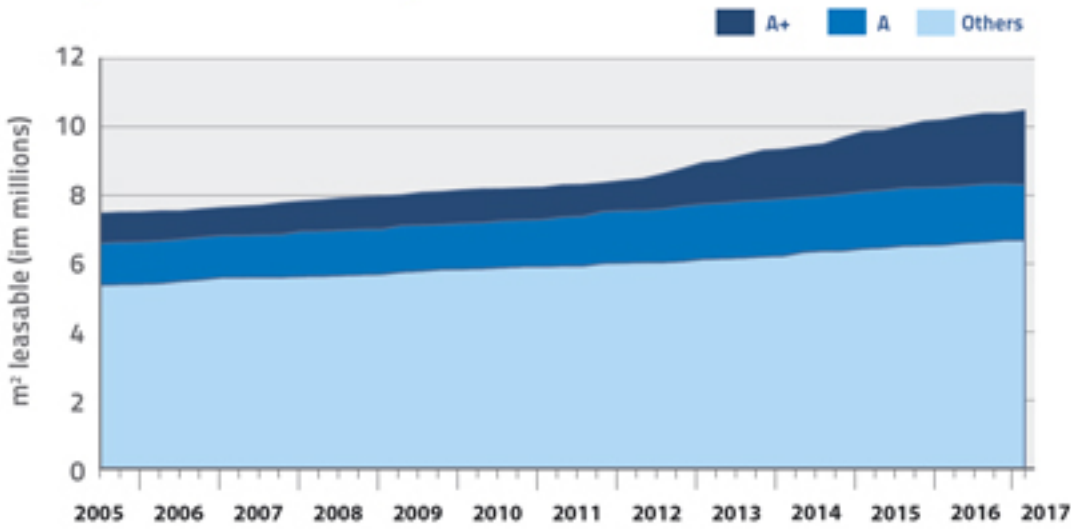


Trend Painel<sup>2</sup>

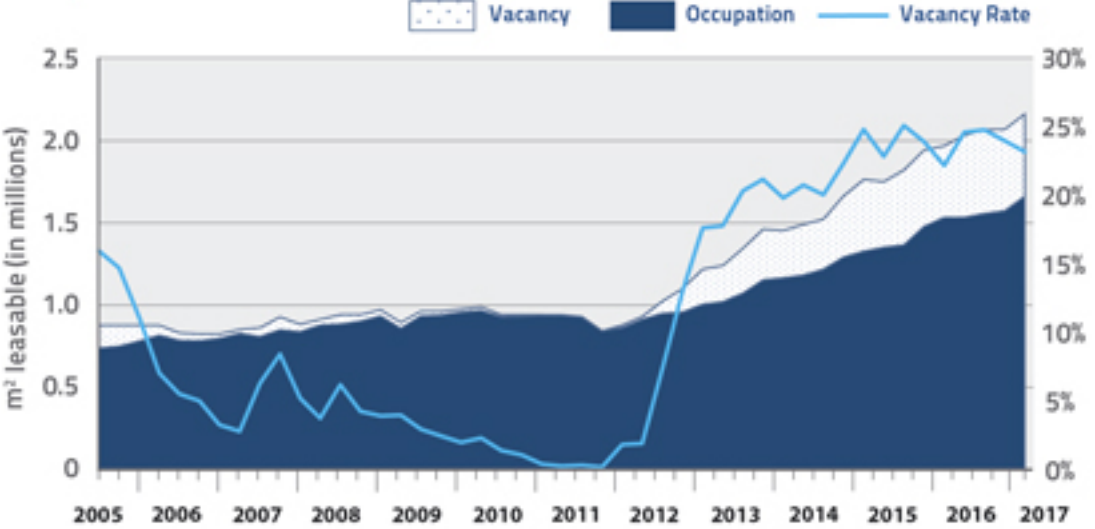
Corporate Office Market	A+			A			OTHERS		
	4 <sup>th</sup> QTR/2016	1 <sup>st</sup> QTR/2017		4 <sup>th</sup> QTR/2016	1 <sup>st</sup> QTR/2017		4 <sup>th</sup> QTR/2016	1 <sup>st</sup> QTR/2017	
Vacancy Rate	24,00%	23,18%	↘	22,48%	21,54%	↘	14,76%	15,44%	↗
Occupation (m²)	1.570.747	1.659.753	↗	1.277.888	1.277.280	↘	5.693.006	5.651.614	↘
New Stock (m²)	-	93.901	↗	-	-		10.203	4.286	↘

