

SÃO PAULO

MARKET REPORT OFFICE

CLASSES A+, A AND B OFFICE MARKET REPORT



NEW SUBMARKET TATUAPÉ PRESENTS CORPORATE BUILDINGS UNDER DEVELOPMENT

Existing Inventory: 3.90 million sqm	Under Construction Inventory: 920 thousand sqm	Under Project Inventory: 267 thousand sqm	Delivered in the Quarter: 92 thousand sqm	Availability: 12.8%	Net Absorption: 2.9 thousand sqm	Average Asked Lease Price: R\$ 110/sqm/month: General R\$ 124/sqm/month: A+ A
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ECONOMIC OVERVIEW

According to the data released by Brazilian Central Bank, the growth forecast for Brazilian GDP in 2013 is 2.5%. The recent indexes indicates a slowdown in the national economy, however, in a lower proportion than was expected.

The interest rate is being influenced by the current monetary cycle in order to combat the inflation. On September, Central Bank raised the Selic rate (interest rate indicator) by 0.5%, what means a continuity of this contraction and probably taking the rate for two digits. As well as for inflation, the official estimative for year's end was the maintenance at 5.83%

Despite some pessimistic predictions about the economy and commercial real estate market, there is a pre lease movement and a migration of companies that are currently located in class B and C buildings to class A+ and A. It is estimated that the market feeling may improve due to the adjustments on the asked lease prices and other incentives offered by the landlords.

A fact that influenced the results of Q3 was the devolution of several sites by company Vivo, who leased the building Eco Berrini years ago and is now consolidating its occupation.

The high-end market should spread in the coming years with the trend of development on submarkets such Barra Funda and Tatuapé. In both, there are urban infrastructure projects that is going to change the current profile of density and use. One of the explanations for the expansion of Tatuapé is the availability of stock of "outorga onerosa" (right to build), which does not occur in the main regions of the city, and demonstrates the possibility of formation of land.

The neighborhoods are served by subway and in the case of Barra Funda also by the railway line. Some companies are bidding for public interventions coupled with the development of new private properties with the results appearing in the next years.

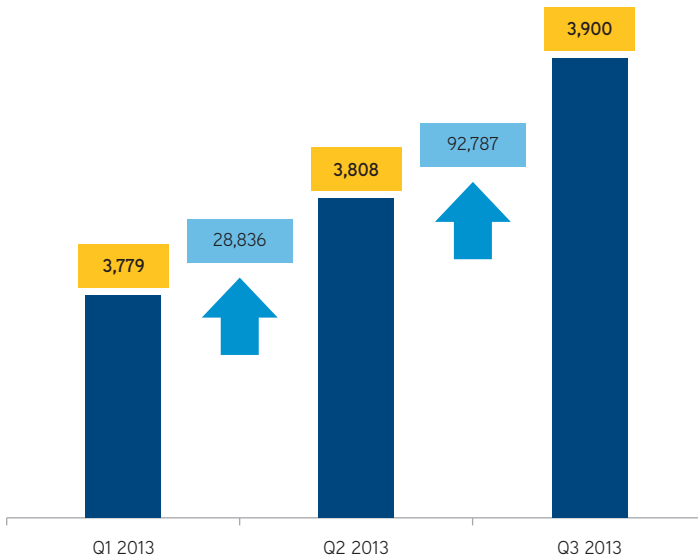


EXISTING INVENTORY

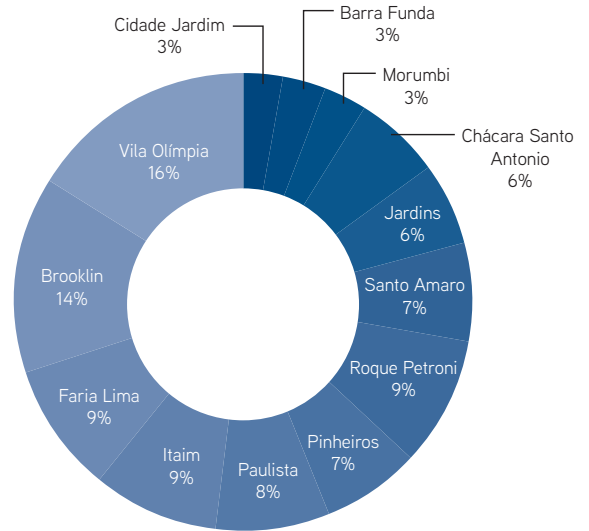
São Paulo office market ended the third quarter with 3.90 million sqm, an increase of 2.42% compared to the previous quarter. According to the prior forecast, the market would receive 300,000sqm in 2013, however, due to the delay on the delivery of several buildings and other issues for obtaining the municipality occupancy certificate, the current estimate is about 60,000sqm being delivered in the fourth quarter.

