

SÃO PAULO

## MARKET REPORT OFFICE

CLASSES A+, A AND B OFFICE MARKET REPORT



## MIGRATION OF COMPANIES SHALL PREVAIL IN 2014

Existing Inventory: 4.03 million sqm	Under Construction Inventory: 961 thousand sqm	Under Project Inventory: 221 thousand sqm	Delivered in the Quarter: 12 thousand sqm	Availability: 13.5%: Market 18.8%: A+ and A 7.7%: B	Net Absorption: 16 thousand sqm: Market - 8.016: A+ and A - 8.839: B	Avg Asked Lease Price: R\$ 106/sqm/month: Market R\$ 119/sqm/month: A+ and A R\$ 88/sqm/month: B
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## MARKET OVERVIEW

The characteristic that shall prevail during 2014 and probably 2015 is the migration of companies. Actually, the market is going through a moment of transformation and modernization. This process occurred in a very fast pace compared to the historic and how the market has behaved in last years. This increase ally with economic uncertainties issues is contributing to potential tenants get good negotiations.

The migrations mentioned not always means expansions, since in most part of the old buildings there are loss of efficiency due to the constructive model and lack of applied technology. The current number of modern properties allows in some cases, even with a decreasing occupied space to remain stable or increase the efficiency. Another important feature concerns to the unification of some operations that were distributed in several buildings.

Prices are expected to become more sensitive during the course of the year, since according to developers forecast, a total of 278,000sqm will be added to the high standard market up to December.

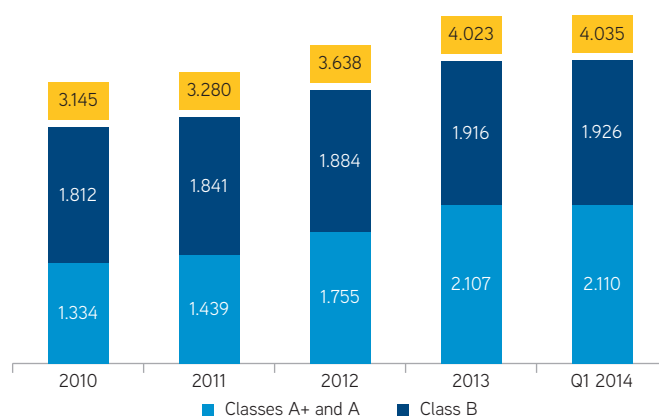


## EXISTING INVENTORY

With the delivery of 12,000sqm, Q1 ended with 4.03 million sqm of existing inventory considering classes A+, A and B. As occurred in the last periods, the amount received was lesser than the previously estimated by the developers.

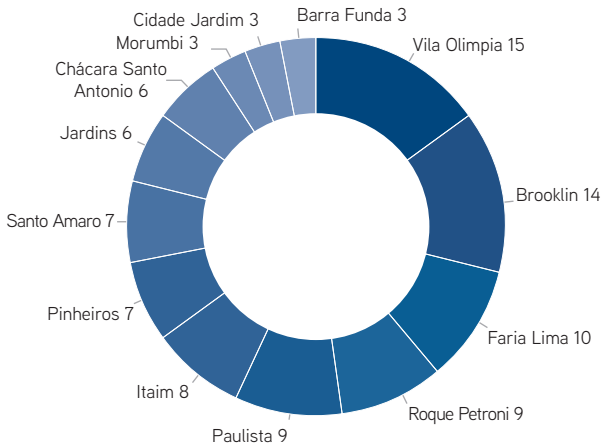
The buildings that have been delivered are: Design Tower / Vila Olímpia, Corujas / Pinheiros and Sphere Corporate / Jardins.

