



WORLD TRADE
CENTERS
ASSOCIATION

WTC

PRIME OFFICE INDEX LATAM

JUNE/2021

PRESENTATION

Introducing the second edition of WTC PRIME OFFICE INDEX - LATAM, an effort by the World Trade Centers (WTC) of the region, that aims to measure the expectations of experts for different variables such as the behavior of occupancy, sale and rental prices in “prime” office buildings.

In current pandemic conditions this exercise is of the utmost importance given the uncertainty that exists around the return to offices after long periods of working from home. There are a lot of opinions concerning next year, as the pandemic and economic activities are "normalized". Thus, an expert view like the one presented in this index, becomes a useful tool for decision making. What is evident from the case studies presented in this report is that the WTC brand constitutes an added value that, along with other elements, is allowin

Carlos Ronderos

Director Latin America, WTC

The post-pandemic world is starting to emerge. Clues of disruptions that this new world of digital globalization will bring are visible. Inflation is rising and public debt levels are stratospheric. Supply chains are being disrupted leading to price increases and shortages from basic food staple to semiconductors. Hacking for ransomware is going mainstream and is indiscriminately targeting pipelines, governments, and meat producers alike. The G7 countries backed a sweeping overhaul of the global tax system introducing a global minimum corporate tax. The global trade infrastructure is yearning for reform to make global trade more inclusive so it can work for everyone. At the same time vaccination rates continue to go up and Las Vegas is welcoming back large audiences. Also, the work-life balance has fundamentally shifted with people going back to the office, albeit reluctantly. Commercial properties are recalibrating and redefining purpose for their spaces. Purpose as in health, sustainability, connectivity. Here is where our World Trade Centers continue to be a major differentiator: state-of-the-art facilities that are part of a hyper-connected global community present in nearly 100 countries. WTC is a trusted brand with a purpose of facilitating international trade. We're ready."

Robin van Puyenbroeck,

Executive Director - Business Development, WTC

Photo WTC Veracruz

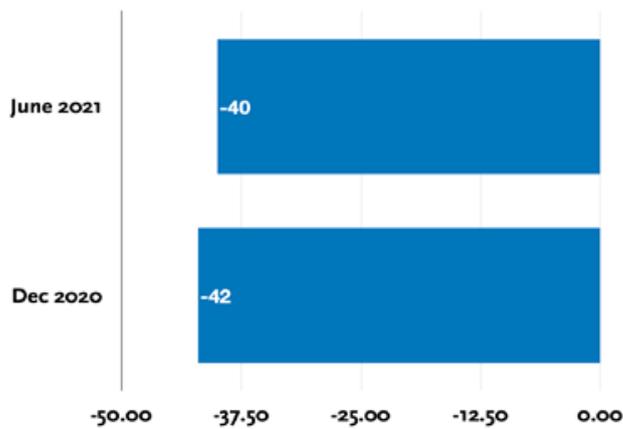


WTC PRIME OFFICE INDEX-LATAM

Commissioned by the World Trade Centers Association, Latin Trade has published the second installment of the WTC PRIME OFFICE INDEX-LATIN AMERICA (LATAM), an indicator of recent and expected trends for the Class A office market in Latin America.

The resurgence of the coronavirus pandemic slowed down the region's economic recovery, and with it the take-off of the premium office market. For June 2021, the WTC PRIME OFFICE INDEX - LATAM had a value of -40.0, slightly better than that registered in December 2020 (-42.0), mainly reflecting less pessimism about the expected behavior of the market for the remainder of 2021. Overall, perceptions and expectations are better for rentals than for Class A office sales.

WTC PRIME OFFICE INDEX - LATAM



WTC PRIME OFFICE INDEX - LATAM fluctuates between -100 and 100, indicating totally negative or positive perceptions/expectations about the Premium Office market in Latin America. The Index consulted the opinion of experts in 21 cities in the region: Buenos Aires, (Argentina); Santa Cruz de la Sierra and La Paz (Bolivia); Curitiba and São Paulo (Brazil); Santiago from Chile (Chile); Barranquilla, Bogotá, Medellín and Cali (Colombia); San Salvador, El Salvador; Leon, Mexico City, Monterrey and Nuevo Laredo (Mexico); Lima (Peru); Panama City (Panama); Asunción (Paraguay), Montevideo and Colonia del Sacramento (Uruguay); and Valencia (Venezuela).



