



# Bogotá Office Market

## Demand Activation

As happens every year, in the last quarter the office market experiences a reactivation and an opportunity opens up to consolidate agreements, sign contracts and start work for the coming year in new spaces. Despite the uncertainty present in various sectors, absorption plays an important role this quarter, increasing even when supply is scarce.

Increasingly, companies are experiencing higher occupancy rates in their offices and the return to normality is starting to become evident. Even some of the largest multinationals in the United States have requested a full return of their employees to the office, seeking to reestablish the dynamics of in-person work.

Due to high interest rates, high material costs, and the slowdown in construction in Colombia, the development of new qualified office buildings has been lagging. This has led to an increase in prices, reaching record values in the market.

### Current Conditions

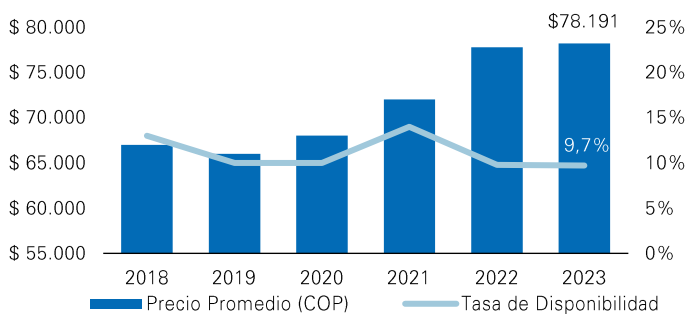
- During 2023, the accumulated annual absorption decreased by 54% compared to 2022.
- The availability rate in Bogotá has shown a downward trend, being 5.4% in the Central Business District (CBD) and 12.7% in peripheral areas.
- Prices continue to rise, with the current average rental price in the CBD at \$81,926 COP per square meter.

### Market Summary A+ and A

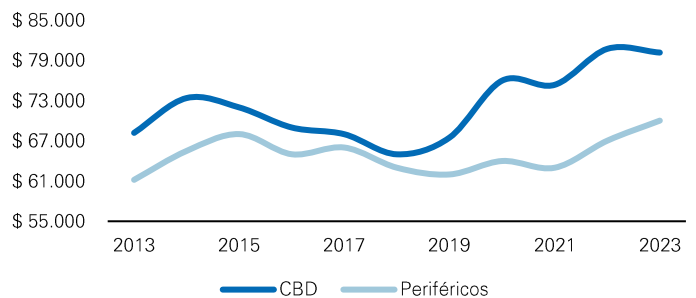
	Current Quarter (4Q 23)	Previous Quarter (3Q 23)	Previous Year (4Q 22)	12-Month Projection
Total Inventory (sqm)	1,62 M	1,62 M	1,60 M	↑
Availability Rate	9,7%	10,1%	9,8%	↓
Net Absorption YTD	20.593	16.139	46.162	↑
Average Asking Rent (COP/sqm/mo)	\$78.200	\$77.500	\$77.780	↑

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

#### HISTORIC RENTAL PRICES AND AVAILABILITY RATE



#### LIST PRICE PER TYPE OF CORRIDOR (COP/SQM)



### Inventory

Office inventory in Bogotá remained largely unchanged during 2023. In the last 9 months of the year no buildings were completed, resulting in a final inventory of 1,621,100 sqm at year end.

The Colombian capital has been characterized by having the CBD in the northern part of the city representing 42% of office inventory. However, due to the scarcity of available land in this area, it is expected that in the next five years this composition will undergo a significant change. The inventory of offices is expected to increase drastically in the outlying corridors, which still have space available for construction.