## HISTORICAL EXISTING INVENTORY (MILION SQM) - CLASSES A+, A AND B



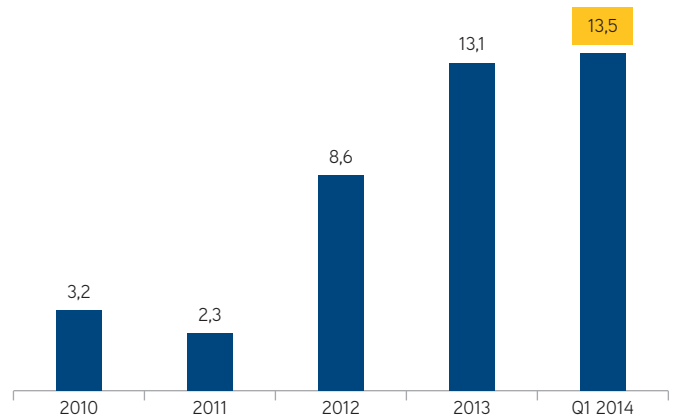
The submarket of Roque Petroni has 30% of inventory under construction, with an expected delivery of most of these projects for next two years, followed by submarket of Vila Olímpia with 21% with a massive participation of the two towers of Camargo Correa.

**DISTRIBUTION OF EXISTING INVENTORY BY SUBMARKET (%)**



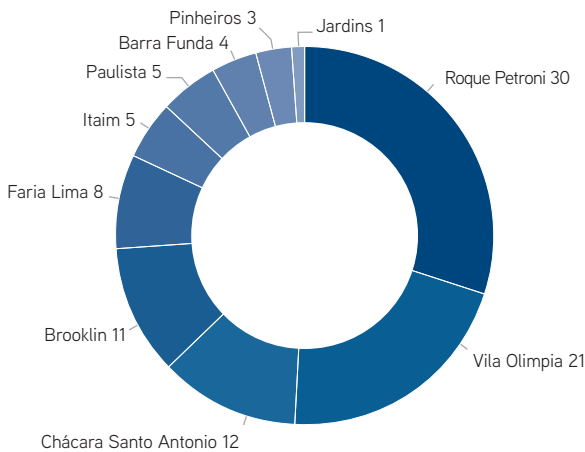
For Q2 ending around 100,000sqm are expected in Brooklin through the buildings Berrini One, Thera Corporate, LWM Corporate Center, The Bridge Tower and CEB – Centro Empresarial Berrini. In Faria Lima submarket the expected deliveries are the projects Vera Cruz and Praça Faria Lima.

**HISTORICAL OF AVAILABILITY RATE (%) – MARKET**



Opposite to the observed in last quarter, the percentage of Class A + decreased because this is the profile of property with the highest occupancy rates. For classes A and B there was an increase, a situation that may prevail or fluctuate during the course of the year.

**INVENTORY UNDER CONSTRUCTION BY SUBMARKET (%)**

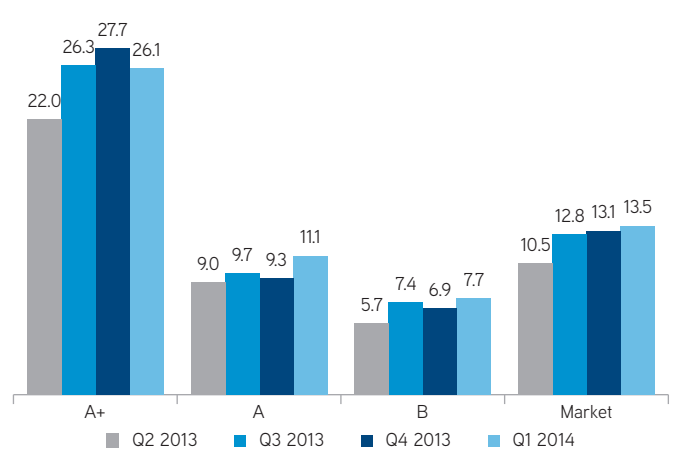


**AVAILABILITY RATE**

The availability rate keeps the already expected increase for the course of 2014 ending at 18.8% for Class A+ and A, and 7.7% for Class B. Considering all three classes, the percentage calculated is 13.5% against 13.1% in the previous quarter.

The increase is explained by the negative quarterly net absorption, due to the moving of companies from old to modern properties as mentioned previously.