Progression<sup>2</sup>

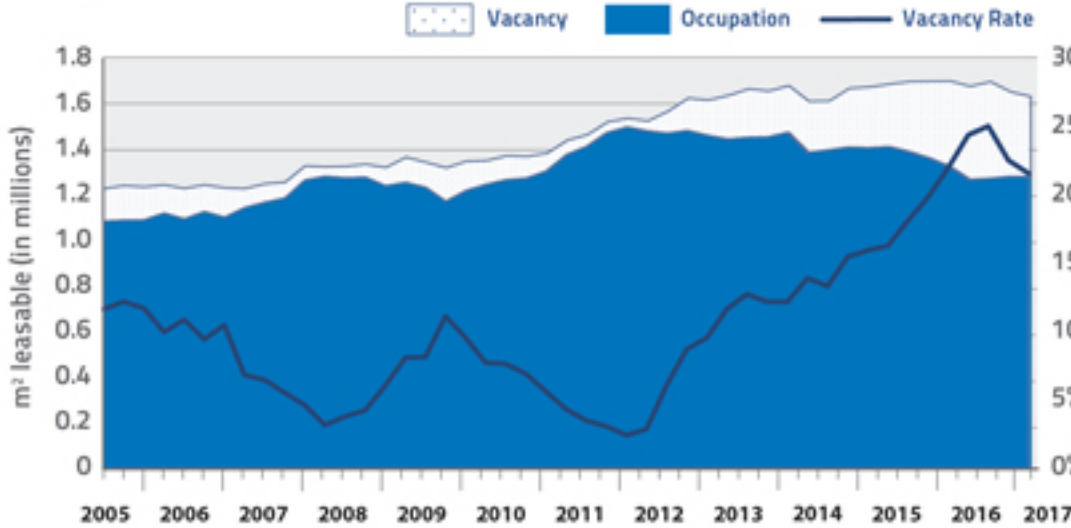
Progression of Corporate Stock



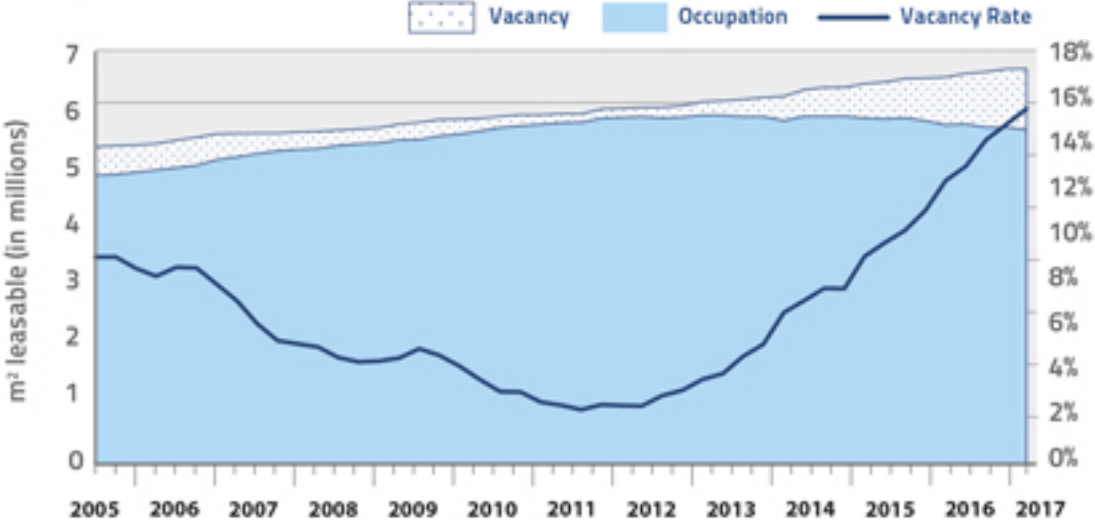
Corporate A+



Corporate A

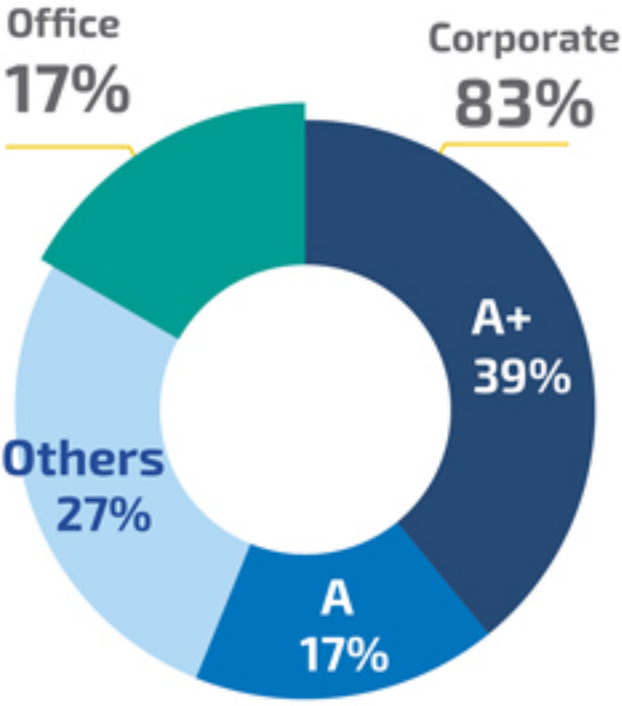


Corporate Others

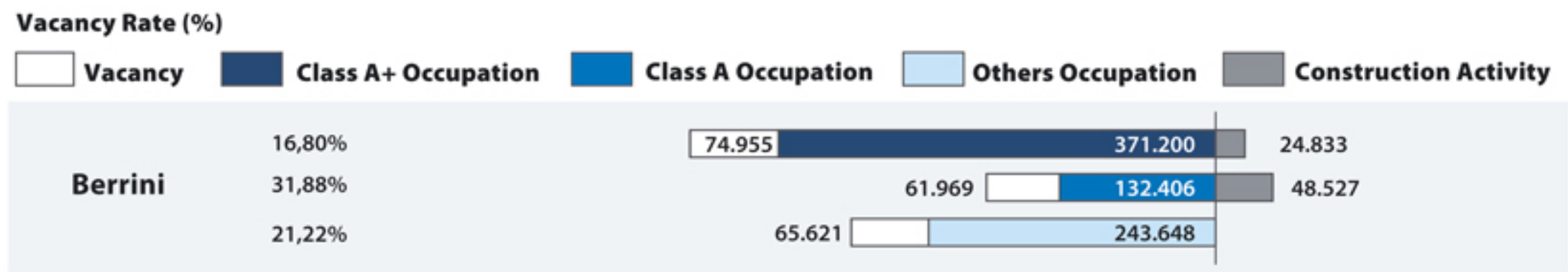


Berrini<sup>3</sup>

- The Berrini region consists of 130 buildings, with a total stock of 1,141 million m². Of this universe 83% is made up of Corporate buildings (corporate floorplates) and only 17% are Office<sup>1</sup> buildings (small office suites). The 83% of Corporate office space is distributed as follows: 39% in Class A + buildings, 17% Class A buildings and 27% classified as Others (B and C buildings).
- The Berrini Region runs south from Avenida dos Bandeirantes to the Avenida Chucri Zaidan, reaching the Morumbi Shopping Mall. In recent years, over 400,000 square meters of office buildings have been delivered in this region, and despite this large volume of New Stock, the vacancy rate in the region today is 16.80% for the Corporate Class A + universe of buildings, while the vacancy rate for the entire corporate universe in the Berrini region is 21.33%. This confirms the so-called trend of Flight-to-Quality, which is also visible with the relocation of major companies such as Deloitte, Huawei Technologies, KPMG, Claro, Amil, among others who have recently relocated to AAA buildings in this region.