The main deliveries were the two towers of Morumbi Corporate, a Project realized by Multiplan located at Roque Petroni submarket and also one of the towers of Vila Olímpia Corporate, a project of Odebrechet located at Vila Olímpia submarket.

EXISTING INVENTORY (THOUSAND SQM) – CLASS A+, A AND B



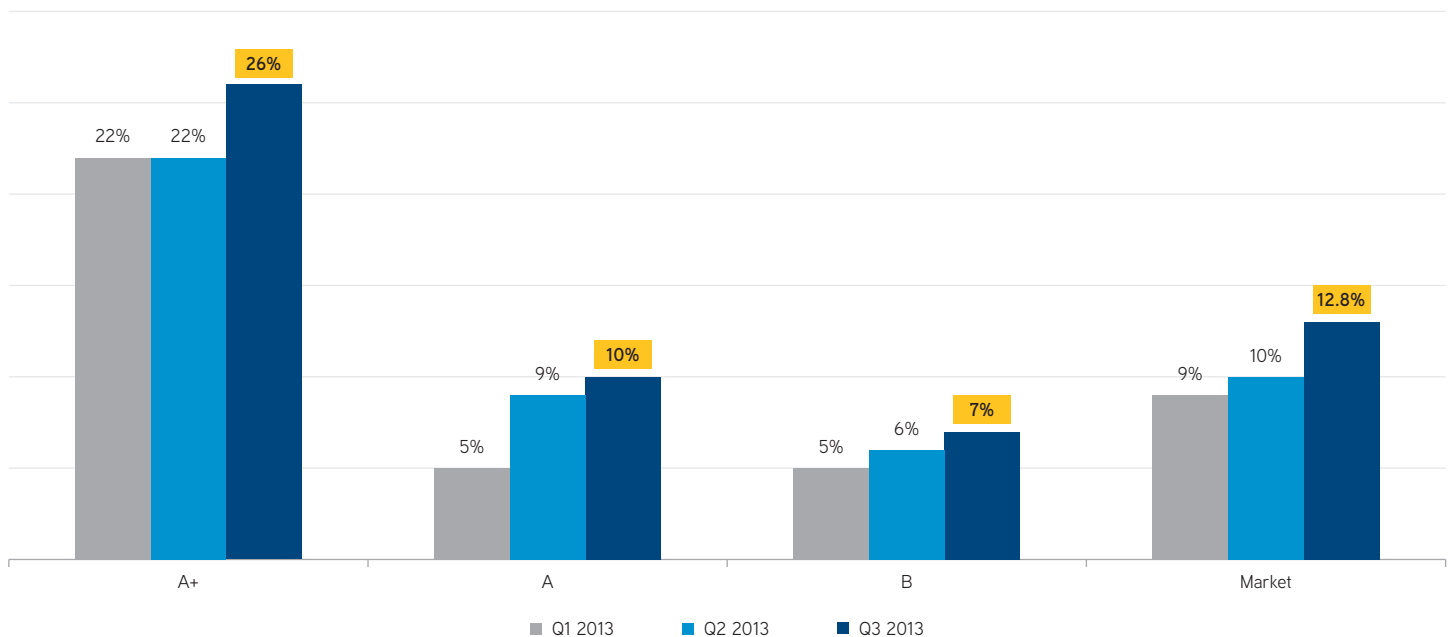
DISTRIBUTION OF EXISTING INVENTORY (% BY SUBMARKET)