**AVAILABILITY RATE BY CLASS (%)**

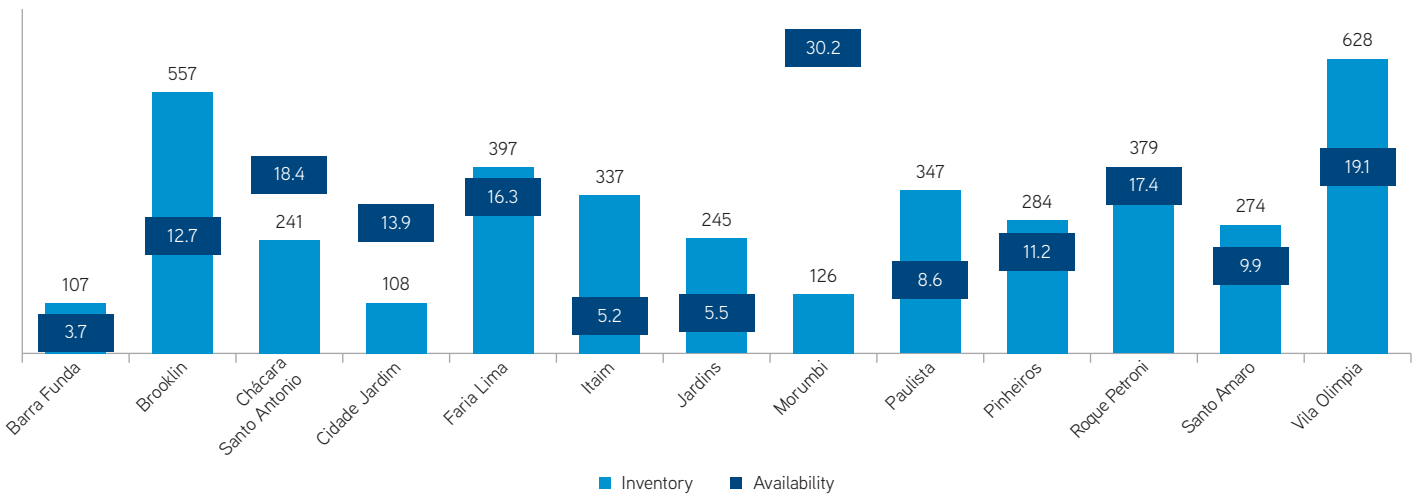


The greatest variation occurred in the submarket of Vila Olímpia, which decreased by 7% compared to the fourth quarter of 2013, explained by leases in the buildings Sky Corporate and Vila Olímpia Corporate.

In contrast, the submarket of Pinheiros had a significant increase due to the devolutions on building Eldorado Business. Brooklin and Santo Amaro submarkets also showed an increase.



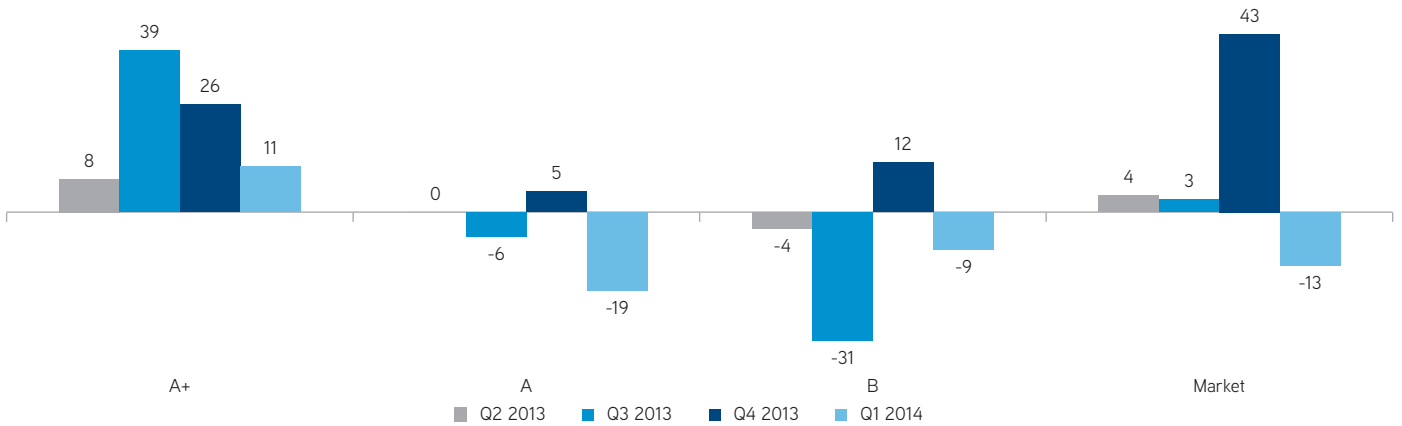
EXISTING INVENTORY (THOUSAND SQM) X AVAILABILITY RATE (%)