The composition of the WTC PRIME OFFICE INDEX - LATAM for June 2021 shows a highly negative perception of the market behavior during the first half of 2021. The performance indicator registered a balance of -60.0, mainly explained by the greater comparative deterioration in sales. The reported situation worsened compared to December 2020. On the contrary, expectations are less negative than six months ago, mainly due to the expected reduction in the time it will take to rent an office in the remainder of 2021.



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WTC PRIME OFFICE INDEX - LATAM		
	DEC 2020	JUN 2021
Performance indicator	-53	-60
Expectations indicator	-32	-19
WTC INDEX - LATAM	-42	-40

RENTAL SEGMENT

The performance of premium office rentals during the first half of 2021 was mainly affected by the increase in the time it takes to rent an office, by the unfavorable behavior of local economies, and by the fall in rental prices.

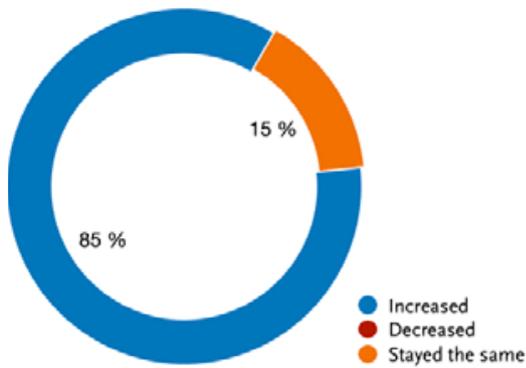


For 85% of those surveyed, the time it took to rent an office increased. In the vast majority of cases, the rent took between 3 and 6 months. No cases were reported of offices that had been rented in less than 3 months. The vacancy rate increased and, in general, was greater than 15%.

Photo WTC Asunción

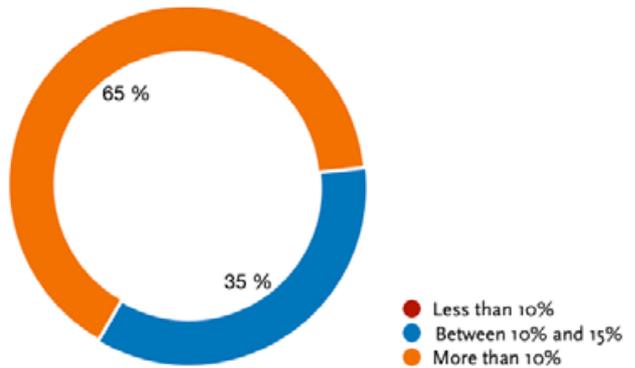
TIME TAKEN TO RENT A CLASS A OFFICE

The average time it took to rent the properties



VACANCY RATE OF CLASS A OFFICES

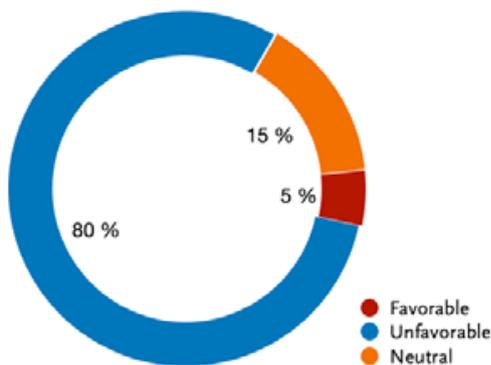
The average vacancy rate was



For 80% of those surveyed, the local economic situation was unfavorable. Meanwhile, for half of those surveyed, rent prices fell.

