



**RealtyCorp**

# Analytics

2nd Quarter 2018 - Office & Industrial



# SERVICES

(Office, Retail and Industrial)



## Lease

Successfully achieving excellent business transactions by identifying and connecting demand with property, swiftly and efficiently.

- Lease management, identifying potential tenants;
- Management of Build-to-Suit projects;
- Up-to-date database of landlords, tenants, offers and transactions;
- Coordination of leases in partnership with other markets players;
- Strategy for identifying demand in the market;
- Representing companies in the search, analysis and negotiation of properties.



## Sale and Acquisition

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

- Divestment of Real Estate Assets;
- Direct Sale or sale through Bid Process;
- Relationship with brokers and key market players;
- Representing investors and/or developers for the acquisition of properties for development;
- Marketing strategy;
- Management of Sale & Leaseback transactions;
- Representing investors in general for property acquisition for income;
- Representing companies in general for property acquisition for their own occupation.



## Valuation and Consultancy

High-level real estate valuations, undertaken by professionals with experience and credibility, certified by first-class Brazilian institutions and particularly by international institutions such as RICS - Royal Institution of Chartered Surveyors.

- General valuation services, including portfolio valuations;
- Viability analysis of industrial, commercial and service developments;
- Real estate development studies;
- Best use analysis – real estate vocation;
- Valuation of Real Estate assets for accounting purposes.



## Strategic Management of Real Estate Assets

Intelligent management of real estate portfolios, striving for efficiency in admin and monitoring of the real estate market.

- Real Estate Administration – Accounts payable, inspection survey reports, documentation, representation in general meetings and public bodies;
- Management of Opportunities – Comparative analysis of market rents, identifying opportunities and negotiation strategies;
- Critical Dates Management – Inflation adjustment, revisions, renewals, guarantees and insurance;
- Negotiation – Representing clients in rental revisions, lease agreement renewals, terminations, lease acquisitions, sale and purchase of properties.



## Development and Investment studies

Structuring and management of investments in the real estate market, consultancy and development in real estate, creating specific solutions with the main goal of value generation for the client, in a transparent and sustainable manner.

- Real Estate Investment Consulting and Management – Product formatting, investment quality analysis, investment vehicle structuring and management of the entire investment and divestment cycle. Structuring and managing new products by partnering with investors, investment funds and developers;
- Structuring of Investments – Structuring of real estate investment funds (FIs) and acting as real estate consultancy for FIs;
- Strategic and Operational Management for Real Estate Development – Project implementation in diverse market segments. Monitoring every step, including the definition of the commercial and marketing strategies, legal approvals, project and works management, monitoring of economic and financial performance, through to the implementation of risk management and monitoring policies.

# DIFFERENTIALS

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

**EXPERIENCE** - Team of professionals with extensive and solid market experience;

**RELATIONSHIP** - We value long-term business partnerships, not immediate gains;

**ETHICS** - Our approach in negotiations bears our clients' interests;

**MARKET INTELLIGENCE** - We offer consultancy services, rather than a simple brokerage. 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 actively support the client's legal team in obtaining the documentation from buyers and tenants, as well as preparing the required lease agreements which will be executed;

**INFORMATION** - We have a comprehensive database with Information on landlords, tenants, asking prices and transactions of corporate and industrial developments.

## CASES



### Ed. Metropolitan Office

Itaim Bibi

São Paulo/SP

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

Constellation is one of the most traditional fund managers in Brazil, being among the few fund managers with more than 25 years of experience in Equity management. Constellation's office was located in Vila Olímpia, but the occupied space was too small, coupled with some operational difficulties. With the need to expand and little appetite for undertaking capital expenditure in fitting out a new office, the solution was to find a tenant leaving a property and willing to leave its structure behind. RealtyCorp's market awareness of such opportunities, meant it was able to quickly find a solution that would meet the client's requirements and conclude the transaction.



### Ed. Vila Olímpia Corporate - VOC

Vila Olímpia

São Paulo/SP

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

As virtual currency experiences daily growth trend, BitCoin Market, Brazil's largest digital currency startup, needed to expand its office into a modern property with an excellent corporate image. Taking advantage of its marketing strategies, RealtyCorp captured Bitcoin's demand requirements in the market and managed the entire transaction process which was concluded at the Ed. Vila Olímpia Corporate Torre B. This was a typical successful business case that reflects the constant strategic initiatives undertaken by RealtyCorp.



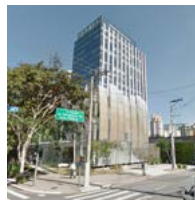
### Ed. São Luiz Gonzaga

Av. Paulista

São Paulo/SP

Lease expansion executed in September/2017, process coordinated by RealtyCorp.