AVAILABILITY RATE

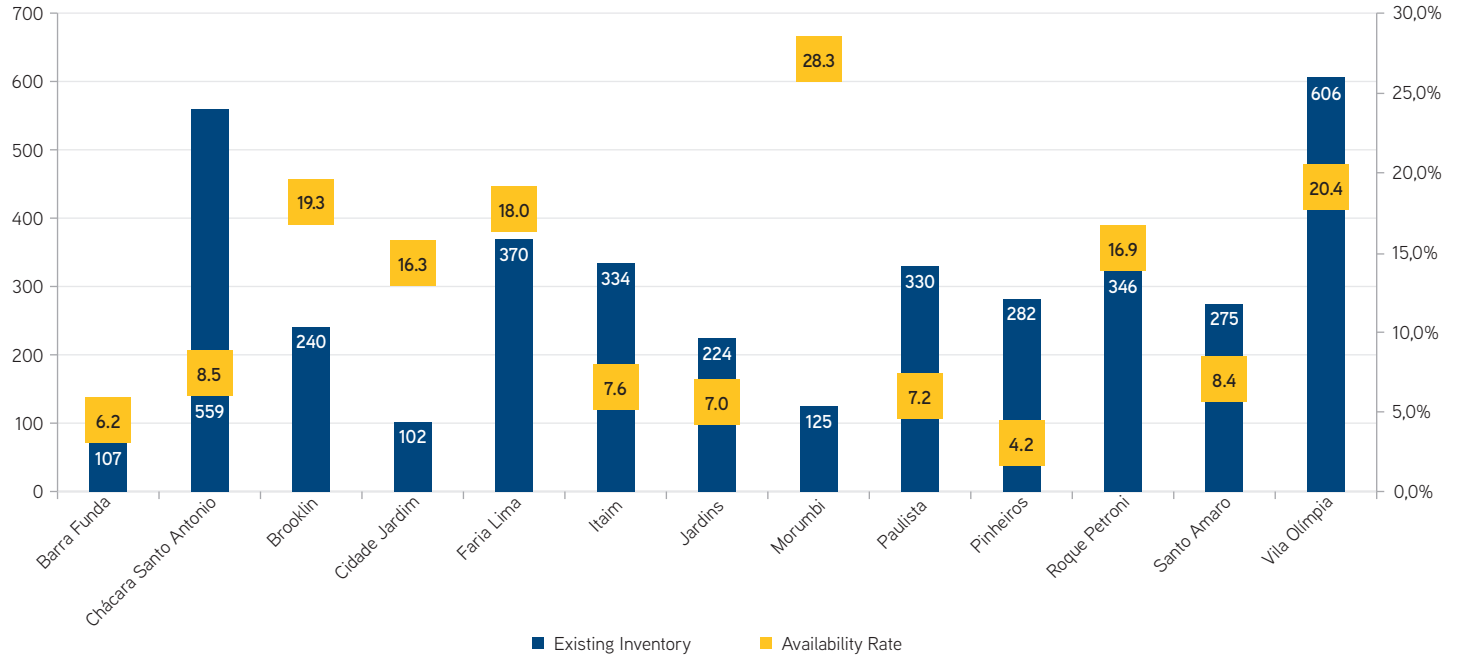
The registered availability rate was 12.8%. Class A+ presented the highest weight in the availability composition, since it represents most part of the new inventory for consecutive quarters. Still there an amount of areas delivered in 2012 and beginning of 2013 that have not been leased.

AVAILABILITY RATE BY CLASS (%)



The Vila Olímpia submarket remained with the highest amount of square meters available, a fact intensified in the third quarter with the delivery of 19,000sqm. The increase of availability rate in Roque Petroni submarket is also explained by the received inventory and oscillations should still occur in the coming quarters according to compliance of developer's schedule.

