



RealtyCorp

Analytics

4th 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.

- Serviços gerais de avaliações imobiliárias, incluindo avaliações de portfólios;
- Análise de viabilidade de empreendimentos industriais, comerciais e de serviços;
- Estudo de desenvolvimento imobiliário;
- Análises de melhores usos - vocação imobiliária;
- Avaliação patrimonial para fins contábeis.



Gestão Estratégica de Ativos Imobiliários

Gerenciamento inteligente de carteiras imobiliárias e busca constante de eficiência na gestão administrativa e no monitoramento do mercado imobiliário.

- 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.



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 (FII's) and acting as real estate consultancy for FII's;
 - 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.
 - New Real Estate opportunities in the U.S. market – Business Consultancy & Development – Property Financing, market research of properties and new business opportunities in the U.S. Partnerships with lawyers, accountants and financial market agents specialized in the American real estate market.

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



**HD873
Corporate**
Chácara Santo Antônio
São Paulo/SP

Lease Agreements
concluded in 2018, process
coordinated by RealtyCorp.

Delivered in January 2018 by the developer Luciano Wertheim — a family owned company with over 60 years of market history — understood how to interpret the current market needs. The HD873 Corporate is a sophisticated space offering synergy and efficiency for future tenants. Due to the good quality of the asset, RealtyCorp concluded three new lease agreements with tenants seeking expansion and who wanted a building upgrade: Soul Trade (May/18), a Trade Marketing company with presence throughout Brazil; Bemateize (June/18), a pioneer HR and admin consultancy; and Ezly Tecnologia (September/18), a company specialized in B2B solutions.



**Rayes &
Fagundes**
Itaim Bibi
São Paulo/SP

Lease concluded in
June/2018, process
coordinated by RealtyCorp.

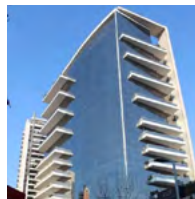
With a 20-year history, Rayes & Fagundes Advogados Associados (RFAA) is one of the most admired law firms in Brazil. With the growth in the team of attorneys, RFAA was looking to expand its occupation within the same building and, due to lack of options, ended up with two half floors on two non-contiguous floors which led to a daily loss in efficiency. The solution presented by RealtyCorp was a furnished property which considerably reduced the high capital investment costs normally required. The identified property was on a single floor significantly more efficient than the previous building, allowing for expansion without increasing the occupied area. In addition, the swap was undertaken without adding to the monthly fixed cost.



**HD873
Corporate**
Chácara Santo Antônio
São Paulo/SP

Sale concluded in
September/2018, process
coordinated by RealtyCorp.

Luciano Wertheim is a family owned company, founded 60 years ago and having completed over 100 developments in the city of São Paulo. The developer has become a reference in terms of quality and professionalism in the real estate market. As was previously reported in other cases, RealtyCorp was responsible for the commercialization of the HD873 building (Rua Henri Dunant, 873, São Paulo / SP) and recently completed the sale of one more floor to a group of investors, exceeding 40% sale of the building. RealtyCorp has actively participated in the marketing process of the building and accomplished excellent business results, besides the cooperation through recommendations for improvements and savings that have benefited the condominium.



**Edifício
Zabo Faria Lima**
Itaim Bibi
São Paulo/SP

Sale concluded in
September/2018, process
coordinated by RealtyCorp.

Biolab is one of the five largest pharmaceutical companies in Brazil. The company occupied five non-contiguous floors in building with a small floor plate. Due to rapid exponential growth, the space constraint led to operational fragmentation, generating daily snags. The challenge was to identify a new space to accommodate all employees on a larger and more efficient floor plate. To secure this objective, the company engaged RealtyCorp, which in turn put its full efforts on the project. After thorough market search, followed by financial analysis and proposals, the encountered solution was to lease two floors in the Zabo Faria Lima Corporate building, located at Av. Brigadeiro Faria Lima, 4.509, at Itaim Bibi (São Paulo / SP)

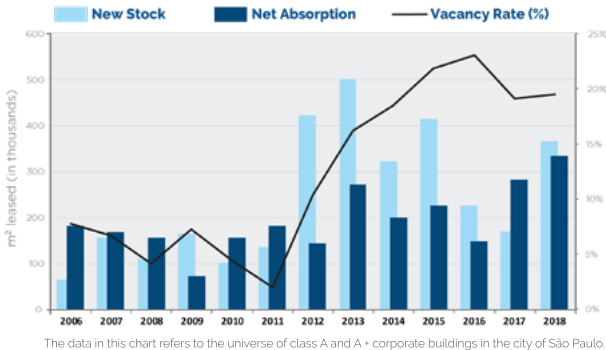
OFFICE

São Paulo³

The City of São Paulo currently has 15,89 million m² of office space. Out of this total universe, 68% consist of corporate offices (Corporate¹) and 32% in buildings classified as Office¹ (small commercial suites). Of the total inventory, 14% consist of Corporate A+ buildings, 10% in Corporate A buildings and 44% in Corporate Classes B and C buildings (classified as Others). The remaining 32% consist of buildings classified as Office¹ (small commercial suites).

