



# Bogotá Office Market

## Demand Activation

As is customary towards the end of each year, the office market in Bogotá experiences a significant increase in demand and space absorption. This surge is attributed to companies accelerating their decision-making processes to finalize their expenses and budgets for the upcoming year.

This behavior is reflected in the increase in office visits and rentals in the city. Additionally, due to the limited supply of new projects and the low availability rate of spaces, the market is witnessing a notable rise in listing prices and a marked reduction in incentives offered by landlords.

Considering that the market is in a recovery phase, an improvement is anticipated in the future due to new projects under construction. Although several projects have been delivered fully occupied, initiatives like Connecta 80 stand out. This development promises to become the primary provider of Class A+ LEED-certified spaces in the city in the coming years.

### Current Conditions

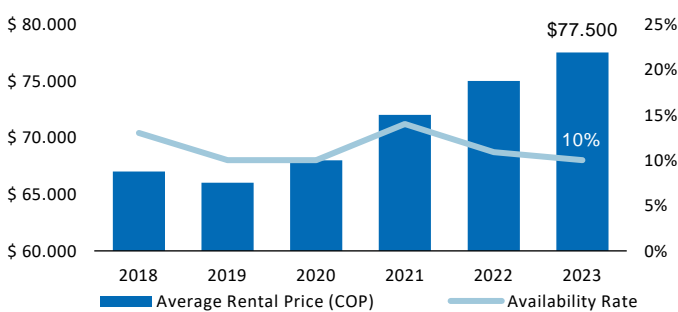
- During 2023, less than half of the office spaces absorbed in 2022 have been occupied.
- The availability rate in Bogotá remains stable, with 6% in the CBD and 12.7% in peripheral areas.
- Prices continue to rise, with the current average rental price in the CBD at \$78,400 COP..

### Market Summary for A+ and A

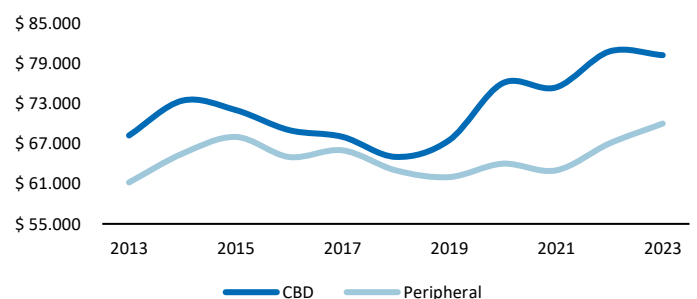
	Current Quarter (3Q 23)	Previous Quarter (2Q 23)	Previous Year (3Q 22)	12-Month Projection
Total Inventory (sqm)	1,62 M	1,62 M	1,58 M	↑
Availability Rate	9,9%	10,1%	10,3%	↓
Year-to-Date Net Absorption	16.139	14.129	40.038	↑
Rental Price (COP/sqm/month)	\$77.500	\$76.200	\$76.000	↑