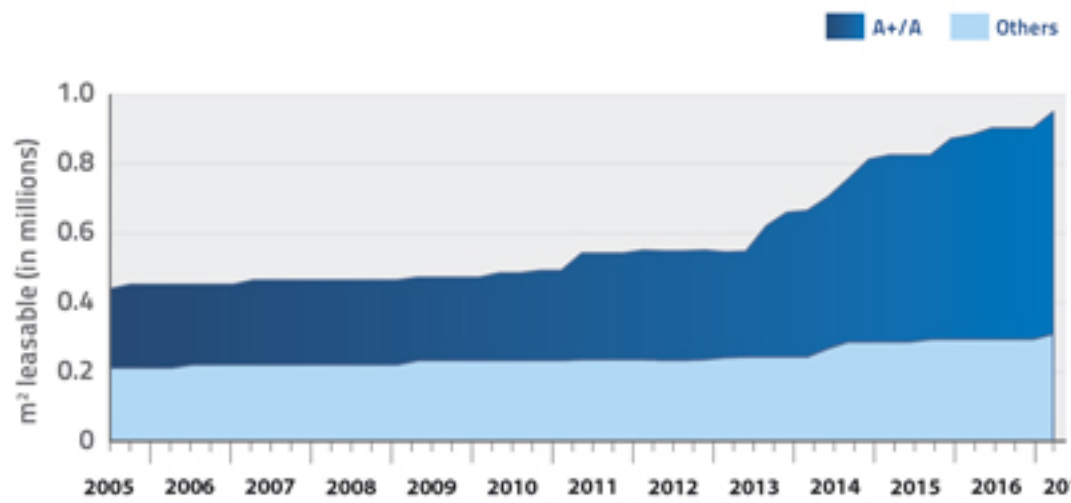


Occupation, Vacancy and Construction Activity<sup>3</sup>

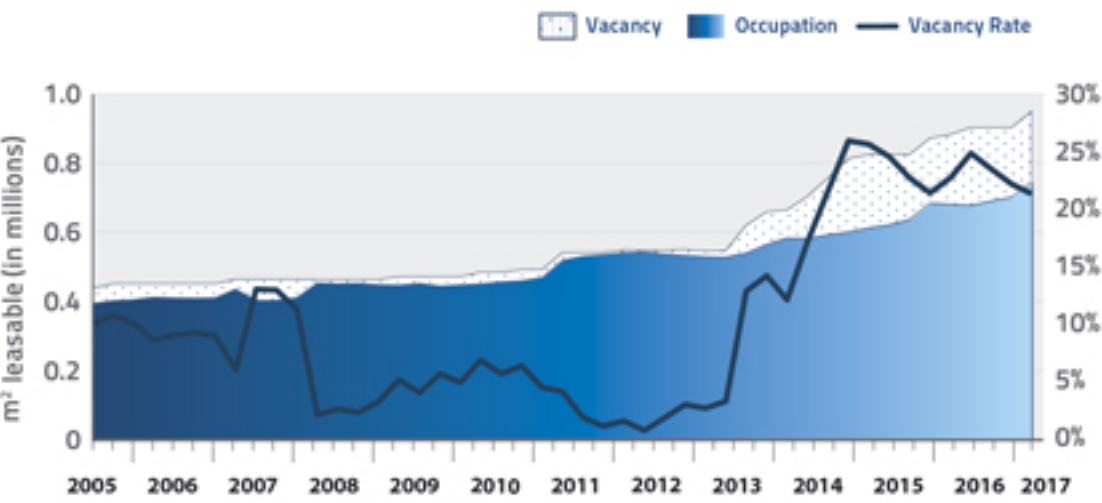


The data in the tables correspond to the universe of office buildings classified as Corporate<sup>1</sup>. (leasable m²)

Progression of Corporate Stock



Corporate (A+/A/Others)