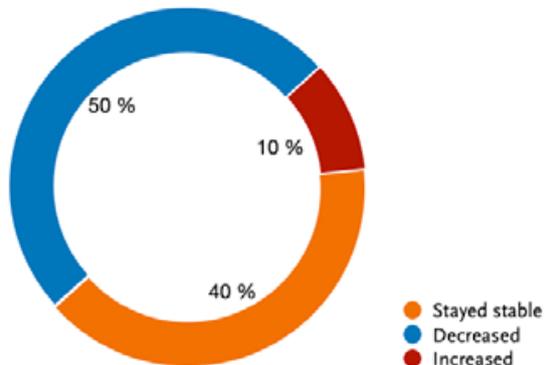
CITY ECONOMIC SITUATION TO RENT CLASS A OFFICE

The average time it took to rent the properties



RENTAL PRICE VARIATION CLASS A OFFICE

Average rental price



RENTALS - EXPECTATIONS

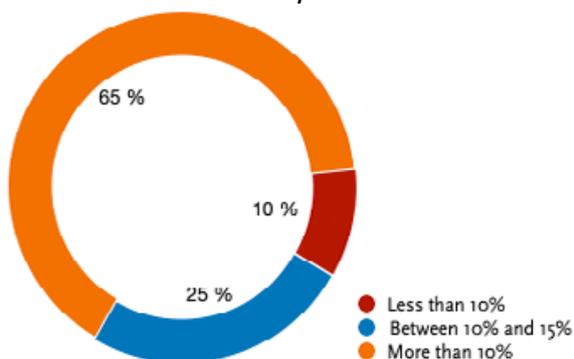


Photo WTC Buenos Aires

Expectations for the behavior of premium office rentals in the second half of 2021 are generally stable. Most experts project little variation in rental prices and vacancy rates.

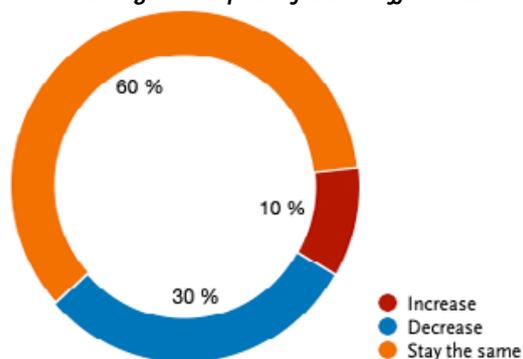
RENTAL VACANCY RATE EXPECTATIONS

CLASS A OFFICE
Vacancy rate



RENTAL PRICE VARIATION EXPECTATIONS

CLASS A OFFICE
Average rental price of class A offices will:



Most of the experts consulted expect rental prices to be between US\$12 and US\$18 per m² during the second half of 2021. The WTC PRIME OFFICE INDEX - LATAM for June 2021 shows that cities with less than two million inhabitants register a greater dispersion in the expected rental prices, but what is striking is that the highest proportion of the expected leases exceeds US\$18 per m², which suggests that the demand would give space to increased supply of offices. Intermediate cities (2 to 5 million inhabitants) offer a majority of rents of less than US\$12 per m², due to an oversupply of offices. In the largest cities in the region, the supply pushes rental prices to the mid-range of between US\$12 and US\$18 per m².

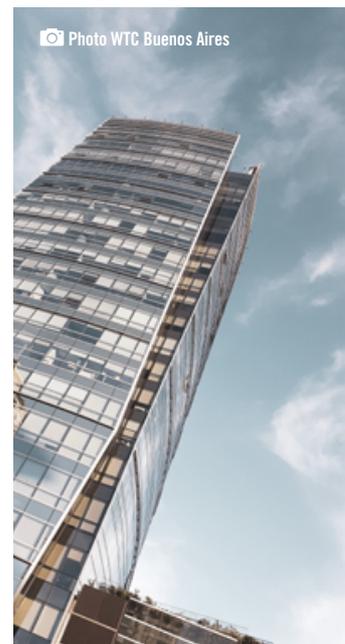


Photo WTC Buenos Aires

EXPECTED PRICES FOR CLASS A OFFICE RENTALS			
City population	Monthly price per M ²		
	Less than US\$12	Between US \$12 and \$18	More than US \$18
More than 5 million	5%	14%	10%
Between 2 and 5 million	14%	10%	0%
Less than 2 million	10%	14%	24%