Febrafar (Brazilian Federation of Associations and Independent Pharmacy retail chains) was seeking to expand its offices that had been leased a little over a year and did not hesitate to contact RealtyCorp again due to the excellent services performed during the first lease. RealtyCorp successfully managed the expansion process in the same building, meeting all the needs of Febrafar and the landlords.



### Aquisição de Terreno

Nova Faria Lima

São Paulo/SP

Consultancy carried out in December/2017, process coordinated by RealtyCorp.

RealtyCorp was engaged to manage the acquisition of land in the Faria Lima region. We received advanced warning of all the difficulties that would be faced due to previous unsuccessful attempts. RealtyCorp undertook a search in the region with comparative data and contacted the landlords of the targeted property. Using a strategic approach, RealtyCorp successfully concluded the negotiation and acquisition of the property.



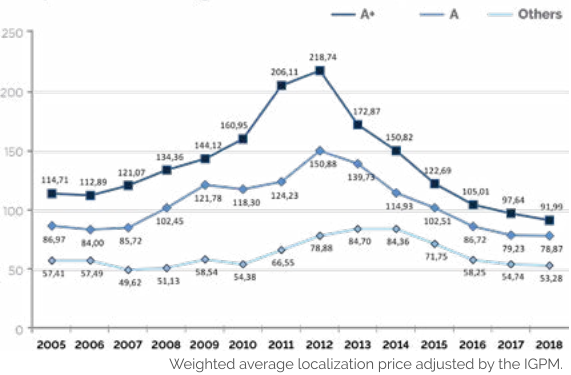
# OFFICE

## São Paulo<sup>3</sup>

The total inventory of corporate office space (Corporate<sup>1</sup>) in the City of São Paulo reached 10.757 million m<sup>2</sup> which represents 68% of the total office space in the state capital. This total is distributed as follows: 14% consist of Corporate A+ buildings, 10% in Corporate A and 44% in Corporate Classes B and C (Others) Buildings. The remaining 32% are classified as Office<sup>1</sup> buildings (small commercial suites).

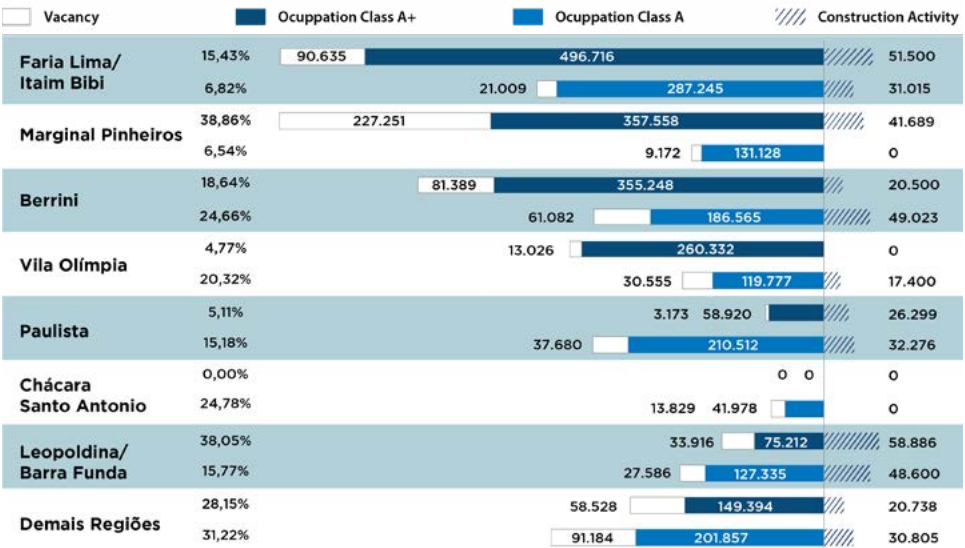
The graph alongside displays the office rental prices over the past 13 years in the City of São Paulo. After 2013 rental prices begin to decline, mainly due to the newly delivered developments starting in vacancy in the City of São Paulo, but also by the subsequent impact created by the economic downturn since then. Bear in mind that there was a delay in the price decline in the universe of Corporate Others which only occurred in 2014. This Market segment begins to lose demand intensely with the trend known as “flight-to-quality”, where many tenants decide to relocate to better and more modern buildings, taking advantage of competitive pricing in the market, caused by rising vacancy and price decline in the Corporate Class A and A+ buildings.