The volume of New Inventory in Corporate Class A and A+ which is being delivered in the City of São Paulo in 2018 is now greater than the volume of the net absorption forecasted for the same period and same universe. As we can note in the graph alongside, a total of approximately 2.5 million m² has been delivered over the past 7 years. However, in this same period the net absorption was a slightly above 1.5 million m², resulting in an increase of nearly one million square meters of vacant space in the Corporate A and A+ universe .

Corporate - Net Absorption



Occupancy, Vacancy and Construction Activity³

Vacancy Rate (%)

	Vacancy	Occupation Class A+	Occupation Class A	Construction Activity
Faria Lima/ Itaim Bibi	8,95%	52.563	534.742	51.499
	11,92%		37.305	24.226
Marginal Pinheiros	39,78%	257.578	389.853	41.689
	8,64%		10.491	0
Berrini/ Chucui Zaidan	12,08%	51.007	371.090	36.994
	25,50%		66.862	49.023
Vila Olímpia	3,46%		8.577	0
	6,96%		12.269	17.400
Leopoldina/ Barra Funda	46,06%		55.365	64.835
	22,45%		39.270	135.651
Chácara Santo Antonio	0,00%			0
	26,81%		14.962	40.844
Other Regions	22,84%		40.324	136.220
	27,56%		80.658	211.966
Alphaville	19,79%		54.626	221.414
	38,71%		113.639	179.961

The data in this table refers to the universe of corporate buildings.¹

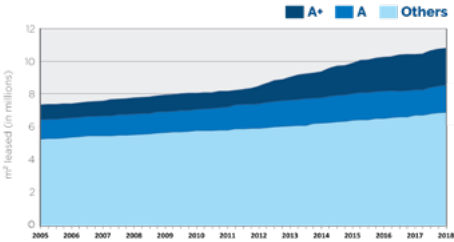
(m² leased)

Trend Panel²

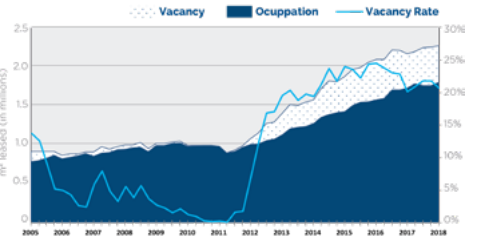
Corporate Market	A+		A		OTHERS	
	Q2/2018	Q3/2018	Q2/2018	Q3/2018	Q2/2018	Q3/2018
Vacancy Rate	21,77%	20,69%	17,82%	17,89%	16,81%	16,77%
Occupation (m²)	1.758.395	1.796.732	1.363.123	1.365.689	5.720.744	5.763.393
New Stock (m²)	30.552	41.689	21.417	9.656	26.863	11.833
Construction Activity (m²)	226.671	294.663	216.321	206.665	41.325	30.307