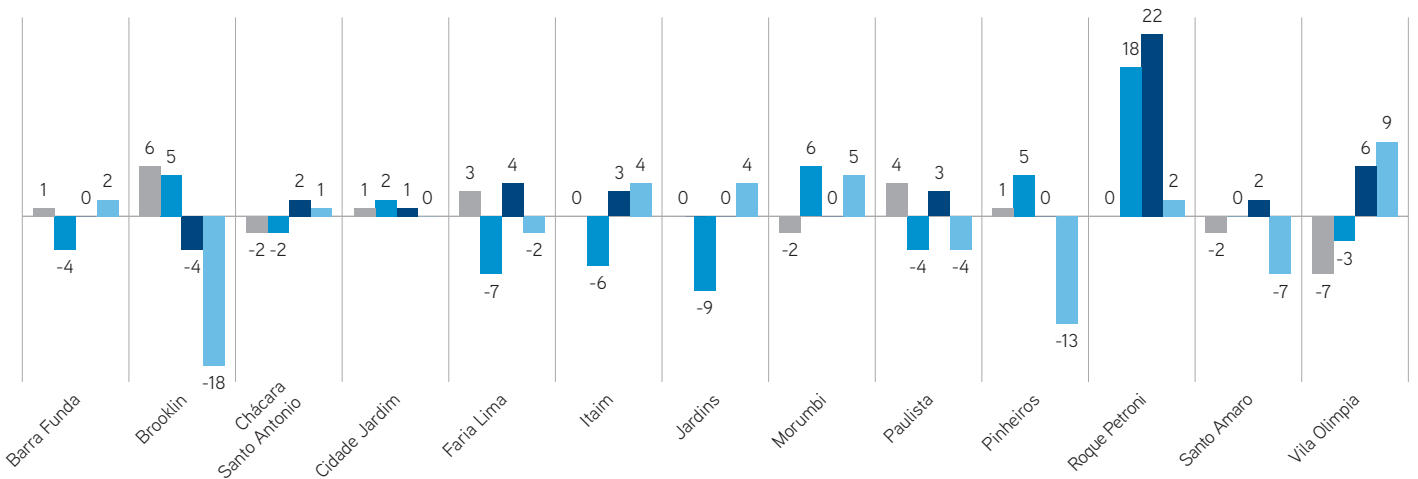
NET ABSORPTION

Considering the classes A+, A and B, the net absorption verified was -16,000sqm. Class A buildings contributed in higher proportion to the total with -19,000sqm. The main devolutions were in the buildings: CENU – Centro Empresarial Nações Unidas and Berrini 500, located at Brooklin and Brazilian Financial Center in the submarket of Paulista. Class A + buildings had a positive net absorption of 11,000sqm.

NET ABSORPTION BY CLASS (SQM)



NET ABSORPTION BY SUBMARKET (THOUSAND SQM)