### Market Analysis (Class A+ and A)

#### HISTORICAL RENTAL PRICES AND AVAILABILITY RATE



#### LISTED PRICE BY CORRIDOR TYPE (per sqm)

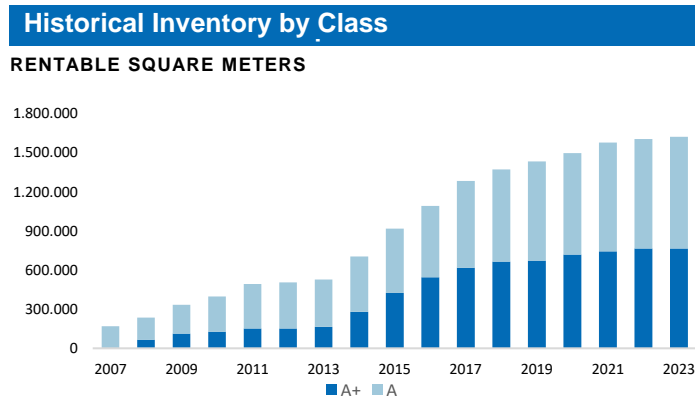
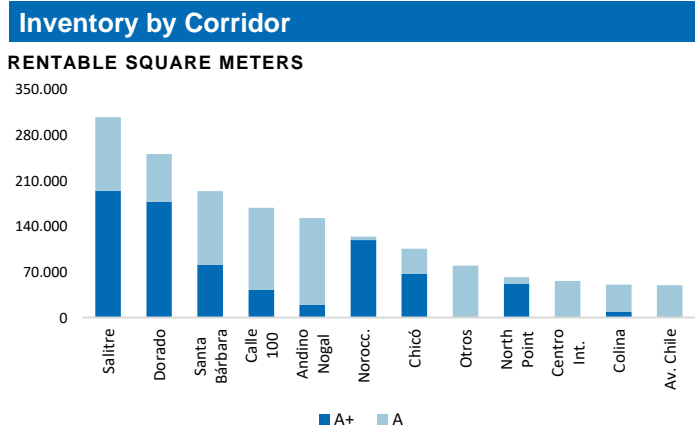


### Inventory

As of September 2023, the office inventory in Bogotá remains constant at 1,621,100 sqm. During this quarter, there have been no significant changes in the inventory, remaining stable compared to the previous quarter.

It is worth noting that 53% of this inventory corresponds to Class A offices, while the remaining belongs to the Class A+ category. Additionally, by corridor analysis, the peripheral corridors of Salitre and Dorado continue to lead with 19% and 16% respectively, followed by Santa Bárbara, Calle 100, and Andino with 12%, 10%, and 9%. In Bogotá, 42% of the office inventory is located within the CBD, with the remainder in peripheral corridors.

Despite the absence of major office building constructions, an increase of approximately 15,000 sqm in inventory is expected during the rest of 2023.



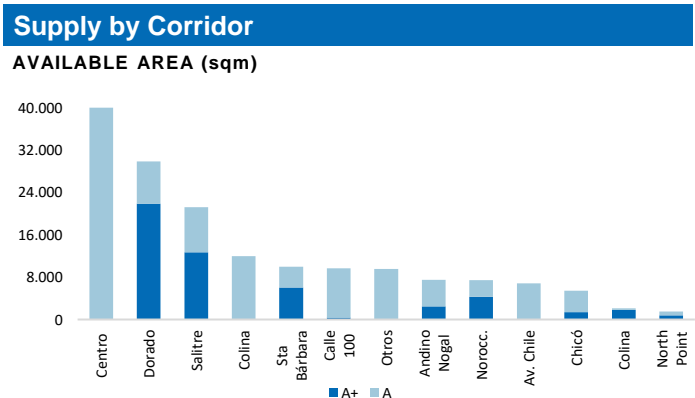
### Supply

In the third quarter of 2023, the office market in Bogotá has maintained a stable supply compared to the same period last year. Currently, there are 160,389 sqm of office space available in the city, which represents a slight decrease compared to the previous year's 162,990 sqm available. This marginal 1.6% decrease reflects companies' ongoing adaptation to changes in the workplace environment.

The supply continues to be influenced by transformations in work practices, with widespread adoption of flexible work models leading companies to optimize their workspace and reduce their physical space requirements. This trend has resulted in relatively stable availability, as space vacated has offset modest occupancy rates.

It's important to note that, unlike last year, there has been a greater variety of spaces available in the range of 200 to 800 sqm. However, there remains a scarcity of offices larger than 1,000 sqm, especially in the Central Business District (CBD) corridors of the city.

The availability rate is recorded at 9.9%, with the CBD showing the lowest vacancy rate at 6.0%, while peripheral corridors present a 12.7% vacancy rate.