Corporate - Average Rental Prices (R\$)



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

### Vacancy Rate (%)



The data in this table refers to the universe of corporate buildings.<sup>1</sup>

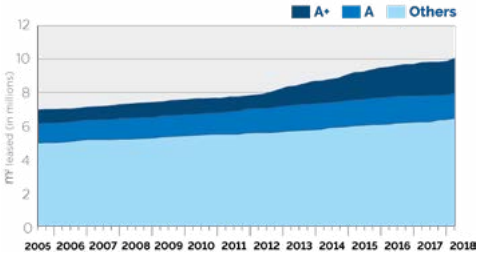
(m<sup>2</sup> leased)

Trend Panel<sup>2</sup>

Corporate Market	A+		A		OTHERS	
	Q4/2017	Q1/2018	Q4/2017	Q1/2018	Q4/2017	Q1/2018
Vacancy Rate	18,86%	22,46%	19,90%	18,27%	16,30%	16,48%
Occupation (m <sup>2</sup> )	1.756.852	1.753.380	1.261.121	1.326.395	5.701.539	5.761.160
New Stock (m <sup>2</sup> )	29.248	153.278	-	52.158	9.714	-
Construction Activity (m <sup>2</sup> )	364.556	219.612	245.155	221.398	57.049	57.049

Evolution<sup>2</sup>

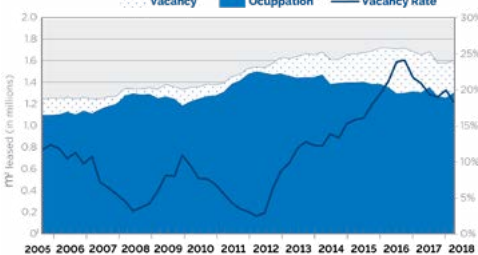
Corporate Stock



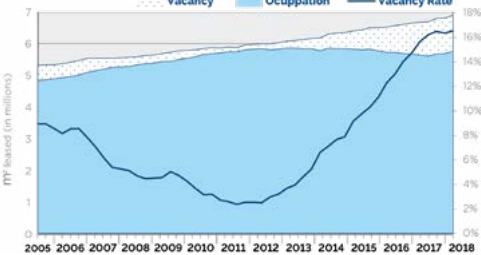
Corporate A+



Corporate A

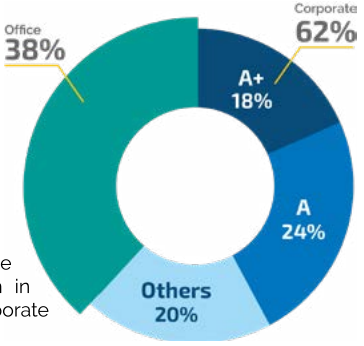


Corporate Others



Alphaville<sup>3</sup>

- Total inventory of office space in Alphaville is 1.265 million m<sup>2</sup>. Of this total, 18.39% consists of Corporate Class A+, 23.81% of Corporate Class A and 19.61% Corporate Class B and C (Others) buildings, totaling 62% of the total inventory of corporate buildings in the region.
- Alphaville experienced a boom in corporate office construction in 2010, when the inventory was a mere 180 thousand m<sup>2</sup> of Corporate buildings (Class A+ and A). The region now has 530 thousand m<sup>2</sup> in Corporate (Class A+ and A) Buildings. However, approximately 150 thousand m<sup>2</sup> of this universe is vacant, with the vacancy rate peaking at 27%.
- With one of the most competitive rental prices in the Greater São Paulo region, Alphaville has been able to attract large companies for occupation in corporate buildings. The average rent prices in the 1st quarter 2018 was R\$ 59/m<sup>2</sup>/month in Corporate Class A+ buildings and R\$ 49/m<sup>2</sup>/month in Corporate Class A buildings.



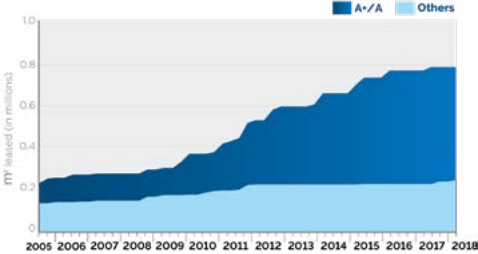
Occupancy, Vacancy and Construction Activity<sup>3</sup>

Vacancy Rate (%)



The data in this table refers to the universe of corporate buildings.<sup>1</sup>