Percentage of the total responses. Calculations: Latin Trade



SALES SEGMENT

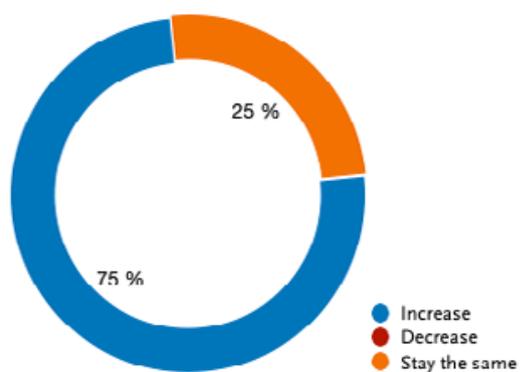
The performance of Class A office sales in Latin America during the first half of 2021 was negatively impacted by the increase in time to complete the sale, unfavorable local economies and a drop in sale price



75% of those surveyed said the time it took to sell an office increased. In the vast majority of cases, the closing of the sale took more than six months.

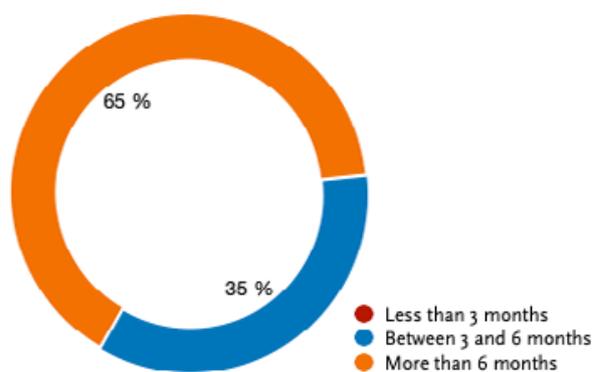
VARIATION IN TIME TO SELL A CLASS A OFFICE

Average time to close a sale



AVERAGE NUMBER OF MONTHS TO SELL A CLASS A OFFICE

Sales were closed in:

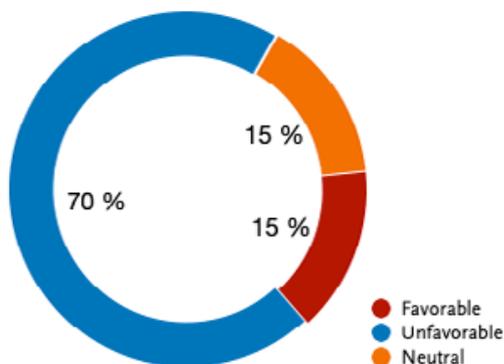


The local economic situation weighed unfavorably for sales during the first half of 2021, although to a lesser extent than for rentals. However, experts are more unanimous on the drop in sales prices than on the drop in rental prices.

ECONOMIC SITUATION OF CITY TO SELL

CLASS A OFFICE

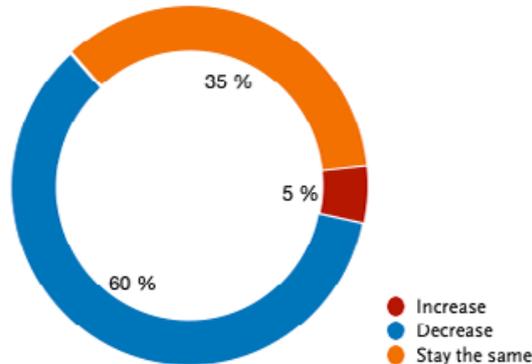
The economic situation of the city was:



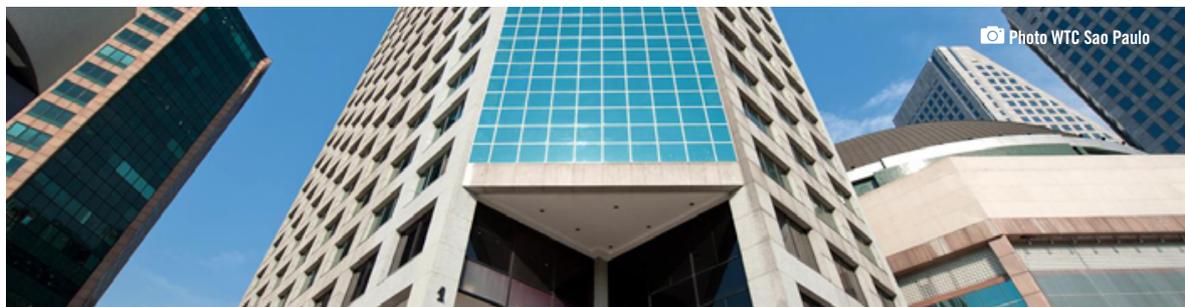
PRICE VARIATIONS IN SALES OF

CLASS A OFFICE

Average sale price



SALES - EXPECTATIONS

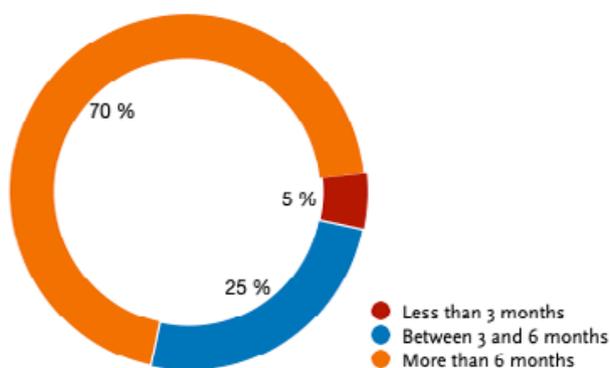


Expectations for the behavior of Class A office sales in the second half of 2021 are negative in terms of time to do business and the environment of local economies, although relative stability is expected in terms of sales prices.

EXPECTED NUMBER OF MONTHS TO SELL A

CLASS A OFFICE

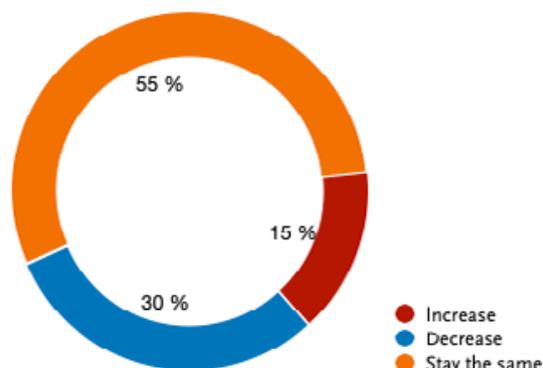
The average time to sell will be:



PRICE VARIATION EXPECTATIONS IN SALES

OF CLASS A OFFICES

The average sale price will:



The expected sales prices for Class A offices during the second half of 2021 will mostly be below US\$3,000 per m², according to the WTC PRIME OFFICE INDEX-LATAM for June. As expected, compared with the December 2020 measurement, the number of cities in which the sale price per m² was higher than US\$3,000 fell significantly. It is worth noting that in cities with less than 2 million inhabitants, such as Monterrey (Mexico) and Montevideo (Uruguay), the price per m² exceeds US\$3,000, indicating a lack of inventory. Precisely some builders are responding to this deficit, offering new spaces for offices. (See next note).

CLASS A OFFICE EXPECTED PRICES

City population	Sale price per M ²		
	Less than US \$2000	Between US \$2000 and \$3000	More than US \$3000
More than 5 million	5%	14%	10%
Between 2 and 5 million	14%	10%	0%
Less than 2 million	10%	14%	24%

Percentage of the total responses. Calculations: Latin Trade

WTC MONTEVIDEO FREE ZONE 2



The inauguration in December 2020 of a second tower in the WTC Free Zone, located within the Montevideo complex (Uruguay), which also has four other towers, confirms that the leading companies in workspace solutions maintain their long-term commitment for the reestablishment of the office as the main workplace, even in combination with other remote





📷 Ignacio Del, general manager of WTC Uruguay.