### Office Projects

The office market in Colombia's capital remains dynamic, with approximately 90,000 sqm of Class A+ and A office spaces currently under construction.

While there has been a decrease in investment in business complexes, this trend is attributed not only to the impacts of the pandemic but also to the uncertainty caused by the country's economic and political conditions. However, a promising horizon is envisioned, with approximately 650,000 sqm of offices in the planning phase to be completed over the next 7 years.

The Salitre, Dorado, and Centro corridors will continue as the areas with the highest development of office complexes in the coming years, expanding beyond the city's Central Business District.

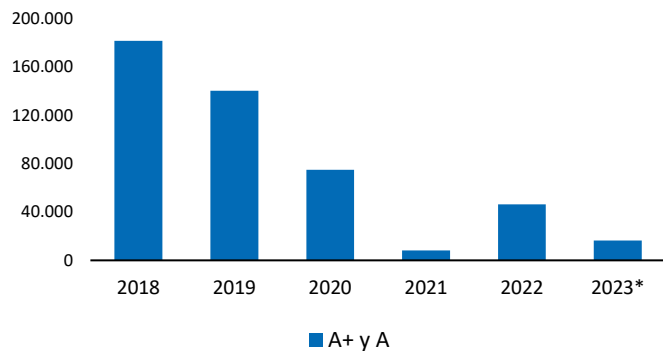
### Absorption

During the third quarter of 2023, Bogotá experienced a net absorption of 16,139 square meters in its office market. Comparing this data to the same period last year, there is a 60% decrease, reflecting a notable shift in market dynamics. However, it is essential to underline that this decrease does not necessarily indicate a drop in demand.

As the market continues to adapt to changing conditions, the absorption of office spaces in Bogotá is expected to accelerate in the coming quarters. The city remains a key business hub in the region, and the demand for quality spaces persists, promising a dynamic and evolving market as we move into the next year.

### Historical Cumulative Absorption

CLASS A+ AND A (COP)



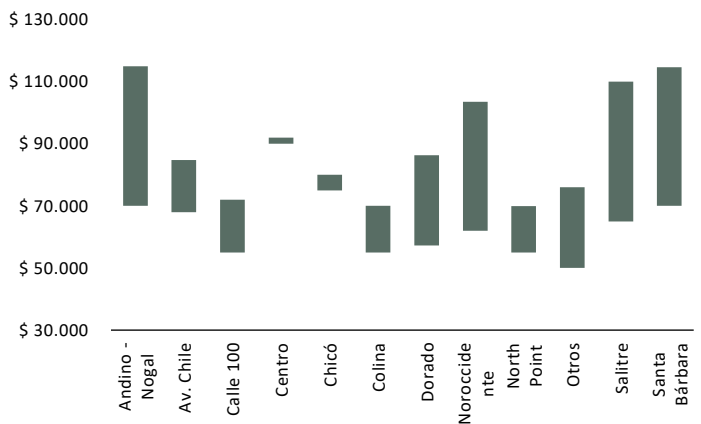
### Rental and Sale Prices

The price dynamics in the real estate market have undergone significant changes over the last 18 months due to inflation and the rise in construction costs. Throughout the year, there has been an upward trend in both rental and sale prices; however, the current landscape shows signs of stabilization indicating a move towards market equilibrium.

The Central Business District (CBD) has seen a more pronounced increase compared to peripheral corridors, closing at COP \$78,400 (USD \$18.2), while in the peripheral corridors, it remains at COP \$70,128 (USD \$15.6). This divergence has widened the gap between the prices of these two market segments.