Evolution of Corporate Stock



Corporate A+/A/Others



Rio de Janeiro<sup>3</sup>

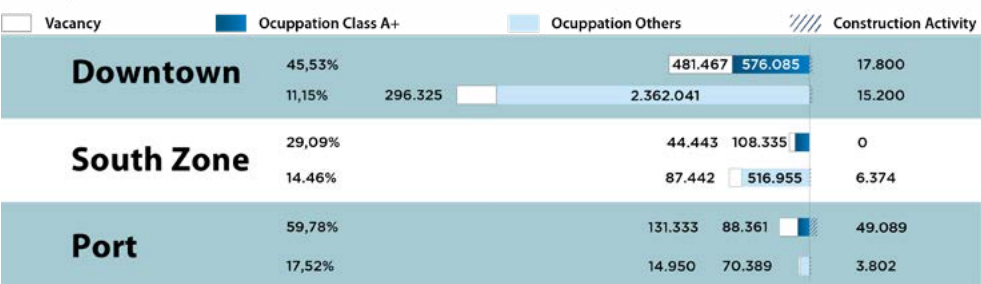
Trend Panel<sup>2</sup>

Corporate Market	A+ / A			OTHERS		
	Q4/2017	Q1/2018		Q4/2017	Q1/2018	
Vacancy Rate	47,47%	44,70%	↘	11,12%	11,82%	↗
Occupation (m²)	936.897	986.316	↗	3.177.148	3.152.028	↘
New Stock (m²)	7.830	-	↘	-	-	↔
Construction Activity (m²)	87.186	87.186	↔	19.788	29.788	↗



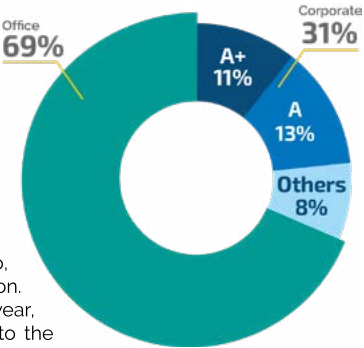
Occupancy, Vacancy and Construction Activity<sup>3</sup>

Vacancy Rate (%)



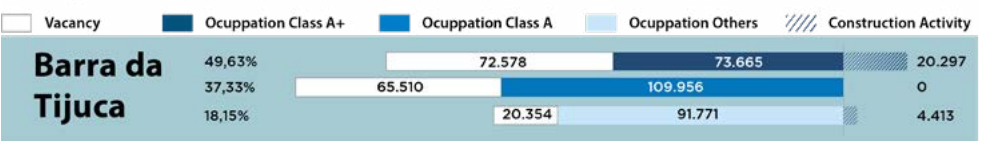
Barra da Tijuca<sup>3</sup>

- The total inventory of office space in the Barra da Tijuca region is 1.377 million m². Of this total, 68% consists of Office<sup>1</sup> buildings (small commercial suites) while the remaining 32%, consists of Corporate<sup>1</sup> (corporate floor plates) buildings. This corporate inventory is split up as follows: 11% in Class A+ buildings, 13% Class A and 8% in Class B and C (Others) buildings.
- The Barra da Tijuca region has shown the largest growth in the City of Rio de Janeiro over the past decade, mainly due to the large availability of land for development, driving developers to the Barra da Tijuca region. With the current over supply of space for rent and low demand, well below previous expectations, because of the severe economic downturn and political crisis in Rio de Janeiro, the vacancy rate in the Barra da Tijuca reached 42.92% in the universe of Corporate Class A and A+ buildings in 1st quarter 2018.
- The Barra da Tijuca region still has limitations of transportation and accessibility to the other regions of the city of Rio de Janeiro, which hinders the interest of companies to relocate to the region. As a result, the average rental price has been falling year on year, reaching R\$ 49.58/m² in 1st quarter 2018 (this figure refers to the average of the entire Corporate and Office universe).



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

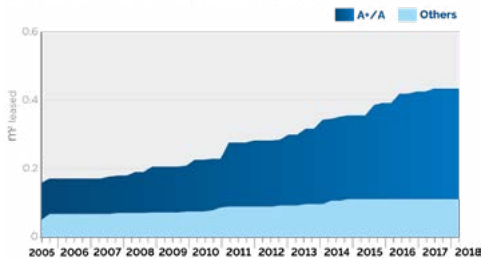
Vacancy Rate (%)



The data in this table refers to the universe of corporate buildings.<sup>1</sup>

(m² leased)