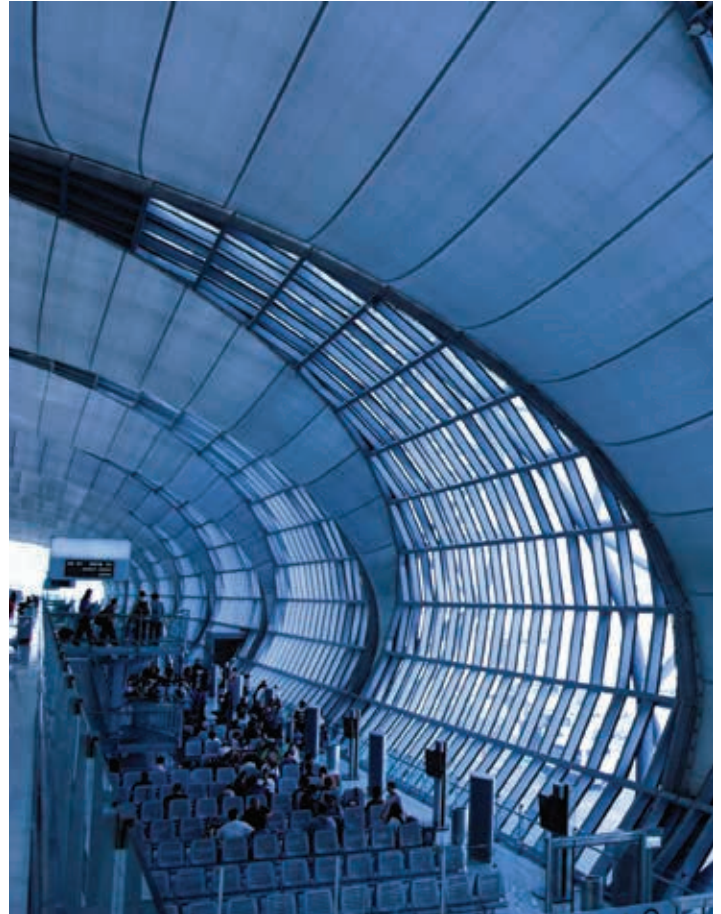
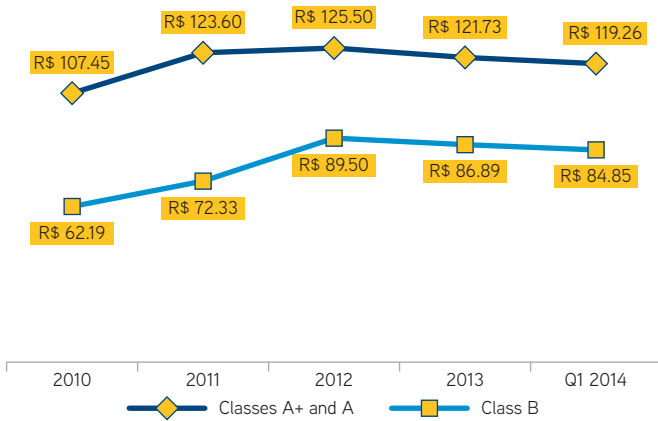
**PRICES**

The average asked lease price (classes A +, A and B) at the end of the first quarter was R\$ 106.45, compared to R\$ 108.73 in the fourth quarter of 2013.

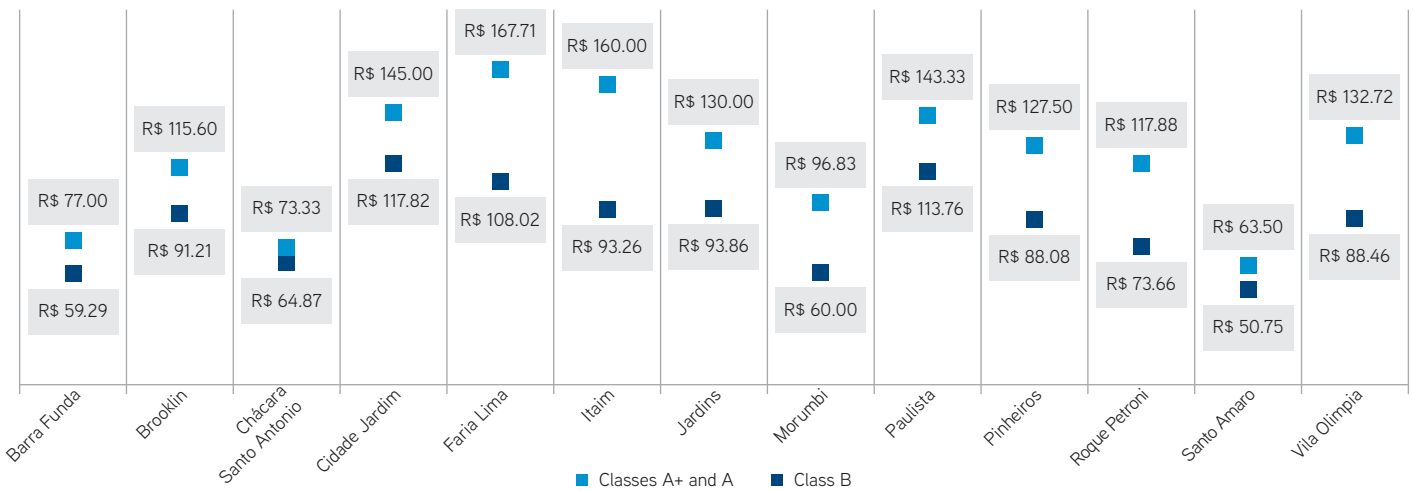
Considering only classes A + and A, the average of R\$ 119.26 represents a decrease of 2% compared to the third quarter of 2013.