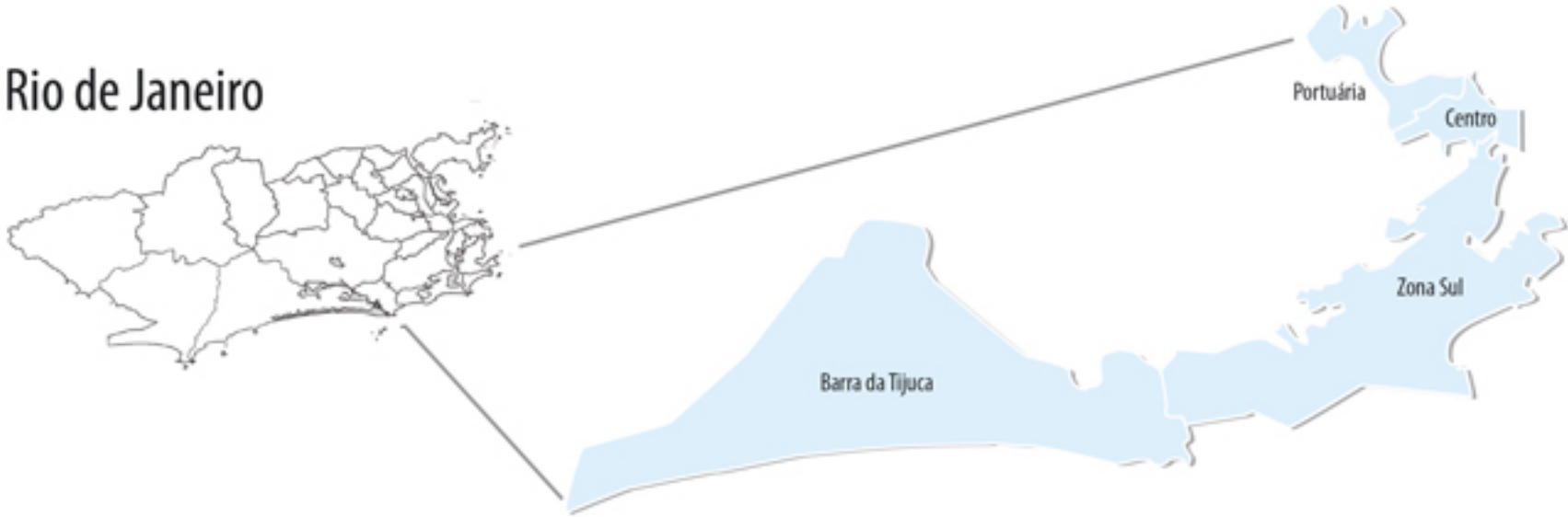


Buildings with suites smaller than 100 m²; Corporate: buildings with suites equal to or greater than 100 m²; A+: buildings equivalent to AAA and AA in the Build

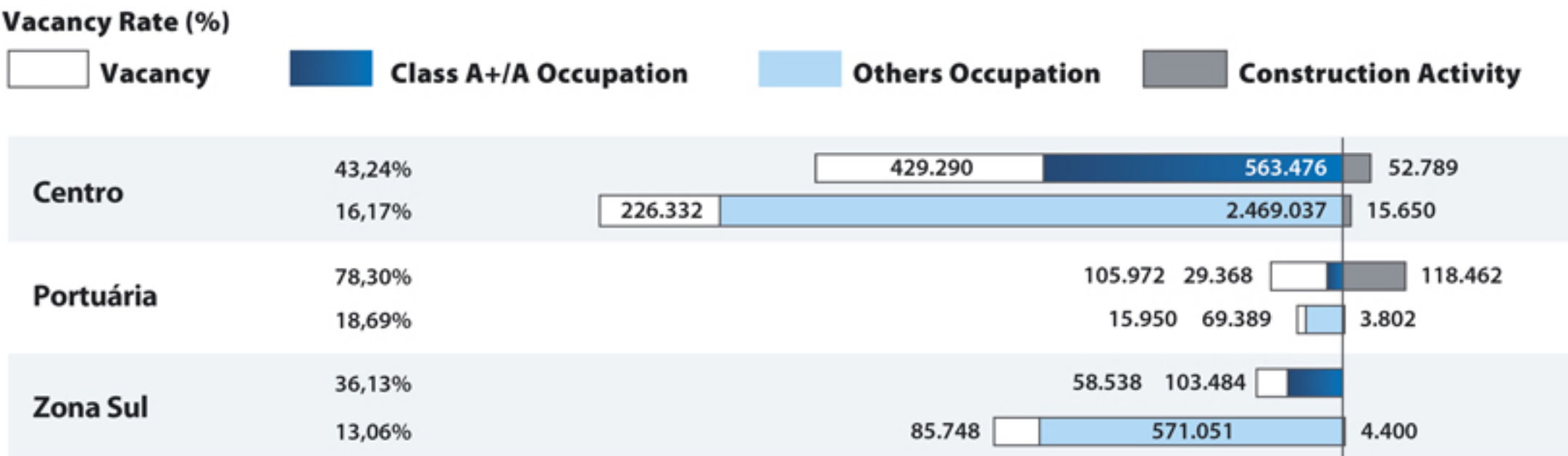
<sup>3</sup> The statistical data of this Analytics refers to the 1<sup>st</sup> QTR 2017 and were consolidated on March 31, 2017.



Corporate Office Market	A+ / A			OTHERS		
	4 <sup>th</sup> QTR/2016	1 <sup>st</sup> QTR/2017		4 <sup>th</sup> QTR/2016	1 <sup>st</sup> QTR/2017	
Vacancy Rate	40,20%	44,99%	↗	8,95%	9,33%	↗
Occupation (m²)	978.044	899.684	↘	3.346.233	3.332.111	↘
New Stock (m²)	154.591	-	↘	3.552	-	↘



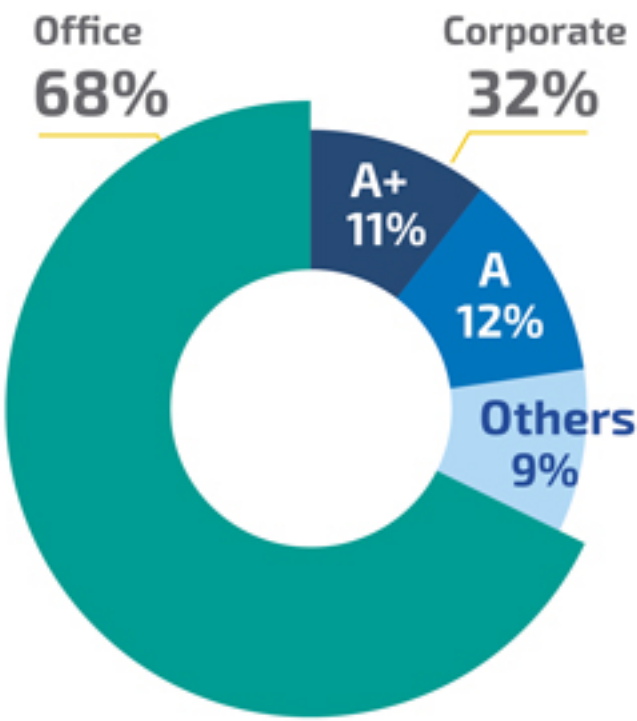
### Occupation, Vacancy and Construction Activity<sup>3</sup>