EXISTING INVENTORY (THOUSAND SQM) X AVAILABILITY RATE (%) – Q3 2013

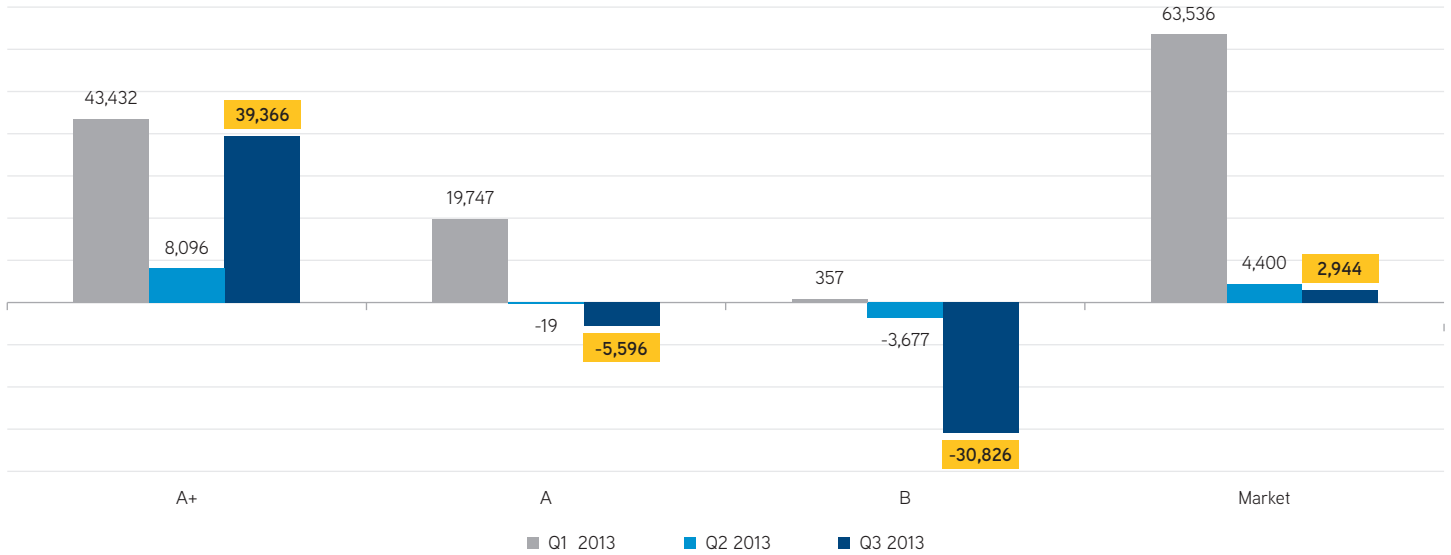


NET ABSORPTION

As mentioned previously, the Q3 net absorption of 2,900sqm was affected by devolutions of company Vivo totaling 22,000sqm affecting mainly Jardins, Paulista and Faria Lima submarkets. It is expected that the fourth quarter of 2013 presents a net absorption similar to the verified in Q1, making the commutated year's total with approximately 130,000sqm.

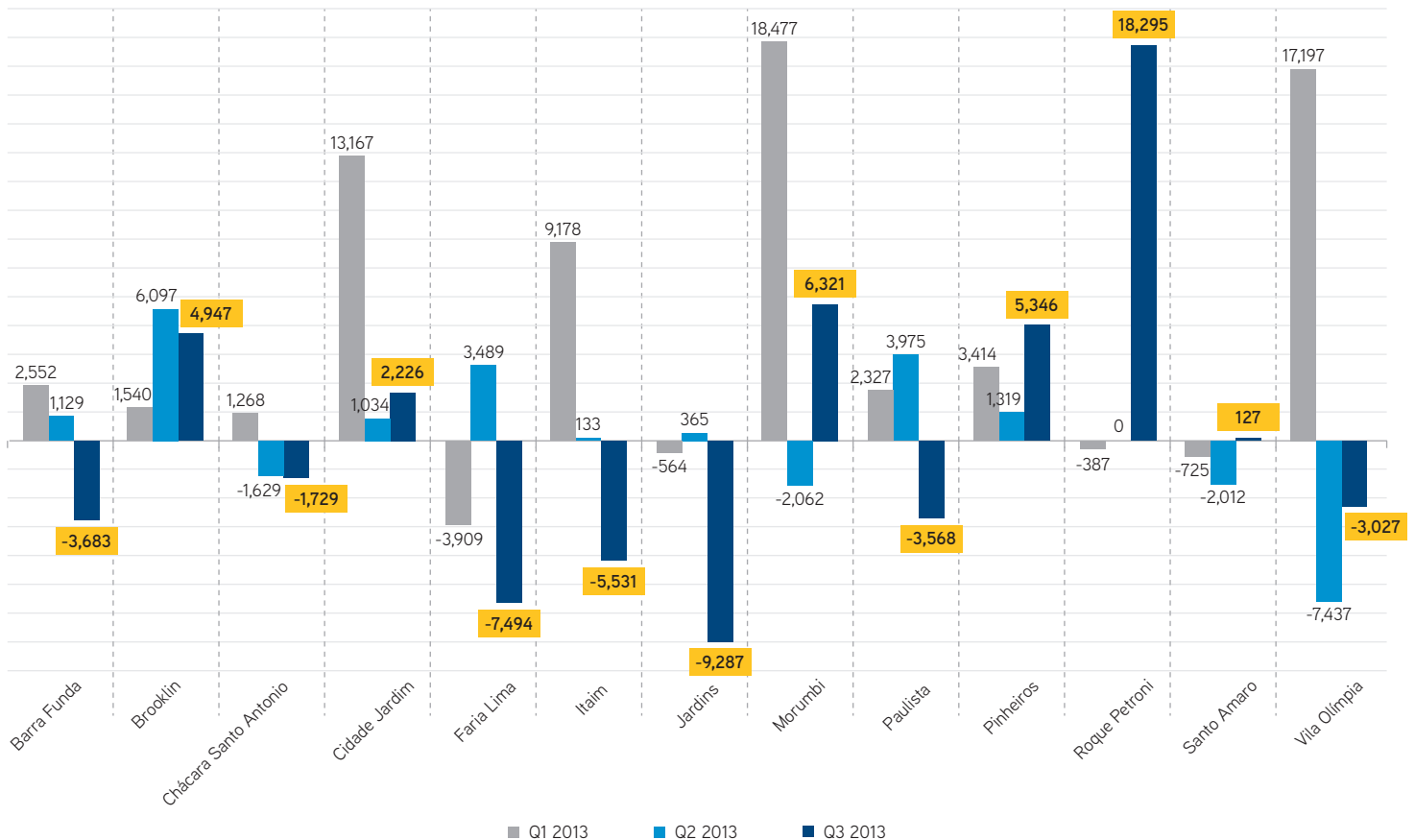
Analyzing the result by classes, it was observed that A + contributed to the positive net absorption. Considering only high-end, Q3 net absorption was 34,000sqm.