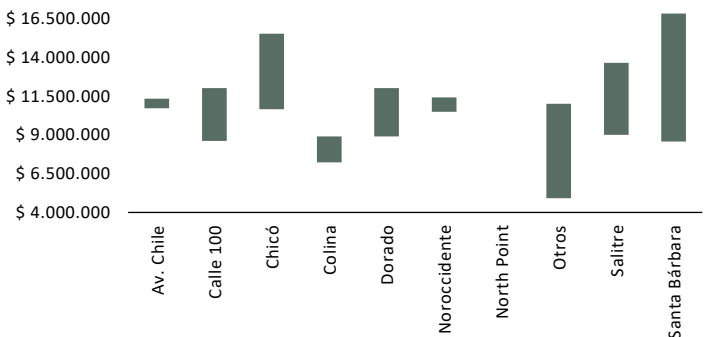
### Rental Price Range by Corridor

CLASS A+ AND A (COP)



### Sale Price Range by Corridor

CLASS A+ AND A (COP)



## Statistics by Submarket Class A+ and A - Colombian Pesos

	Total Inventory (sqm)	Total Availability (sqm)	Availability Rate	Year-to-Date (YTD) Cumulative Net Absorption	Average Rental Price (USD/sqm/month)	Average Sale Price (USD/sqm/month)
<b>Total CBD</b>	<b>678.309</b>	<b>41.027</b>	<b>6,0%</b>	<b>-393</b>	<b>\$ 78.400</b>	<b>\$ 11.681.571</b>
Andino	152.705	6.087	4,0%	-2.941	\$ 82.929	\$ 12.2870.000
Av. Chile	49.880	6.325	12,7%	902	\$ 70.706	\$ 11.145.054
Calle 100	168.522	12.823	7,6%	-4.076	\$ 75.288	\$ 10.253.387
Chicó	112.852	4.832	4,3%	6.600	\$ 80.000	\$ 13.119.699
Santa Bárbara	194.350	10.959	5,6%	-878	\$ 81.500	\$ 12.832.894
<b>Total Peripherals</b>	<b>942.758</b>	<b>119.678</b>	<b>12,7%</b>	<b>16.532</b>	<b>\$ 70.128</b>	<b>\$ 11.041.406</b>
<b>Periférico Norte</b>	<b>248.252</b>	<b>24.383</b>	<b>9,8%</b>	<b>11.033</b>	<b>\$ 70.130</b>	<b>\$ 9.969.546</b>
Colina	50.743	14.002	27,6%	4.974	\$ 68.957	\$ 8.057.841
Noroccidente	135.304	8.138	6,0%	7.972	\$ 73.550	\$ 11.050.796
North Point	62.205	2.243	3,6%	-1.914	\$ 67.056	\$ 10.800.000
<b>Periférico Occidente</b>	<b>558.948</b>	<b>53.549</b>	<b>9,6%</b>	<b>-1.395</b>	<b>\$ 72.534</b>	<b>\$ 12.313.266</b>
Periférico Dorado	251.297	32.519	12,9%	1.178	\$ 71.738	\$ 11.000.000
Periférico Salitre	307.651	21.030	6,8%	-2.573	\$ 72.098	\$ 13.626.532
<b>Others</b>	<b>135.558</b>	<b>41.746</b>	<b>30,8%</b>	<b>6.894</b>	<b>\$ 79.578</b>	<b>\$ 8.440.440</b>
Centro Internacional	56.000	38.000	67,9%	2.000	\$ 92.000	N.D
Otros	79.558	3.746	4,7%	4.894	\$ 67.357	\$ 8.340.440
<b>Total Market</b>	<b>1.621.067</b>	<b>160.705</b>	<b>9,9%</b>	<b>16.139</b>	<b>\$ 77.500</b>	<b>\$ 11.984.684</b>