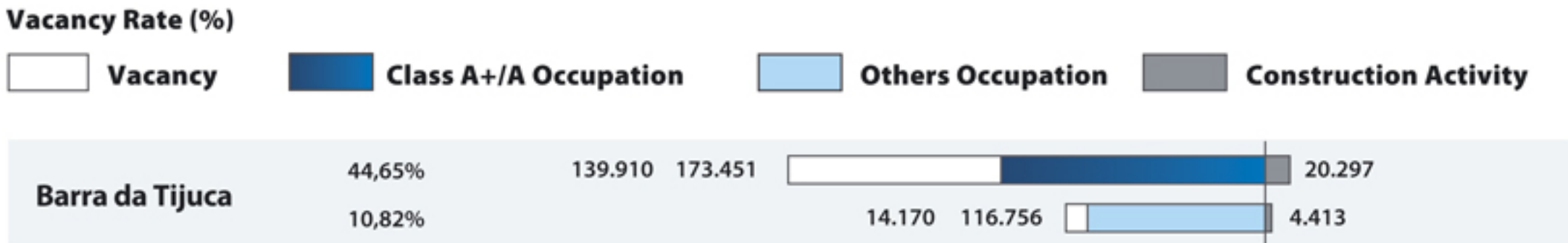
The data in the tables correspond to the universe of office buildings classified as Corporate<sup>1</sup>. (leasable m²)

### Barra da Tijuca<sup>3</sup>

- Barra da Tijuca's total office stock is 1,380 million m², of which 68% of this total is made up of Office<sup>1</sup> buildings (small office suites) and the remaining 32%, consist of Corporate<sup>1</sup> buildings (corporate floorplates). This 32% of office stock in corporate buildings is broken down as follows, 11% in Class A + buildings, 12% for Class A buildings and 9% for buildings classified as Others (B and C).
- The Barra da Tijuca region is one of the regions that has shown the largest growth in the city of Rio de Janeiro in the last decade, mainly due to the large number of properties available and the few land opportunities in the Centro and Zona Sul districts, which led the developers to the Barra da Tijuca district. Today, with the region has a large stock of office space available for lease and the demand is well below expectations, due to the political and economic recession impacting Rio de Janeiro. In the 1<sup>st</sup> QTR 2017 the vacancy rate in Barra da Tijuca was 44.65% for corporate Class A and A + buildings.
- The Barra da Tijuca region still has limitations in terms of transport and access to the other regions of the city of Rio de Janeiro, which hinders the interest of companies in the region. As a result, average rent prices have been on a downward trend year on year, reaching R\$ 54.05/m² in the 1<sup>st</sup> QTR 2017 (average for the entire Corporate and Office universe). This is approximately 50% below the rents registered five years ago.

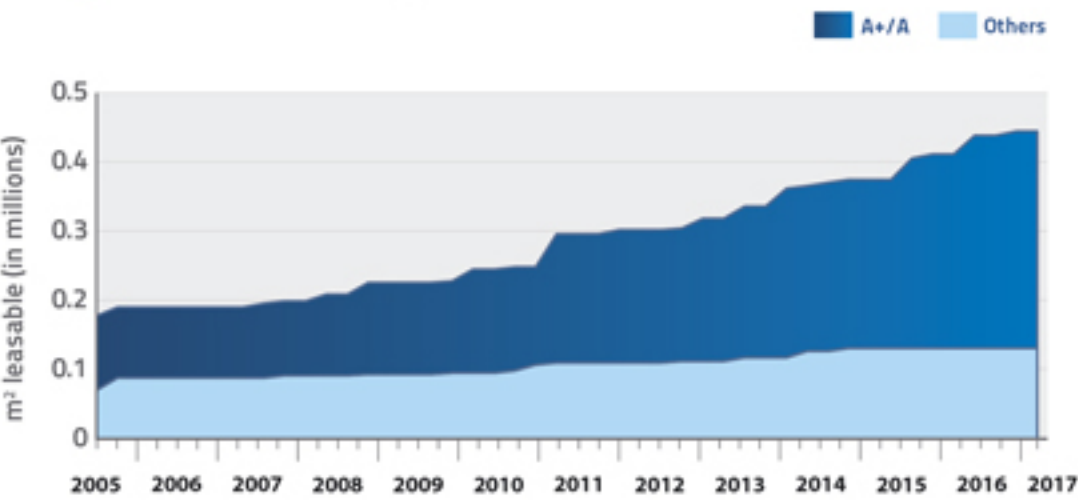


### Occupation, Vacancy and Construction Activity<sup>3</sup>

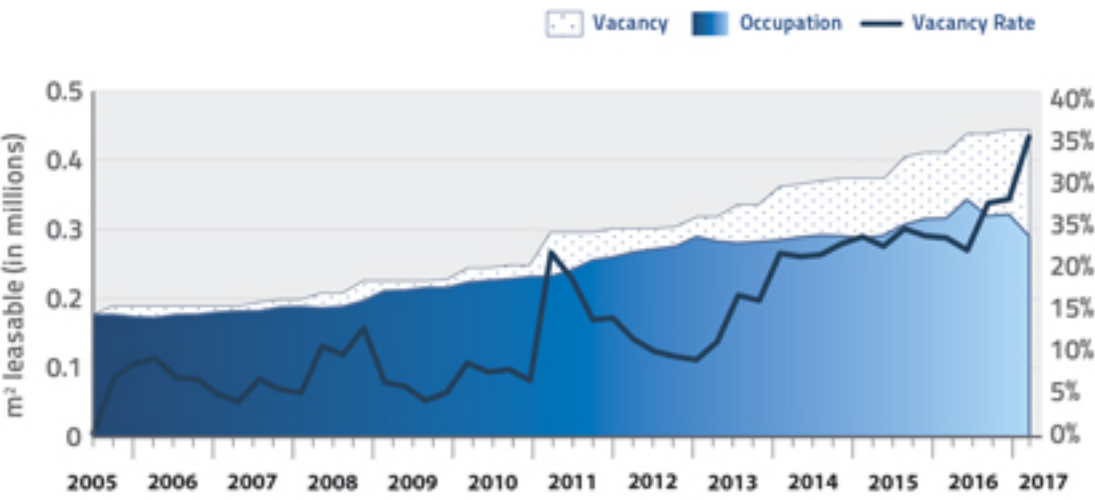


The data in the tables correspond to the universe of office buildings classified as Corporate<sup>1</sup>. (leasable m²)

