

3Q15

MARKET REPORT Latin America & The Caribbean

São Paulo, Brazil.

Global Locations

Latin America, & The Caribbean

Argentina

Buenos Aires City
Buenos Aires North

Bahamas

Nassau

Brazil

São Paulo
Rio de Janeiro

Chile

Santiago

Jamaica

Kingston

Mexico

Ciudad Juarez
Guadalajara
Matamoros
Mexicali
Mexico City
Monterrey
Queretaro
Reynosa
San Luis Potosi
Tijuana

Panama

Panama City

Peru

Lima
Arequipa

Puerto Rico

San Juan

Venezuela

Caracas

Mauro Keller Sarmiento, SIOR

Executive Managing Director,
International Business

+54 11 4320 4320

mkellersarmiento@naiglobal.com



Market Report

3Q15

Economic Overview

GPD GROWTH	0.5%	▲
INFLATION	14.5%	▼
UNEMPLOYMENT RATE	6.6%	▼
CURRENCY	Pesos Argentinos \$ARS	
CONVERSION RATE (VS USD)	9.5	

Prime Offices

There has been a small increase of around US dollars 1.20% in the lease values, which was accompanied by a decrease in the vacancy rate. The highest average asking value is still in Catalinas, with values of USD 27/m²/month. On the opposite side there appear the Microcentro area with values ranging between USD 18 and 23/m²/month.

Prime Industrial

Amongst the news, concerning this sector, is the creation of a built-to-suit logistics warehouse of around 70,000 sq. m. The North Corridor remains to be the one with the largest stock, with around one million square meters of which 12.0% is available for lease.

Prime Retail

The reduction in vacancy is mainly due to retailers take advantage of this period of high uncertainty to occupy the best locations at contained values (Santa Fe and Florida).



Buenos Aires

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▲	▼	▲	▲
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 4,000		USD 28	
=	=	▼	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 600		USD 7.5	
▼	=	=	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 6,500		USD 35	

HIGHLIGHTS

- ▶ The results of the runoff, recent elections generated expectations in real estate market agents, especially if there is a recovery in the business climate and the exchange rates can be unified, inflation is lowered, and exchange restrictions are eliminated, which will attract new investments.
- ▶ No matter who wins, there is optimism among investors that the successor will reverse the current government's interventionist policies and resolve the holdout saga with the U.S. hedge funds.
- ▶ Prices have increased slightly and there is more activity around the construction of corporate properties, which seems to be a market upturn.

San Martin 640 – 10th Floor
Buenos Aires - Argentina
+54 11 4320-4320
www.NAIArgentina.com

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3Q15

Nassau



Economic Overview

GPD GROWTH	1.2%	=
INFLATION	1.4%	▼
UNEMPLOYMENT RATE	15.9%	▲
CURRENCY	Bahamian Dollar B\$	
CONVERSION RATE (VS USD)	1:1	

Prime Offices

The demand for Class A office space has shown no improvement and remains flat. The vacancy rate in June 2015 was 9.50% down slightly from 9.54 % in October 2014. Our financial services industry continues to be challenged and has been contracting.

Prime Industrial

This market is limited almost exclusively to warehouse developments of which there are not many. Data only covers those properties for which we are able to collect reliable data. This market is not growing due to the state of the local economy.

Prime Retail

There was a marginal increase in the vacancy rate during this period from 8.81% to 8.91%. The vast majority of the retail space is in regional strip malls catering to the local trade. Only 10.38% of stock is located in the CBD.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
=	▼	▼	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 2,903		USD 30.4	
▼	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
-		USD 13.5	
▲	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
-		USD 25.5	

HIGHLIGHTS

- ▶ NAI Bahamas Realty Commercial has had a reasonably successful year having leased, year to date, a total of 36,661 square feet of office, retail and warehouse space and has either sold or has pending sales totaling \$40 million.
- ▶ The Bahamas has, in a sense, ended up with most of its “eggs in one basket”. The heavily promoted \$3.5 billion Baha Mar Resort on New Providence was scheduled to open in December 2014, but has been delayed.
- ▶ The health of the Bahamas economy is highly dependent upon the strength of the tourism and financial services industries. The number of visitors to the Bahamas has increased marginally (2.8%) over last year, currently approx. 6.1 Million.