Reference Values

N.D No sale offer is available to establish a value

## Statistics by Submarket Class A+ and A - USD

	Total Inventory (sqm)	Total Availability (sqm)	Availability Rate	Year-to-Date (YTD) Cumulative Net Absorption	Average Rental Price (USD/sqm/month)	Average Sale Price (USD/sqm/month)
<b>Total CBD</b>	<b>678.309</b>	<b>41.027</b>	<b>6,0%</b>	<b>-393</b>	<b>\$ 19,6</b>	<b>\$ 2.945,6</b>
Andino	152.705	6.087	4,0%	-2.941	\$ 20,7	\$ 3.075,0
Av. Chile	49.880	6.325	12,7%	902	\$ 17,7	\$ 2.778,8
Calle 100	168.522	12.823	7,6%	-4.076	\$ 18,8	\$ 2.573,3
Chicó	112.852	4.832	4,3%	6.600	\$ 20,0	\$ 3.279,9
Santa Bárbara	194.350	10.959	5,6%	-878	\$ 20,4	\$ 3.208,2
<b>Total Peripherals</b>	<b>942.758</b>	<b>119.678</b>	<b>12,7%</b>	<b>16.532</b>	<b>\$ 17,5</b>	<b>\$ 2.785,4</b>
<b>Periférico Norte</b>	<b>248.252</b>	<b>24.383</b>	<b>9,8%</b>	<b>11.033</b>	<b>\$ 17,5</b>	<b>\$ 2.492,4</b>
Colina	50.743	14.002	27,6%	4.974	\$ 17,2	\$ 2.014,5
Noroccidente	135.304	8.138	6,0%	7.972	\$ 18,4	\$ 2.762,7
North Point	62.205	2.243	3,6%	-1.914	\$ 16,8	\$ 2.700,0
<b>Periférico Occidente</b>	<b>558.948</b>	<b>53.549</b>	<b>9,6%</b>	<b>-1.395</b>	<b>\$ 18,1</b>	<b>\$ 3.078,3</b>
Periférico Dorado	251.297	32.519	12,9%	1.178	\$ 17,9	\$ 2.750,0
Periférico Salitre	307.651	21.030	6,8%	-2.573	\$ 18,0	\$ 3.406,6
<b>Others</b>	<b>135.558</b>	<b>41.746</b>	<b>30,8%</b>	<b>6.894</b>	<b>\$ 19,9</b>	<b>\$ 2.085,1</b>
Centro Internacional	56.000	38.000	67,9%	2.000	\$ 23,0	N.D
Otros	79.558	3.746	4,7%	4.894	\$ 16,8	\$ 2.085,1
<b>Total Market</b>	<b>1.621.067</b>	<b>160.705</b>	<b>9,9%</b>	<b>16.139</b>	<b>\$ 19,4</b>	<b>\$ 2.980,3</b>

Reference Values

N.D No sale offer is available to establish a value

Exchange Rate: \$4,200 COP

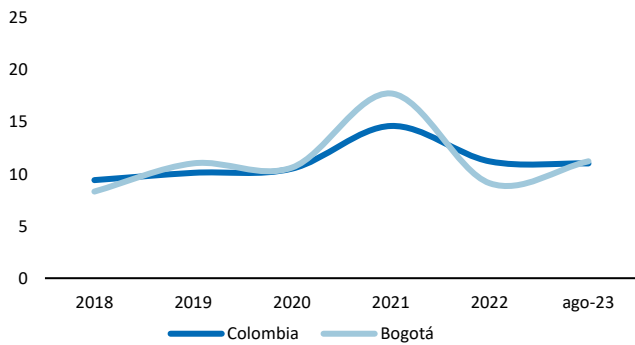
### The slowdown becomes more pronounced

The Colombian economy continues to show signs of slowdown, indicating that the total GDP result by the end of the year will not exceed 2%, the maximum estimate so far by the Ministry of Finance. In July 2023, the Colombian economy grew by 1.18% annually. Domestic demand experienced a significant slowdown, largely explained by investment, which led to a double-digit fall in total imports.

High interest rates have caused a drop in credit and a brake on the economy; these two factors will constitute the main risk to the financial system for the remainder of the year. In various sectors, there is pressure on financial margins and the ability to pay, which will have an impact on the credit risk exposure of supervised entities.