#### Progression of Corporate Stock



#### Corporate (A+/A/Others)



Buildings Classification: A: buildings equivalent to A of Buildings Classification; Others: buildings equivalent to BB, B and C in the Buildings Classification.

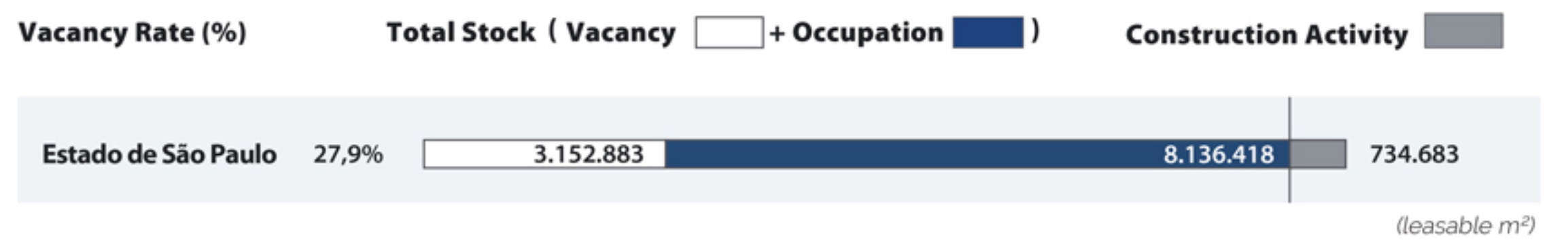


# INDUSTRIAL

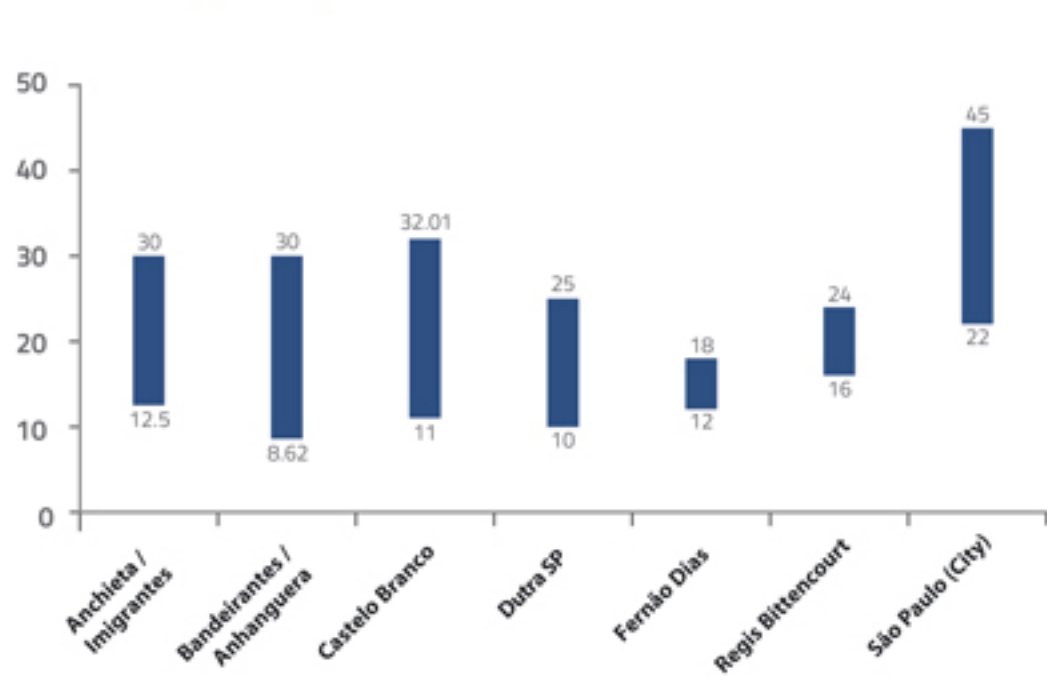
## State of São Paulo<sup>3</sup>

- The total inventory in gated industrial and logistical parks in Brazil is 19,011 million m<sup>2</sup>, distributed as follows: 77% in the Southeast Region, 12% in the Southern Region, 8% in the Northeast Region, 2% in the Northern Region and 1% in the Midwest.
- The Southeast region has a total inventory of 14.6 million m<sup>2</sup>, with a growth expectation of 8% for next year, due to the registered Construction Activity, which indicates the delivery forecast. The stock of new projects for the development of new gated logistical parks is also quite considerable. Currently the market has about 12.6 million m<sup>2</sup> in project phase, which are already under analysis and / or approval, waiting for a more favorable moment to begin construction.
- The total stock in the State of São Paulo is 11.2 million m<sup>2</sup> and the vacancy rate remains high at 27.93%, which is 0.13% higher than in the 4<sup>th</sup> QTR 2016. With more than 3.1 million square meters available, negotiations are more tenant favorable in the market, at this time.