NET ABSORPTION BY CLASS (SQM)



Positive absorptions were found on Brooklin, Cidade Jardim, Morumbi, Pinheiros and Roque Petroni submarkets with 18,295sqm.

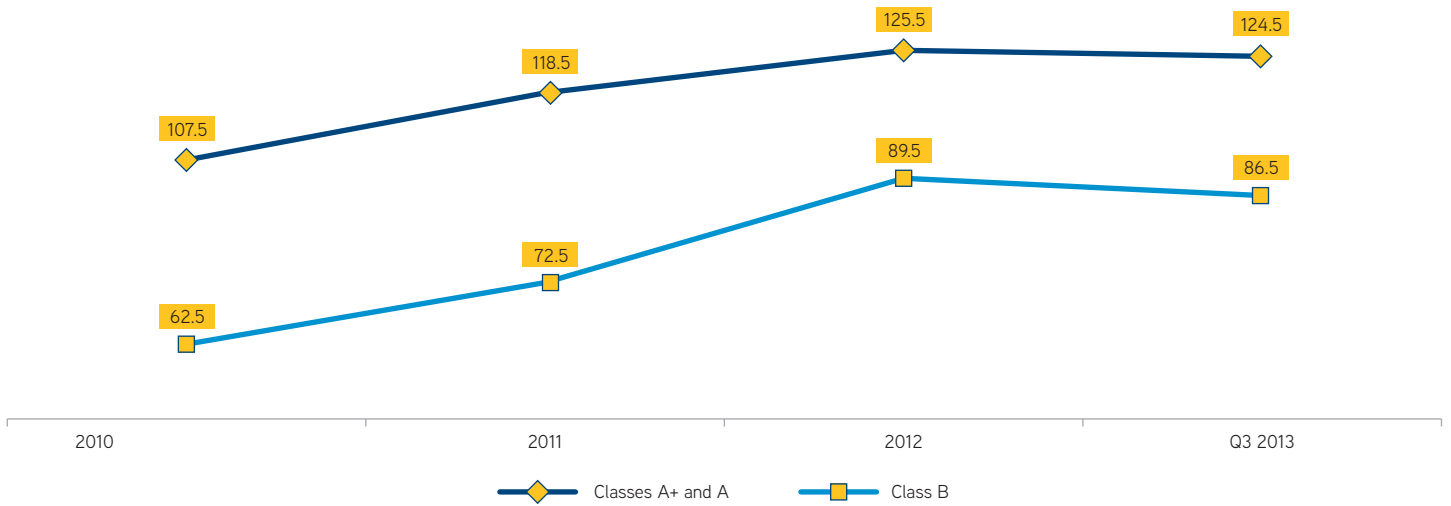
NET ABSORPTION BY SUBMARKET (SQM)