P.O. Box N-1132
Nassau - Bahamas
+1 242 396 0028

www.NAIBahamas.com

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São Paulo



Economic Overview

GPD GROWTH	-2.5%	▼
INFLATION	9%	=
UNEMPLOYMENT RATE	7.9%	▲
CURRENCY	Brazilian Real R\$	
CONVERSION RATE (VS USD)	4.0	

Prime Offices

Rising vacancy rates and lease rates going down, reflecting the economy. Opportunity: no construction activity for new projects meaning low vacancy rate by 2020.

Prime Industrial

Vacancy rate is not as high as in other segments. Lease rates are similar in all regions (BRL\$ 16 - 19/m2/month).

Prime Retail

Falling lease rates reflecting lower activity in the sector. Inflation is a problem for retailers. Mall operators trying to negotiate debts.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▲	▼	▼	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 2,500		USD 25	
=	=	▼	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 450		USD 4.5	
▲	▼	▼	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 3,270		USD 30	

HIGHLIGHTS

- ▶ **Political crisis is affecting economic scenario. Interest rates are rising, inflation is high and investors are postponing new projects.**
- ▶ **Overall vacancy rates are rising in all segments (office, industrial/logistic, retail) and lease rates are drifting down.**
- ▶ **Rio de Janeiro has been mostly affected by the economy slowdown due to an offset in the oil and gas industry.**

160 George Eastman, Street
São Paulo - Brazil
+55 11 3755 8888
www.NAIDworking.com

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Economic Overview

GPD GROWTH	1.8%	=
INFLATION	4.6%	▲
UNEMPLOYMENT RATE	6.4%	=
CURRENCY	Chilean Peso CLP\$	
CONVERSION RATE (VS USD)	690	

Prime Offices

More strategic and bolder leasing tactics, in response to a less dynamic market, yielded results during Q3 2015. Class A: Completions 57,100 m²; Absorption 65,700 m²; Vacancy 10.1%. Class B: Completions 12,200 m²; Absorption 35,700 m²; Vacancy 16.1%

Prime Industrial

Vacancy rate increased from 4.8% in Q3 2014 to 9.0% in Q3 2015. In that period, average asking rents decreased around 6% reaching 4.3 US\$/m². Absorption reached a very low level, totaling negative 114,556 m². New supply totaled 58,000 m²

Prime Retail

Vacancy rate decreased from 6.7% in Q3 2014 to 6.0% in Q3 2015. In that period, average asking rents decreased around 3%, reaching 27.3 US\$/m². Absorption was also low, nearly 850 m². No new supply registered during this period



Santiago

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▲	▲	=	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 3,100		USD 21.2	
▲	▼	▼	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 129		USD 4.3	
▼	▼	=	▼
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 4,300		USD 27.3	

HIGHLIGHTS

- Office, Retail & Industrial market remains stable after the global crisis, specially in the sale of properties.
- High confidence from foreign investors caused by the stability of the country economy and the strength of its institutions, compared with other countries in the region.
- Slight increase in office market vacancy (5%-10%) is reducing rental prices. Time to invest, since it is assumed prices will rise again in the nearly future

Av. Pdte Riesco 3451, Las Condes
Santiago - Chile.
+56 2 2347 7000
www.NAISarra.cl

Market Report

3Q15

Kingston & Montego Bay



Economic Overview

GPD GROWTH	1%	=
INFLATION	6%	▲
UNEMPLOYMENT RATE	14.2%	=
CURRENCY	Jamaican Dollars J\$	
CONVERSION RATE (VS USD)	119.5	

Prime Offices

Takeup of prime offices is slow due to the fact that most of these offices are in the CBD in Kingston where maintenance costs levied by the Landlord are high – sometimes higher than the rent.