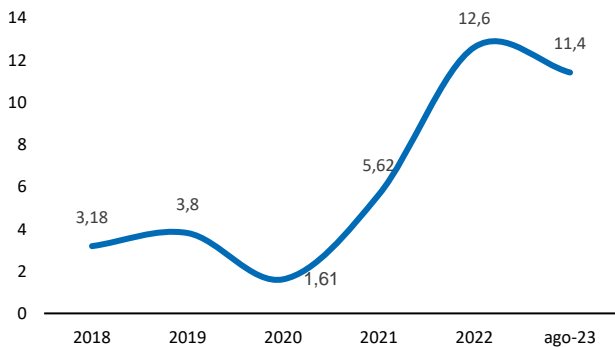
### Unemployment Rate

ANNUALIZED INDICATOR



Source: DANE

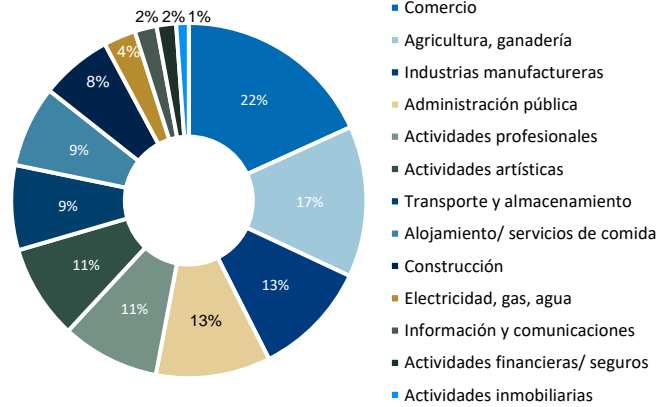
### Consumer Price Index (CPI)



Source: DANE

### Employment by Economic Activity Sector

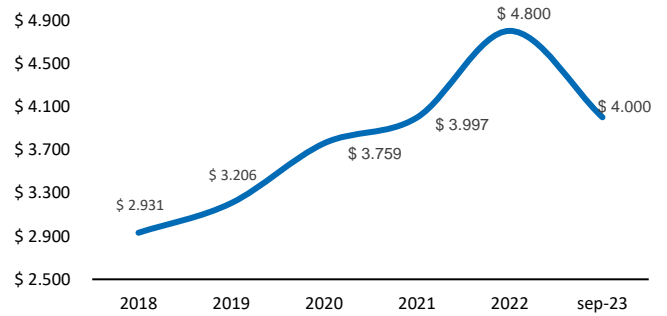
BOGOTÁ, AUGUST 2023



Source: DANE

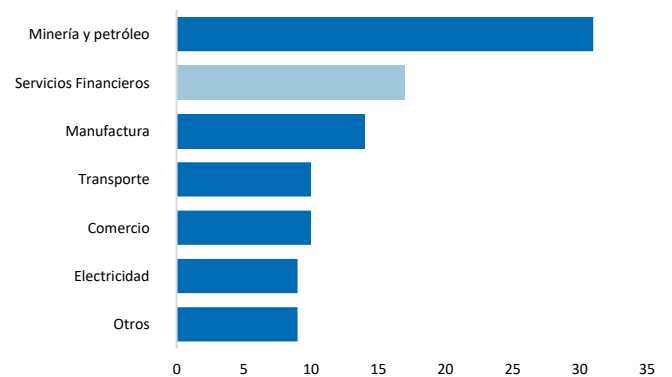
### Exchange Rate

COLOMBIAN PESO PER US DOLLAR (USD)



Source: Banco de la República

### Foreign Direct Investment (August 2023)



Source: DANE

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Newmark has implemented its own database, and the tracking methodology has been reviewed. With this expansion and refinement of our data, there may be adjustments in historical statistics, including availability, rental prices, absorption, and effective rents. Our market reports are available at [nmrk.la/reportes-de-mercado/](http://nmrk.la/reportes-de-mercado/).

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