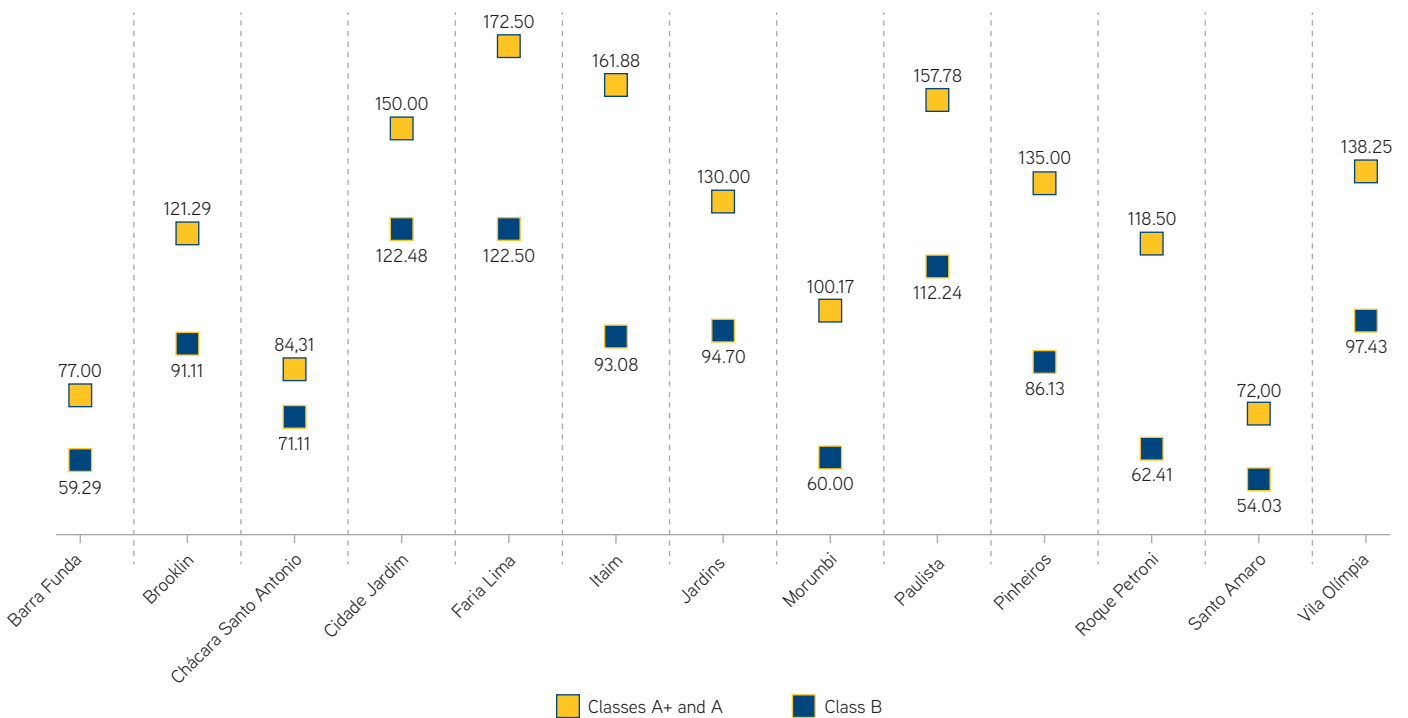
PRICES

The average asked lease price (classes A+, A and B) at the end of the quarter is 1.0% lower than the previous quarter with R\$ 110.23/sqm/month. Considering only the classes A+ and A, the average of R\$ 124.51 is 0.79% lower when compared to Q4 2012. The accommodation trend in the asked lease prices also affected the class B, which decreased by 3.18% in relation to Q4 2012.

AVERAGE ASKED LEASE PRICE BY CLASS (R\$/SQM/MONTH)