Prime Industrial

Static activity with little new development taking place. A major international food company has recently contracted to build a new 85,000 sq ft distribution centre in Kingston.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
=	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 954		USD 7.2	
=	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 630		USD 5	
=	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 1,883		USD 12.5	

HIGHLIGHTS

- ▶ International food Company signs agreement for a local developer to construct a US\$12 million distribution Centre for rental.
- ▶ Mexican Hotel Company buys 226 acres on Jamaica North Coast to construct 9 hotels - total 6,900 rooms.
- ▶ Local All Inclusive Hotel Company buys a 5 acre Kingston city centre vacant site for the construction of a Business hotel and residential accommodation.

31 Upper Waterloo Road
Kingston - Jamaica
+1 876 925 7861
www.NAIJamaica.com

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Mexico City



Economic Overview

GPD GROWTH	2%	▼
INFLATION	2.5%	▼
UNEMPLOYMENT RATE	4.7%	=
CURRENCY	Mexican Peso \$MXN	
CONVERSION RATE (VS USD)	17	

Prime Offices

Office demand still good to very good in Mexico City. Inventory in excess of 90 million sf. Vacancy rate at 8.7%. Construction exceeds leasing activity for the first time in two years.

Prime Industrial

Industrial space inventory at 148.5 million sf. Construction ahead of leasing, asking price holding steady. Overall vacancy at slightly above 5.0%.

Prime Retail

Multiple malls under construction as well as strip centers. Increasing available space holds asking rates down.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
=	=	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 4,000		USD 31.8	
=	=	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 700		USD 6.5	
=	▲	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 3,000		USD 100	

HIGHLIGHTS

- ▶ **Industrial real estate in high demand in the Bajío region (central Mexico). Several automobile manufacturers installing new plants in Mexico (BMW, Mazda, Hyundai, Audi, Kia). Airplane component manufacturing increasing at a double digit amount yearly.**
- ▶ **Office space demand still good to very good in Mexico City.**

Bld. Agua Caliente #10611- Loc. 1 PB
 Colonia Aviación, Tijuana B.C. - Mexico
MX +52 664 971 0333 **US** 619 690 30209
www.NAIMexico.com

Market Report

3Q15

Panama



Economic Overview

GPD GROWTH	6.1%	▼
INFLATION	2.1%	▼
UNEMPLOYMENT RATE	4.1%	=
CURRENCY	Balboa B/.	
CONVERSION RATE (VS USD)	1.0	

Prime Offices

Multinational companies continue to arrive to the country thanks to Tax and Labor Incentive laws, in addition to low rents and high quality projects.

Prime Industrial

The industrial market has maintained a positive trend due to promotion of the country as a stable investment destination, in conjunction with the investment of logistic infrastructure being planned by the government.

Prime Retail

The Retail market is experiencing a boom due to the growth of the suburbs within the city and the need for commercial centers in each area.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▲	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 2,705.23		USD 21.74	
=	▲	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 1,262		USD 9.86	
=	=	=	=
Sale Value (USD / m ²)		Lease Value (USD / m ² / month)	
USD 3,500		USD 27.43	

HIGHLIGHTS

- ▶ Office Prices Low and Tax and Labor Incentives continue to attract Multinational Companies to the Country.
- ▶ Country Economy growing above 6%, Highest in Latinamerica.
- ▶ Government investing in Logistic Infrastructure, in preparation for Panama Canal expansion.

Green Plaza, 1st Floor Suite 201
Costa del Este - Panamá
+507 300 5300
www.NAIPanama.com

Market Report

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Lima



Economic Overview

GPD GROWTH	3.1%	▼
INFLATION	3.7%	▲
UNEMPLOYMENT RATE	7.0%	▲
CURRENCY	Nuevo Sol S/.	
CONVERSION RATE (VS USD)	3.22	

Prime Offices

Prices have been continued decreasing in this 3T2015, standing at US\$ 2,200 for sale and US\$ 20.1 for rent. It is estimated that by the end of this year or early next the enter of others 120,000 m2 that are currently under development in Lima.