The asked lease prices for Class B increased by 1.7% from the previous quarter.

**HISTORICAL AVERAGE ASKED LEASE PRICE (R\$/SQM/MONTH)**



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



Faria Lima is the submarket with the highest average asked lease price, with R\$ 167.71. Santo Amaro is the one with the lowest average, with R\$ 50.75.

STATISTICS TABLE

TOTAL A+ A AND B (EXISTING MARKET)

SUBMARKET	TOTAL AREA (SQM)	AVG A+ A (R\$/SQM/MONTH)	AVG B (R\$/SQM/MONTH)	AVG MARKET (R\$/SQM/MONTH)	AVAILABLE AREA (SQM)	AVAILABILITY (%)
Barra Funda	107,451	R\$ 77.00	R\$ 59.29	R\$ 68.14	4,002	3.7%
Brooklin	557,911	R\$ 115.60	R\$ 91.21	R\$ 107.47	71,096	12.7%
Chácara Santo Antonio	241,149	R\$ 73.33	R\$ 64.87	R\$ 69.10	44,323	18.4%
Cidade Jardim	108,247	R\$ 145.00	R\$ 117.82	R\$ 135.94	15,075	13.9%
Faria Lima	397,063	R\$ 167.71	R\$ 108.02	R\$ 147.81	64,806	16.3%
Itaim	337,903	R\$ 160.00	R\$ 93.26	R\$ 137.75	17,461	5.2%
Jardins	245,900	R\$ 130.00	R\$ 93.86	R\$ 111.93	13,496	5.5%
Morumbi	126,219	R\$ 96.83	R\$ 60.00	R\$ 84.56	38,166	30.2%
Paulista	347,024	R\$ 143.33	R\$ 113.76	R\$ 128.54	29,786	8.6%
Pinheiros	284,431	R\$ 127.50	R\$ 88.08	R\$ 114.36	31,726	11.2%
Roque Petroni	379,871	R\$ 117.88	R\$ 73.66	R\$ 103.14	66,285	17.4%
Santo Amaro	274,524	R\$ 63.50	R\$ 50.75	R\$ 57.13	27,196	9.9%
Vila Olímpia	628,124	R\$ 132.72	R\$ 88.46	R\$ 117.97	120,183	19.1%
<b>Total</b>	<b>4,035,817</b>	<b>R\$ 119.26</b>	<b>R\$ 88.39</b>	<b>R\$ 106.45</b>	<b>543,601</b>	<b>13.5%</b>

## ALPHAVILLE

Exiting Inventory:  
502 thousand sqm

Under Construction Inventory:  
136 thousand sqm

Availability:  
34.9%

Net Absorption:  
-2,5 thousand sqm

Avg Asked Lease Price  
R\$ 54.07/sqm/month

### EXISTING INVENTORY AND AVAILABILITY RATE

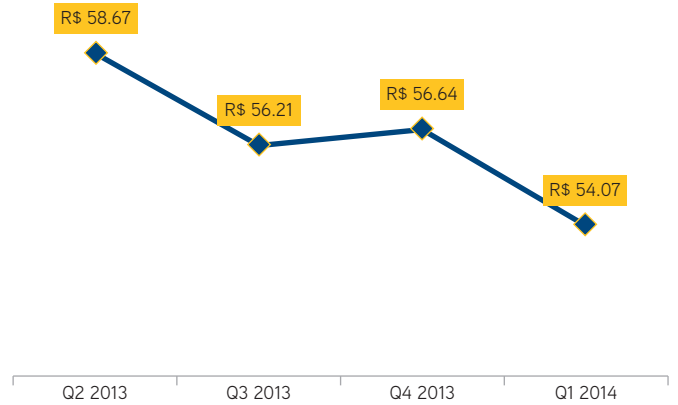
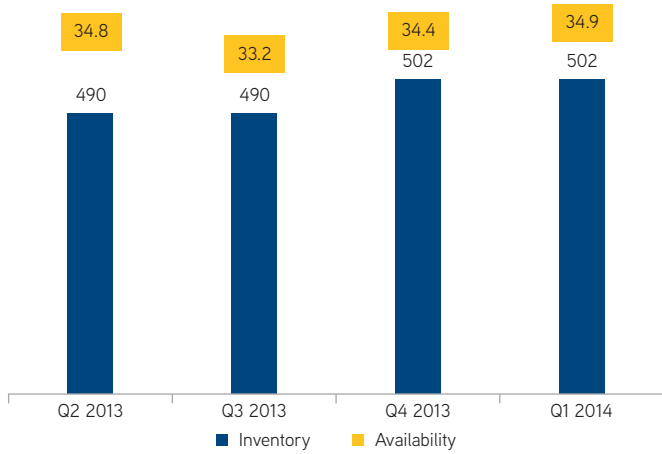
Alphaville office market ended the first quarter of 2014 with 502 thousand, sqm, and the same amount of the previous period. The availability rate remained stable in comparison to the previous quarter at 34%.