“The second tower of the WTC Montevideo Free Zone is not only spectacular in architectural terms, but also offers great competitive advantages as it is built in a free zone and operates under a convenient tax regime

allowing the ability to provide services to the world at a rate of 0% taxes of all kinds, complementing with all the services necessary for international trade activity,” **Ignacio Del, general manager of WTC Uruguay**, told Latin Trade. *(See box with technical data sheet).* The new tower is very close to urban life: commerce, universities and hospitals, to combine work and professional life.

The COVID-19 pandemic impacted work, mainly delaying its inauguration, initially scheduled for February 2020. However, the pandemic was also an opportunity to innovate. On the one hand, in functional terms, the new WTC tower in Montevideo Free Zone “responds to post-pandemic needs, such as hand sanitizer dispensers for hygiene needs, but more importantly, we offer more and better collaborative spaces; The idea is to have much more open spaces,” Del said. But, in addition, since the beginning of its construction in 2017, WTC 2 was designed based on the new global sustainability needs. The tower has a LEED certification (Leadership in Energy and Environmental Design), which validates it as a “green building”.

On the other hand, the pandemic also allowed the WTC Uruguay team, led by Del, to innovate in terms of marketing. “We had to do a part of the negotiations with the new tenants through virtual tools”. “In addition to the need to improve traditional resources such as video presentation, we also use new 3D simulation technologies,” he added. Del estimates that at least a third of the new tenants came from virtual relationships. It can be said that WTC 2 has been a success to date. “We registered a 60% occupancy in less than a year, and that is an excellent result in the middle of the pandemic,” Del said. The executive aims to achieve a 75% occupancy in the short-medium term. The occupants of the tower are essentially international, coming mainly from Argentina and Brazil, but also from the United States. But there are also important local clients. “We are proud to have dLocal (an electronic payment platform), the first Uruguayan unicorn,” Del said.



FACT SHEET

- Opened: December 2020
- 35,000 m2 of construction
- Tower with LEED Certification
- 17,000 m2 leasable
- 22 floors
- 805 m2 per floor
- Central square of 3,200 m²
- 60% occupancy as of May 2021
- More than 400 parking spaces
- More than 300 covered spaces for bicycles
- Parking for electric cars
- Changing rooms
- Maternity room for all clients
- Gastronomic area
- Top floor with meeting rooms and conferences
- Business Center
- Space for restaurants/cafeteria
- Prices between US\$20 - US\$45 per m²



MORE OFFICES FOR THE REGION: **NUEVO LAREDO Y GOIÂNIA**



The inauguration of the new WTC tower in the Montevideo free zone shows that the real estate activity in the Premium Offices segment responds to specific needs of each local market. In this sense, WTC is making progress in new projects necessary to meet the demand for offices in markets such as Nuevo Laredo (Mexico) and Goiânia (Brazil). The construction of the WTC Nuevo Laredo will begin in the next few months. The complex will be characterized mainly by being a technological-logistics cluster. The Mexican Institute of Logistics will have its main headquarters there, there will be a technology park, an innovation and entrepreneurship district, and a nanotechnology and biotechnology research and development center, in addition to other traditional facilities of the WTC brand, such as hotels, convention center, business club for WTC members, and medical and financial services areas. The planned investment is US\$145 million. The WTC Goiânia (the main city of Brazilian agribusiness) is designed as an innovative concept in the combination of spaces for housing, work, commerce, and social relationships. In this sense, the complex has two towers that include a hotel (204 rooms), offices (230), apartments (227 units), commercial premises (2,635 m² mall), and meeting spaces (such as a convention center). Geographically, the WTC Goiânia is located in one of the most exclusive areas of the city and, therefore, it will be surrounded by a high number of high-value buildings.