AVERAGE ASKED LEASE PRICE BY CLASS AND SUBMARKET (R\$/SQM/MONTH) – Q3 2013



STATISTICS TABLE

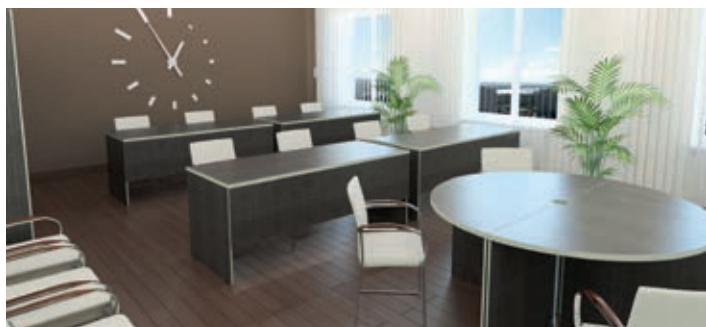
TOTAL A+ A AND B (EXISTING MARKET)						
SUBMARKET	TOTAL AREA (SQM)	PRICE A+ A (R\$/sqm/month)	PRICE B (R\$/sqm/month)	MARKET PRICE (R\$/sqm/month)	AVAILABLE AREA (SQM)	AVAILABILITY (%)
Barra Funda	107,451	R\$ 77.00	R\$ 59.29	R\$ 68.14	6,653	6.20%
Brooklin	558,601	R\$ 121.29	R\$ 91.11	R\$ 111.23	47,232	8.50%
Chácara Santo Antonio	240,276	R\$ 84.31	R\$ 71.11	R\$ 77.71	46,381	19.30%
Cidade Jardim	102,431	R\$ 150.00	R\$ 122.48	R\$ 140.83	16,707	16.30%
Faria Lima	369,949	R\$ 172.50	R\$ 122.50	R\$ 155.83	66,542	18.00%
Itaim	334,106	R\$ 161.88	R\$ 93.08	R\$ 138.94	25,354	7.60%
Jardins	224,116	R\$ 130.00	R\$ 94.70	R\$ 112.35	15,717	7.00%
Morumbi	125,239	R\$ 100.17	R\$ 60.00	R\$ 86.78	35,384	28.30%
Paulista	330,121	R\$ 157.78	R\$ 112.24	R\$ 135.01	23,789	7.20%
Pinheiros	281,732	R\$ 135.00	R\$ 86.13	R\$ 118.71	11,929	4.20%
Roque Petroni	345,514	R\$ 118.50	R\$ 62.41	R\$ 99.80	58,310	16.90%
Santo Amaro	247,524	R\$ 72.00	R\$ 54.03	R\$ 63.01	23,087	8.40%
Vila Olímpia	606,329	R\$ 138.25	R\$ 97.43	R\$ 124.64	123,677	20.40%
Total	3,900,390	R\$ 124.51	R\$ 86.65	R\$ 110.23	500,760	12.80%

ALPHAVILLE

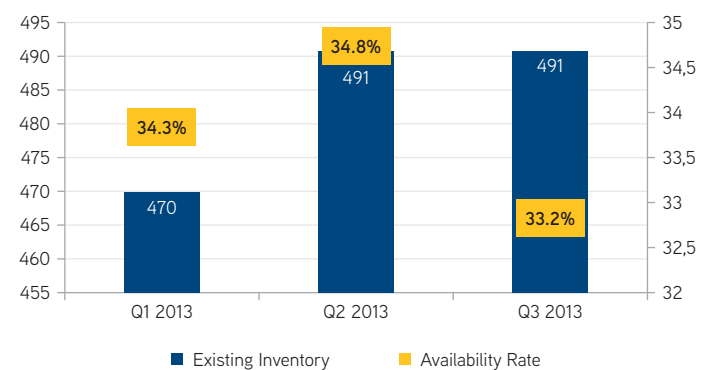
Existing Inventory: 490 thousand sqm	Under Construction Inventory: 148 thousand sqm	Availability: 33.2%	Net Absorption: 7.5 thousand sqm	Average Asked Lease Price: R\$ 56/sqm/month
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EXISTING INVENTORY AND AVAILABILITY RATE

Alphaville market have not received inventory in the third quarter of 2013. Despite the availability rate remained above 30%, there was a slight decrease compared to the previous quarter.



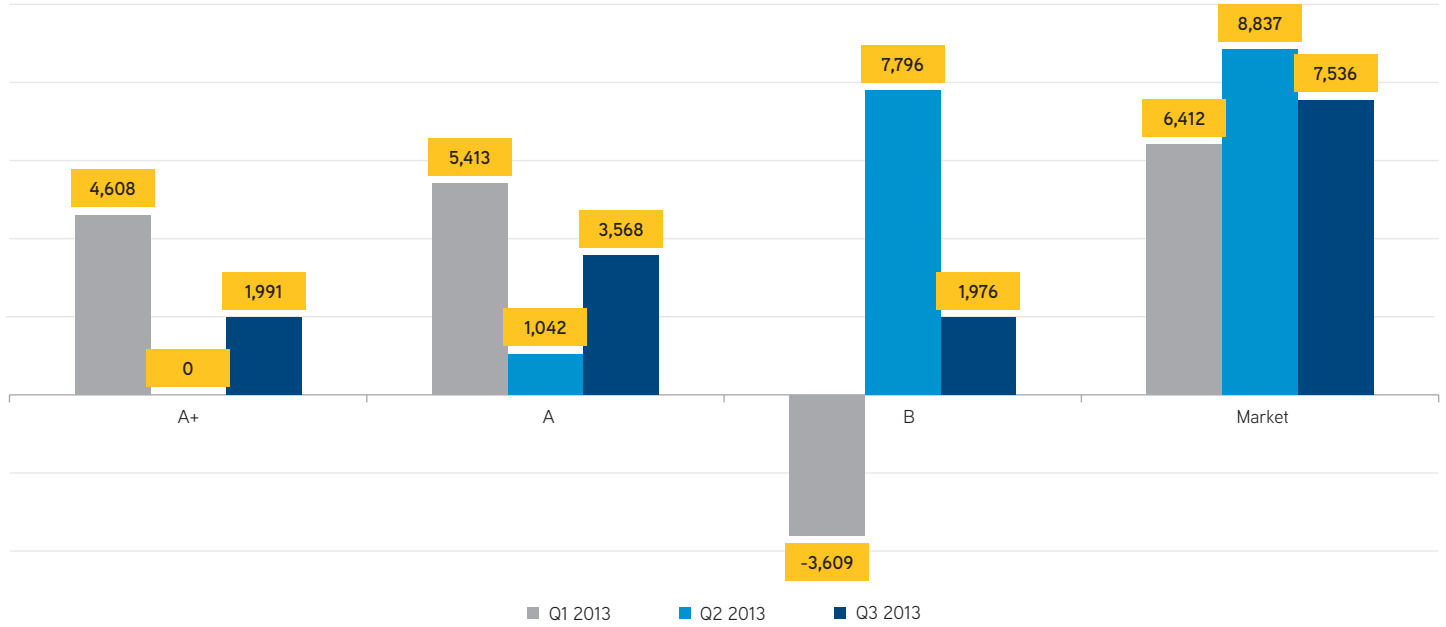
AVAILABILITY RATE (%) X EXISTING INVENTORY (THOUSAND SQM)