Prime Industrial

There is plans to complete 65,000 m2 of new warehouses for the 1S2016. Prices remain the same in this 3T15. There are potencial square meters of land for the development of logistics centers in the submarkets as Callao and the South of Lima.

Prime Retail

There are great investment opportunities for the development of malls in the center, south and north of Peru. With a lot of expectation in the commercial and tourism sector.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▲	▲	▲	▼
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 2,200		USD 20,1	
▲	▼	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 1,200		USD 5	
▲	▼	=	▼
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 3,100		USD 68	

HIGHLIGHTS

- **Lands for development of logistics centers in the Sub-Prime market of Callao and Lima South Zone, potential investment locations, with over 200 hectares available for the great development in this sector.**
- **Investment opportunity for Mineral exploitation in Cusco, with more than 400 hectares for the extraction of silver and lead. You can perform a minimum production of 30 tonnes per day, generating a production of 900 tons per month.**
- **Investment opportunities in the north of the country for development of luxury resorts with over 50 hectares on the seafront in the tourist center of Tumbes.**

191 Calle Pedro Denegri, Surco
Lima - Peru
+ 511 2719966
www.NAIPeru.com

Market Report

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Economic Overview

GPD GROWTH	0.1%	=
INFLATION	-1.3%	=
UNEMPLOYMENT RATE	12.2%	=
CURRENCY	USD	
CONVERSION RATE (VS USD)	1:1	

Prime Offices

Over 150,000 SF of class A office space became recently available with the exit of Doral Bank.

Prime Industrial

No significant transactions have occurred during the last quarter.

Prime Retail

No significant transactions have occurred on the retail sector. Retailers continue to hold on their expansion process.



Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▲	▲	▲	=
Sale Value (USD / SF)		Lease Value (USD / SF / month)	
USD 180		USD 16 to 19	
=	=	▼	▼
Sale Value (USD / m²)		Lease Value (USD / SF / month)	
USD 28		USD 6 to 9	
▼	=	=	▼
Sale Value (USD / m²)		Lease Value (USD / SF / month)	
no-data		USD 20 to 25	

HIGHLIGHTS

- ▶ Scotiabank and Banco Popular closed on two large portfolio of distress commercial properties.
- ▶ Law 20/22 continues to draw interest from foreign companies and investors.

1064 Ponce de Leon ave
San Juan, P.R. 00907
Direct +787 466 4295
Fax +787 724 0084.

Market Report

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Caracas



Economic Overview

GPD GROWTH	-7%	▼
INFLATION	200%	▲
UNEMPLOYMENT RATE	8%	=
CURRENCY	Venezuelan Bolivar Bs.	
CONVERSION RATE (VS USD)	200 (simadi)	

Prime Offices

Prime Offices keep raising its lease asking price. Even though official rate remains stable in local currency prices have raised more than 60%. We have seen discount rates until 20% when tenant is paying a full year in advance.

Prime Industrial

Prime Industrial keep raising its lease asking price, Even though official rate remains stable in local currency prices have raised more than 60%.

Prime Retail

Article 32 of the new regulation provides for three ways to set the canon of lease of commercial premises: based on the updated value of the property, on a percentage of sales or a mix lease that set a fixed portion, plus the percentage of sales.

Trends JUL / AUG / SEP - 2015

Vacancy Rate	Estimates Total Take Up	Sale Average Asking Rates	Lease Average Asking Rates
▼	=	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 4,000		USD 15	
▼	=	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 610		USD 3	
▼	=	=	=
Sale Value (USD / m²)		Lease Value (USD / m² / month)	
USD 4,000		USD 25	

HIGHLIGHTS

- ▶ There are not new developments among office, retail and Industrial.
- ▶ Before Congress elections (december 6th), companies tried to accelerate their real estate negotiations.
- ▶ Industrial sector hit by government expropriations, Polar (food and beverage company) has a 100.000 Sqf warehouse that was expropriated.

Centro Plaza, Torre C, Pent House
Caracas - Venezuela.
+58 212 286 9580

www.NAIVenezuela.com

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tel +1 212 405 2500
www.naiglobal.com