Evolution²

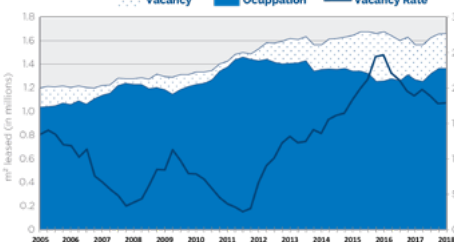
Corporate Stock



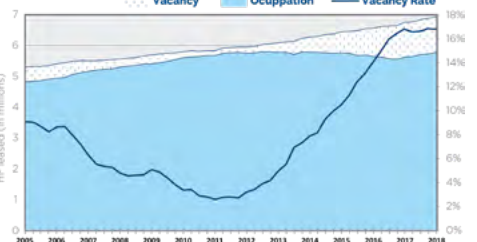
Corporate A+



Corporate A

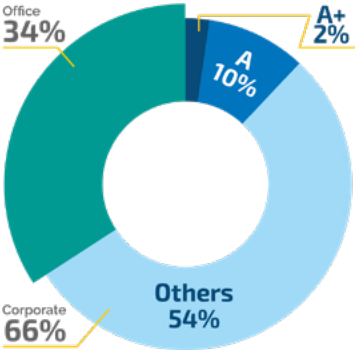


Corporate Others



Paulista³

- The total inventory of office space in the Paulista region is 2.76 million in m². Of this total, 66% of the universe consists of corporate buildings (Corporate³) and 34% in buildings classified as Office¹ (small commercial suites). Of the total inventory, 2.32% consist of Corporate A+ buildings, 9.69% Corporate A and 53.82% in Corporate Class B and C buildings (referred to as Others).
- The Avenida Paulista is one of the most famous landmarks in the City of São Paulo and is also host to large office buildings occupied mainly by banks, service companies, corporations and law firms. Despite most of the buildings being aged, many companies still consider it a valued location and are content in remaining in the region with their occupation. A reflection of this is that vacancy rate for the region stands at 14.60% for the entire universe of Corporate offices, while the average in the city is 17.76%.
- The average rental prices for Corporate A and A+ in the Paulista region closed 3rd quarter 2018 at R\$ 108.29/m², recording an increase of 13.7% in relation to the same period in the previous year. For the universe Corporate Others, the current average asking price is R\$ 69.52/m², a drop of 6.7% in relation to the 3rd quarter 2017.



Occupancy, Vacancy and Construction Activity³

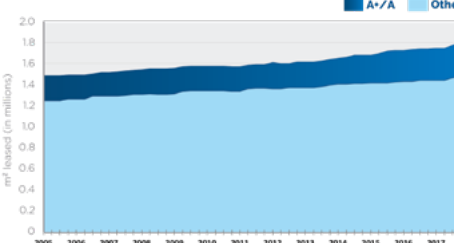
Vacancy Rate (%)

	Vacancy	Occupation Class A+	Occupation Class A	Occupation Others	Construction Activity
Paulista	5,19%	13,38%	15,23%	226.186	38.636
				1.259.378	20.060
					7.154

The data in this table refers to the universe of corporate buildings.¹

(m² leased)

Evolution of Corporate Stock



Corporate A+/A/Others



Corporate Market	A+ / A			OTHERS		
	Q2/2018	Q3/2018		Q2/2018	Q3/2018	
Vacancy Rate	45,60%	43,87%	↘	11,79%	12,29%	↗
Occupation (m²)	977.304	1.008.468	↗	3.162.335	3.148.317	↘
New Stock (m²)	-	-	↔	1.974	4.412	↗
Construction Activity (m²)	77.765	77.765	↔	27.814	23.401	↘

Rio de Janeiro



Occupancy, Vacancy and Construction Activity³

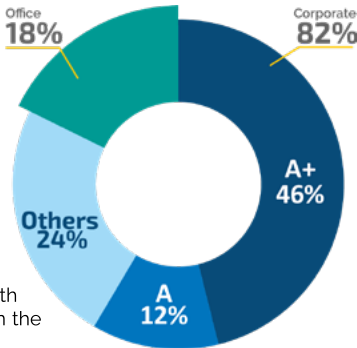
	Vacancy	Occupation Class A+	Occupation Others	Construction Activity
Barra da Tijuca	40,53%	132.040	193.771	20.297
	20,09%	21.522	85.598	0
South Zone	28,70%	42.608	105.847	0
	15,44%	94.027	515.143	4.400
Downtown	45,34%	485.493	585.253	0
	11,46%	305.805	2.363.815	15.200

The data in this table refers to the universe of corporate buildings.¹

(m² leased)

Port³

- The inventory of office space in the Port region totals 375 thousand m². Of this stock, only 17.71% consist of Buildings classified as Office¹ (small office suites), while 46.10% consist of Corporate¹ Class A+ buildings, 12.40% in Corporate Class A and 23.79% Corporate Class B and C (Others), totaling 82.29% of the total inventory of Corporate buildings
- The inventory of Corporate office space in the Port region practically doubled from 2014 to 2016, while at the same time the city of Rio de Janeiro encountered its worst crisis in history. This Market outlook caused vacancy rates to reach 60% in the 2nd quarter 2017 in the referred universe. Since then, the vacancy rate has receded slightly, although still very high is now currently at 46.14%.
- As a result of the high vacancy rate and the uncertainties in relation to an economic recovery in Rio de Janeiro, investors and landlords continue to offer aggressive commercial terms with the objective of attracting especially those companies located in the central region of the city.