Evolution of Corporate Stock



Corporate A+ / A / Others



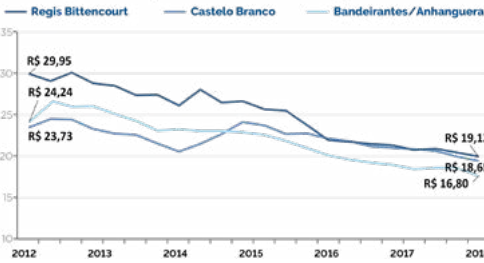


# INDUSTRIAL

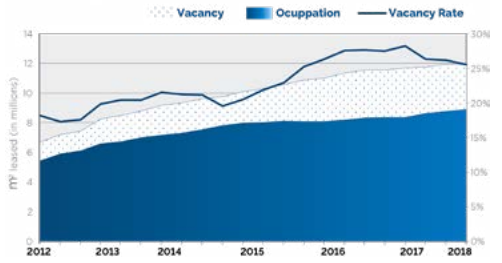
## State of São Paulo<sup>3</sup>

- Brazil has approximately 20.023 million m<sup>2</sup> of gated industrial and logistical parks throughout the country, while in the State of São Paulo the inventory reaches 11.958 million m<sup>2</sup>, representing 60% of the total Brazilian inventory.
- The vacancy rate in the State of São Paulo fell from 26.14% in 4th quarter 2017 to 25.51% in 1st quarter 2018, a third consecutive drop. Currently, the average asking rent price for the State of São Paulo is R\$ 17.97/m<sup>2</sup>. Asking rental prices range from R\$ 9.00/m<sup>2</sup> to R\$ 32.40/m<sup>2</sup>, depending on the region and the technical specifications of the warehouses.
- The average asking rental prices for warehouses in gated industrial and logistical parks along the Castelo Branco axis fell from R\$ 29.95/m<sup>2</sup> in 4th quarter 2012 (adjusted by IGPM index) to R\$ 19.12/m<sup>2</sup> in 1st quarter 2018, as shown in the graph below. The graph also depicts the behavior of rental prices along the Bandeirantes/Anhanguera and Dutra SP axis.
- The Bandeirantes/Anhanguera axis has 1.5 million m<sup>2</sup> of vacant space, with a vacancy rate of 30% in Class A+ and A gated condominiums and 19.97% in Class B and C (Others) gated condominiums.

### Average Asking Rental Prices/Region



### São Paulo Industrial



## Trend Panel - Industrial SP

Logistics Condominiums	A+/A		OTHERS	
	Q4/2017	Q1/2018	Q4/2017	Q1/2018
Vacancy Rate	27,73%	26,54%	22,24%	22,96%
Occupation (m²)	6.120.766	6.255.038	2.675.309	2.652.665
New Stock (m²)	86.886	46.018	14.133	3.000
Construction Activity (m²)	339.385	344.262	136.312	209.666

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

### Vacancy Rate (%)

	Vacancy	Occupation Class A+	Occupation Class A	Construction Activity
Anchieta	14,36%	36.520	217.874	82.301
Imigrantes	26,29%	34.898	97.840	0
Fernão Dias	68,97%	31.603	14.218	34.000
	9,93%	23.066	209.216	0
Regis Bittencourt	14,67%	85.000	494.293	0
	19,49%	14.545	60.084	0
São Paulo (Capital)	17,05%	66.928	325.634	0
	8,71%	28.090	294.521	0
Dutra SP	22,76%	329.704	1.119.162	104.508
	38,89%	225.415	354.183	6.300
Castelo Branco	34,01%	487.894	946.726	45.293
	21,52%	215.408	785.607	12.600
Bandeirantes/Anhanguera	28,04%	1.222.310	3.137.130	78.106
	22,65%	249.237	851.215	142.423

The data in this table refer to the universe of logistic condominiums in the State of São Paulo<sup>1</sup>

(m leased)

[1] RealtyCorp's classification methodology for office buildings is based on the Buildings classification, which is: Office: buildings with suites smaller than 100 m<sup>2</sup>; Corporate: buildings with suites larger or equal to 100 m<sup>2</sup>; A+: buildings equivalent to AAA and AA of the Buildings classification; A: buildings equivalent to A in the Buildings classification; Others: buildings equivalent to BB, B and C of the Buildings classification.

[2] The statistical data relating to Alphaville have not been consolidated in the data for the City of São Paulo;

[3] The statistical data of this Analytics refers to the 1st quarter 2018 and were consolidated on 31/03/2018.

\*Trends should not be taken as indicative of future results.

\*RealtyCorp is not responsible for decisions taken based on the information contained in this bulletin.



**RealtyCorp** has a team of professionals with corporate and industrial real estate experience, focused on serving developers, landlords and investors; built on an extensive relationship network, bringing agility and market knowledge, adding value to your business by highlighting market opportunities and always seeking the best negotiation.



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