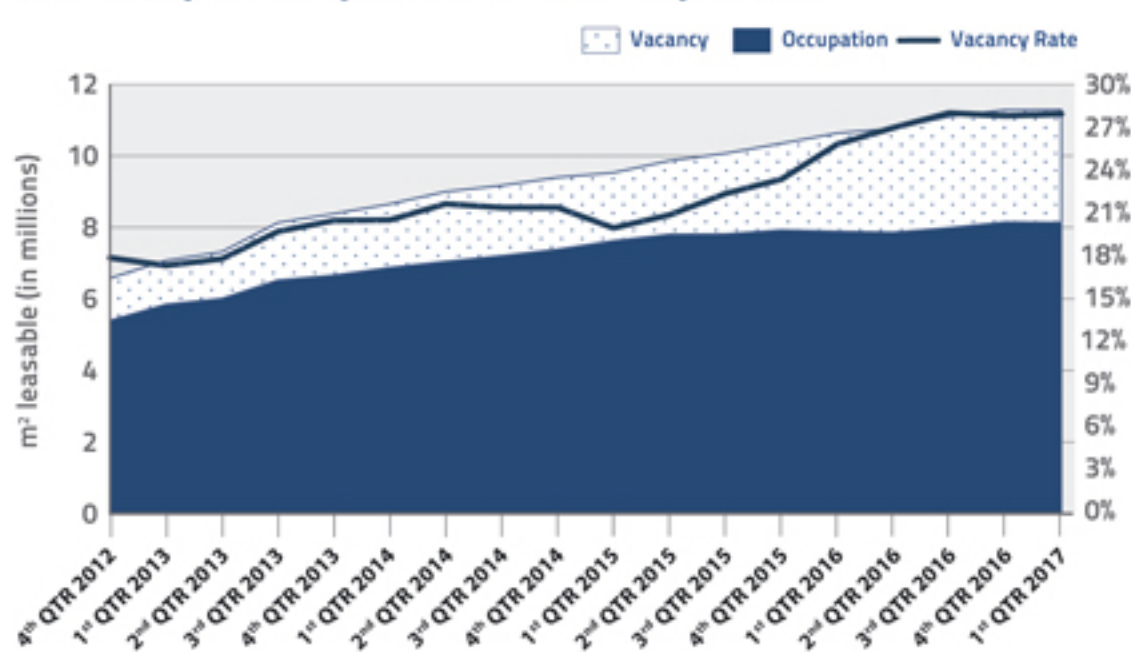
### Occupation, Vacancy and Construction Activity<sup>3</sup>



#### Price Asking Rent/Region (R\$/m<sup>2</sup>/month)



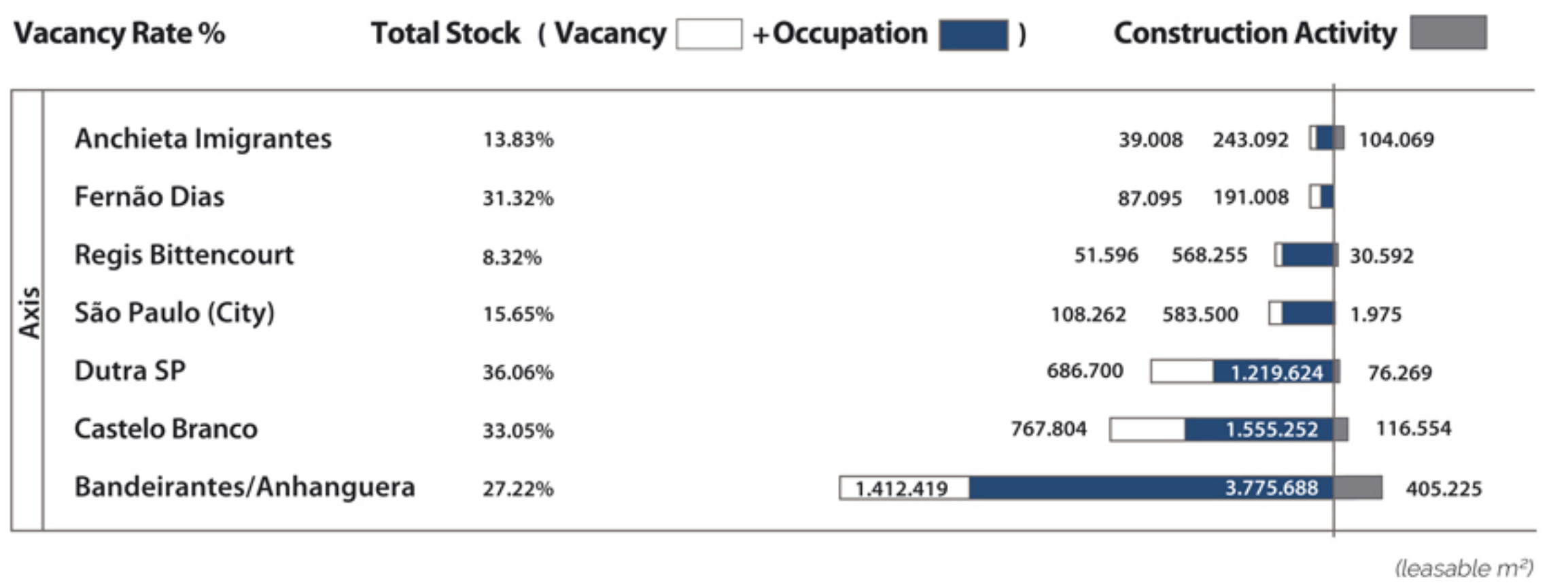
#### Vacancy/Occupation/Vacancy Rate



### Trend Paineel

Logistics Parks/Facilities	4 <sup>th</sup> QTR/2016	1 <sup>st</sup> QTR/2017	Trends
Total Stock (m <sup>2</sup> )	11.287.326	11.289.301	↗
Vacancy Rate	27.80%	27.93%	↗
Occupation (m <sup>2</sup> )	8.149.153	8.136.418	↘
Construction Activity (m <sup>2</sup> )	729.143	734.683	↗
New Stock (m <sup>2</sup> )	189.301	1.975	↘

### Total Stock, Vacancy Rate and Construction Activity<sup>3</sup>



Trends should not be taken as indicative of future results.