The buildings that have the largest amount of square meters available for lease remains: Canopus Alphaville, iTower and Brascan Century Plaza.



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

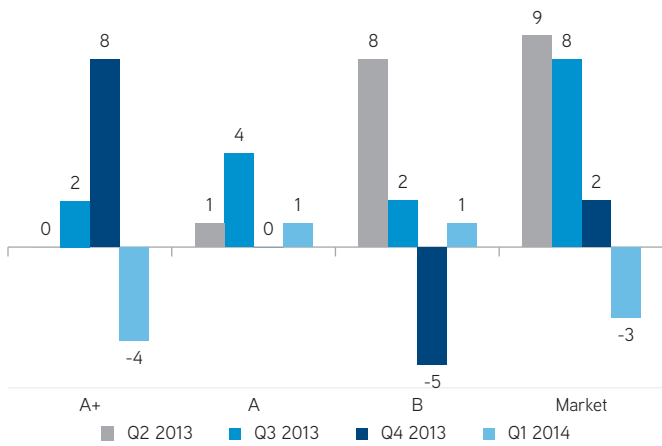
AVERAGE ASKED LEASE PRICE (R\$/SQM/MONTH)



NET ABSORPTION AND PRICES

The net absorption of Q1 is -2,546sqm. Class A + properties contributed to the negative net absorption.

NET ABSORPTION BY CLASS (THOUSAND SQM)



The average asked lease price decreased by 5% compared to last quarter.



STATISTICS TABLE

TOTAL A+ A AND B (EXISTING MARKET)

SUBMARKET	TOTAL AREA (SQM)	AVG A+ A (R\$/SQM/MONTH)	AVG B (R\$/SQM/MONTH)	AVG MARKET (R\$/SQM/MONTH)	ABSORÇÃO LÍQUIDA (mil m²)	AVAILABLE AREA (M²)	AVAILABILITY (%)
Alphaville	502,966	R\$ 61.84	R\$ 38.55	R\$ 54.07	175,685	173,139	34.9

SOME CHARACTERISTICS BY CLASS

MAIN CHARACTERISTICS	A+	A	B
Average Leasable Floor Area (sqm)	1,600	1,100	750
Average Unit Leasable Area (sqm)	800	700	300
Average Building Leasable Area (sqm)	28,000	12,000	7,100
Average of Floors	19	12	12
Floor Type	Raised	Raised	Floor Channel/Raised
Building Management System	Complete	Partial	Optional
Parking Ratio per Square Meter of Leasable Area	1 parking space/32 sqm	1 parking space/35 sqm	1 parking space/44 sqm



COLLIERS OPPORTUNITIES



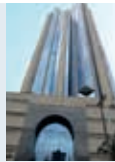
**Ed. São Luiz Gonzaga**  
Lease  
Paulista - SP  
Total Area: 2,320 sqm  
Ref: 3146



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



**Ed. Chicago**  
Lease  
Paulista - SP  
Total Area: 2,160 sqm  
Ref: 3145



**Ed. Memorial Office Building**  
Lease  
Barra Funda - SP  
Total Area: 2,500 sqm  
Ref: 3143



**EENU (Espaço Empresarial Nações Unidas)**  
Lease  
Chácara Sto. Antonio - SP  
Total Area: 3,500 sqm  
Ref: 3140



**Ed. Tenente Negrão**  
Lease  
Itaim Bibi - SP  
Total Area: 500 sqm  
Ref: 3139

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- More than 104 millions sqm under management
- More than 13,500 professionals

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### 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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