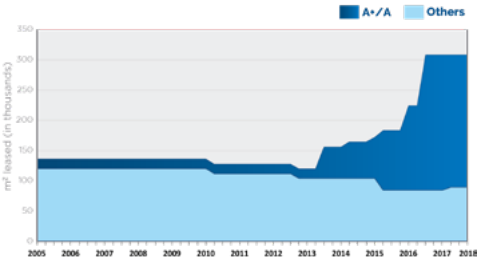
Occupancy, Vacancy and Construction Activity³

Vacancy Rate (%)						
		<div><div></div></div> Vacancy	<div><div></div></div> Occupation Class A+	<div><div></div></div> Occupation Class A	<div><div></div></div> Occupation Others	<div><div></div></div> Construction Activity
Port	68,33%	118.295		54.817		49.089
	16,83%			7.889	38.742	0
	18,41%			16.450	72.889	3.801

The data in this table refers to the universe of corporate buildings.¹

(m² leased)

Evolution of Corporate Stock



Corporate A+ / A / Others





INDUSTRIAL

State of São Paulo³

- The total rentable area in gated industrial and logistical parks is currently 20.5 million m². In the state of São Paulo, alone, total inventory is 12.2 million m², that is, 60% of the total Brazilian stock. The second largest market in Brazil is the state of Rio de Janeiro with 2.36 million m², equivalent to 11.6% of the total Brazilian inventory.
- The vacancy rate in the state of São Paulo fell from 24.26% in the 1st quarter 2018 to 23.91% in the 3rd quarter 2018. The average asking rent prices for the entire State of São Paulo is R\$ 18.07/m²/month. Asking rent prices range from R\$ 9.36/m²/month to R\$ 32.40/m²/month, depending on the region and the technical specifications of the warehouse.
- There was a decline in the average asking rent prices in industrial and logistical gated parks along the Fernão Dias axis, in the City of São Paulo, along the Dutra São Paulo axis and the Bandeirantes/Anhanguera axis. Conversely asking rent prices rose along the Anchieta/Imigrantes, Regis Bittencourt and Castelo Branco axes, as shown on the graphs below.
- The Bandeirantes/Anhanguera axis is the region with the largest inventory gated logistical parks in the State of São Paulo with 5.54 million m², which represents 45% of the total stock of the State. The vacancy rate of this axis is 24.42% in the Class A and A+ gated parks and 22.03% in Class B and C (Others).

Average Asking Price Lease m²/month

AXIS	Gated Parks		
	Q2/2018	Q3/2018	
Anchieta Imigrantes	R\$ 23.20	R\$ 23.47	↑
Fernão Dias	R\$ 19.42	R\$ 19.17	↓
Regis Bittencourt	R\$ 21.19	R\$ 21.24	↑
São Paulo (Capital)	R\$ 22.84	R\$ 22.25	↓
Dutra SP	R\$ 17.86	R\$ 18.23	↑
Castelo Branco	R\$ 18.93	R\$ 18.66	↓
Bandeirantes/Anhanguera	R\$ 17.17	R\$ 16.78	↓
State of São Paulo	R\$ 18.23	R\$ 18.07	↓

Industrial São Paulo



Trend Panel - Industrial SP

Logistics Condominiums	A+ / A		OTHERS	
	Q2/2018	Q3/2018	Q2/2018	Q3/2018
Vacancy Rate	24,79%	24,36%	22,98%	22,82%
Occupation (m ²)	6.428.888	6.548.589	2.743.308	2.760.199
New Stock (m ²)	31.515	111.419	-	14.387
Construction Activity (m ²)	514.954	411.258	183.573	169.184

Occupancy, Vacancy and Construction Activity³

Vacancy Rate (%)

	Vacancy	Occupation Class A+	Occupation Class A	Construction Activity
Anchieta Imigrantes	19,44%	56.830	235.449	55.111
	14,93%	30.251	172.322	4.250
Fernão Dias	75,50%	34.597	11.224	34.000
	13,19%	29.945	197.071	0
Regis Bittencourt	12,24%	70.903	508.390	0
	5,90%	4.403	70.226	0
São Paulo (Capital)	13,23%	58.803	385.656	0
	16,88%	48.732	239.958	0
Dutra SP	24,21%	359.108	1.124.001	20.000
	37,90%	228.212	373.997	6.300
Castelo Branco	31,41%	491.618	1.073.401	93.637
	21,34%	188.626	695.077	12.600
Bandeirantes/Anhanguera	24,42%	1.037.649	3.211.467	208.509
	22,03%	285.882	1.011.550	146.034

The data in this table refers to the universe of corporate buildings.¹

(m² leased)

[1] RealtyCorp's classification methodology for office buildings is based on the Buildings classification, which is: Office: buildings with suites smaller than 100 m²; Corporate: buildings with suites larger or equal to 100 m²; A+: buildings equivalent to AAA 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 3rd quarter 2018 and were consolidated on 30/09/2018.

*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 servicing 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.



RealtyCorp

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