NET ABSORPTION AND PRICES

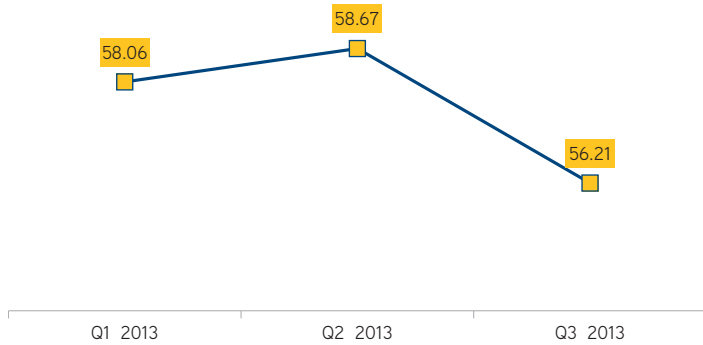
Net absorption of Q3 was 7,536sqm, a decrease of 15% compared to Q2 2013.

NET ABSORPTION BY CLASS (SQM)



Regarding asked lease prices, the third quarter decreased by 4% compared to the previous quarter. This is a trend that should prevail since the availability rate indicates oversupply.

ASKED LEASE PRICE – MARKET (CLASS A+, A AND B) (R\$/M/MONTH)



STATISTICS TABLE

TOTAL A+ A AND B (EXISTING MARKET)

SUBMARKET	TOTAL AREA (SQM)	PRICE A+ A (R\$/sqm/month)	PRICE B (R\$/sqm/month)	MARKET PRICE (R\$/sqm/month)	AVAILABLE AREA (SQM)	AVAILABILITY (%)
Alphaville	490,850	R\$ 59.56	R\$ 49.50	R\$ 56.21	163,190	33.2

COLLIERS OPPORTUNITIES



Paramount
Lease
Chácara Sto. Antônio - SP
Total Area: 2,214sqm
Ref: 3116



DOMO Corporate ABC
Lease
São Bernardo do Campo - SP
Total Area: 308 sqm to 30.600 sqm
Ref: 3109



Joseph Kryss
Lease
Barra Funda - SP
Total Area: 9,000sqm
Ref: 3089



Ed. NBC
Sale
Barueri - SP
Total Area: 3,109sqm
Ref: 3063



Ed. Jabaquara
Lease
Jabaquara - SP
Total Area: 266 sqm to 7,000 sqm
Ref: 3041



Bela Cintra Tower
Lease
Paulista - SP
Total Area: 3,644sqm
Ref: 3106

REAL ESTATE MARKET

VOCABULARY

- . **Absorption:** Amount of sqm occupied in the previous period
- . **Development Category:** Real estate properties are classified as A+, A, B and C
- . **Stock / Inventory:** Amount of usable constructed area in square meters
- . **Availability Rate:** Ratio between area available area and total area
- . **Ceilings Height:** Space between the finished flooring and the 1st structure ceiling interference
- . **Build-to-Suit:** Customized construction

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- . Build-to-Suit and Sale & Leaseback Operations
- . Lease Administration and Property Management
- . Real Estate Valuation for Leasing, Acquisition, Sale and Guarantee
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