RealtyCorp shall not be liable for any decisions taken based on the information contained in this bulletin.



# SERVICES

(Office, Retail and Industrial)



## Lease

Implementation of excellent business through the identification and rapid and effective connection of demand with the property.

- Lease management, identifying potential tenants;
- Build-to-Suit project management;
- Updated database of landlords, tenants, offers and transactions;
- Coordination of the property lease in partnership with real estate brokers;
- Market demand identification strategy;
- Representation of companies in the search, analysis and negotiation of real estate requirements.



## Sale and Purchase of Real Estate

Market intelligence, information and efficiency in the search for business opportunities to meet the interests of our clients.

- Disposition of real estate assets;
- Direct sale or through Bid Process;
- Relationship with real estate brokers and key market players;
- Representation of investors and/or developers for the acquisition of properties for development projects;
- Marketing Strategy;
- Management of Sale & Leaseback operations;
- Representation of investors and acquisition of properties for income purposes;
- Representation of companies in the acquisition of properties for their own occupation.



## Evaluation and Consultancy

High level real estate evaluation, conducted by experienced and credible professionals, certified by 1<sup>st</sup> class Brazilian institutions and, mainly by international institutions, such as RICS - Royal Institution of Chartered Surveyors.

- General property valuation services, including portfolio assessments;
- Feasibility analysis of industrial, commercial and service sector developments;
- Real estate development study;
- Best use analysis – vocation of the property;
- Book value for accounting purposes.



## Strategic Management of Real Estate Assets

Intelligent management of real estate portfolios and a continuous search for efficiency in the administration and monitoring of the real estate market.

- Real Estate Administration - Control of payments, surveys, documentation, representation in general meetings and public agencies;
- Managing opportunities- Comparison of rent values applied in the market to identify opportunities and negotiation strategies (quarterly reports);
- Managing Critical Dates – Inflationary adjustment, revisions, renewals, guarantees and insurance - (monthly reports);
- Negotiation - Representation in lease rent reviews, lease agreement renewals, terminations, new leases, sale and purchase of real estate.



# DIFFERENTIALS

**AGILITY** - We bring an agile response to all the stages of the negotiation process until successful conclusion of the business;

**EXPERIENCE** - Our professional team has an extensive and solid market experience;

**RELATIONSHIP** - We value long-term business relationships, not short term gains;

**ETHICS** - Our approach during negotiations embraces the interests of our clients;

**MARKET INTELLIGENCE** - We offer consultancy services rather than merely a brokerage service. We are committed to offering a broader and strategic market perspective, providing our clients with our market insight, through well founded opinions and recommendations;

**COMMITMENT** - We provide valuable support to the client's legal team, obtaining the documentation of buyers and tenants, and elaborating the required contracts and agreements;

**INFORMATION** - We manage a comprehensive database, with information on landlords, tenants, asking prices, completed transactions on corporate and industrial developments.

## CASES



### **Dia Brasil** Pinheiros São Paulo/SP

Lease executed in december/2016, process coordinated by RealtyCorp.

Dia Brasil - one of the largest retail chains in the world - decided to relocate its headquarters in São Paulo to a building that reflected the company's modern image and continuous evolving nature. RealtyCorp realized that Ed. Birman 21 fit perfectly into what the company was looking for at the time. Notably, in addition to optimizing costs (rent, common area maintenance and property tax), resulting from being located in an old building, was the desire to relocate the company to a more modern region. The Ed Birman 21 building fit perfectly into the needs of the Dia, including minor details, allowing for savings in total costs and modernizing the company's corporate image.



### **Libra Energia** Moema São Paulo/SP

Lease executed in december/2016, process coordinated by RealtyCorp.

This was undoubtedly the fastest deal ever, executed by RealtyCorp. It took only 10 days from start to finish of the project (definition of assumptions, research the options, transaction management, draft lease agreement and execution). RealtyCorp was referred by a company to one of the partners of Libra Energia, who put forward a challenging mission: to find a property that met all the assumptions (values x location x corporate image) within 30 days. RealtyCorp, not only managed to meet all the assumptions ahead of schedule, also generated savings on the facilities, by negotiating with the former tenant to leave the office furniture and improvements.



### **Place2Work** Vila Olímpia São Paulo/SP

Lease executed in july/2016, process coordinated by RealtyCorp.

Place2Work, one of the largest Brazilian companies for co-working solutions, was seeking opportunities in which the landlords could be partners in the expansion of the business. RealtyCorp identified space in the penthouse of the Atrium II building, very much in line with the expectations of Place2Work. The space has an excellent cost-benefit ratio, through a smart and personalized strategic digital marketing campaign for the client's goals.



### **Place2Work BH** Savassi Belo Horizonte/MG

Lease executed in january/2017, process coordinated by RealtyCorp.

Place2Work was already well aware of RealtyCorp's professionalism in providing real estate services and asked for help to locate its new business unit in the city of Belo Horizonte, Minas Gerais state. As RealtyCorp has a branch in this city and all the main corporate buildings have been mapped in its database, an excellent option was presented - the Ed. Savassi Mall II - located in the Savassi district, a business and commercial hub in the city of Belo Horizonte.



**RealtyCorp** has a team of professionals with corporate and industrial real estate experience, focused on servicing developers, landlords and investors and companies that occupy industrial and corporate spaces, built on an extensive **relationship** network, bringing **agility** and **market expertise**, adding value to your business by highlighting market opportunities and always seeking to achieve the best deal.



**RealtyCorp**

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