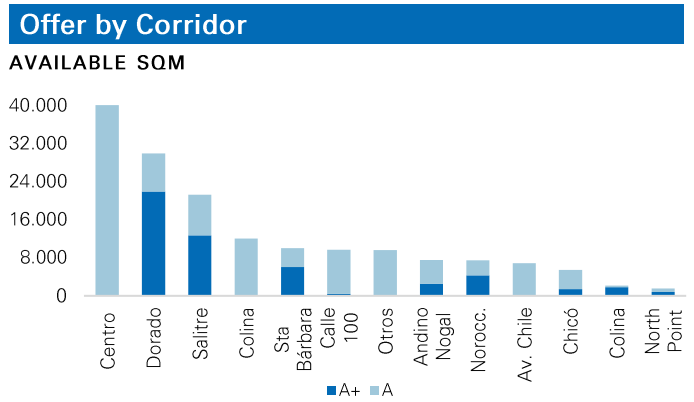
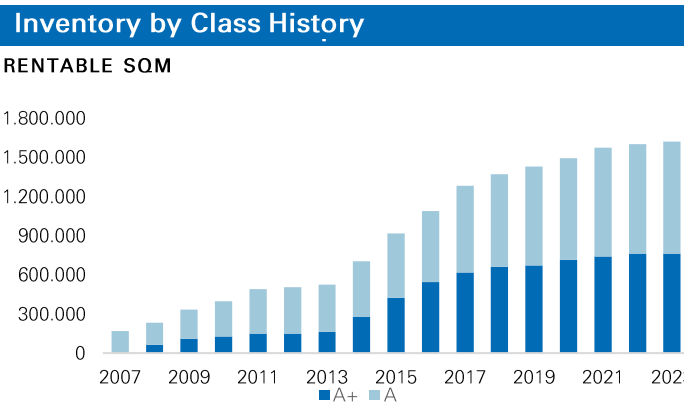
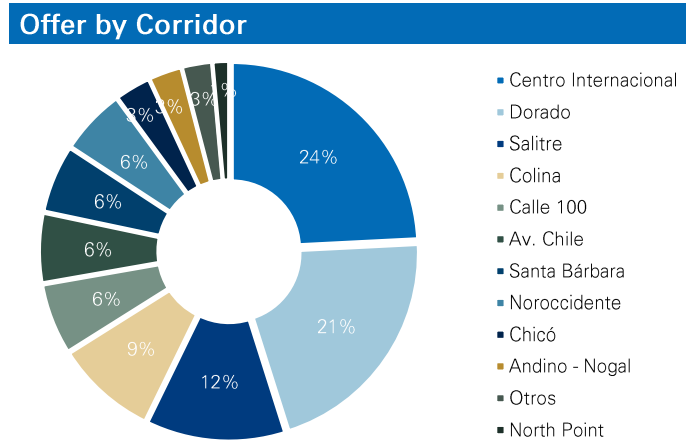
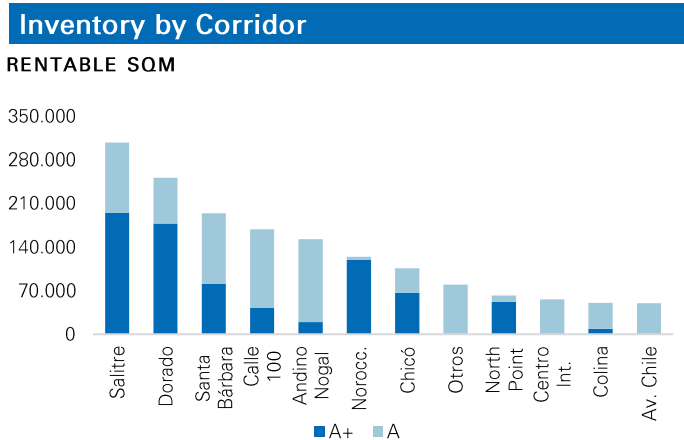
During 2024, no significant changes in office inventory are expected due to the rise in interest rates, the global economy and expectations of reforms at the local level.

### Offer

During the last quarter of the year, office supply in Bogotá has shown a moderate downward trend. In December 2023, the city has 157,040 sqm available.

It is important to highlight that the supply shortage persists in the central business district (CBD) corridors, which represent only 24% of total supply. In contrast, outlying areas such as International Center, Dorado and Salitre, which have lower demand, have greater availability of space.

The office vacancy rate at the end of the fourth quarter of the year stands at 9.6%, which implies a decrease of 0.5 percentage points compared to the previous quarter. It is expected that this downward trend will continue throughout 2024.



### Office Projects

Although the office market has experienced steady recovery after the pandemic, there is a shortage in the construction of more speculative, higher-risk projects for investors. This behavior is a consequence of the high construction costs, the rise in interest rates, and the economic and fiscal uncertainty in the country.

Mixed-use projects that incorporate retail and hotel components are starting to be seen more frequently, suggesting an adaptation to the new real estate market dynamics.

It is important to note that of the 900,000 sqm projected in Bogotá, only 120,000 sqm are under construction, which confirms developers' tendency to be more cautious in their investments.

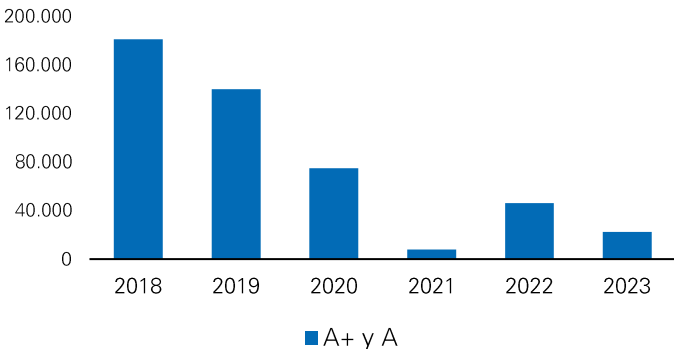
### Absorption

The behavior of cumulative net absorption in Bogotá's office market has shown significant variations in recent quarters. In the fourth quarter of 2023, the cumulative net absorption was 20,593 sqm, which represents a considerable 55.6% decrease compared to the same period last year, when it reached 46,162 sqm.

It is important to consider that during 2022 several buildings were inaugurated with a high occupancy rate, which significantly boosted the total absorption figure. However, in 2023, market growth has been considerably slower. For 2024, absorption is expected to be directly related to the construction of new buildings that meet growing demand in the city.

### Absorption History

CLASS A+ and A (COP)



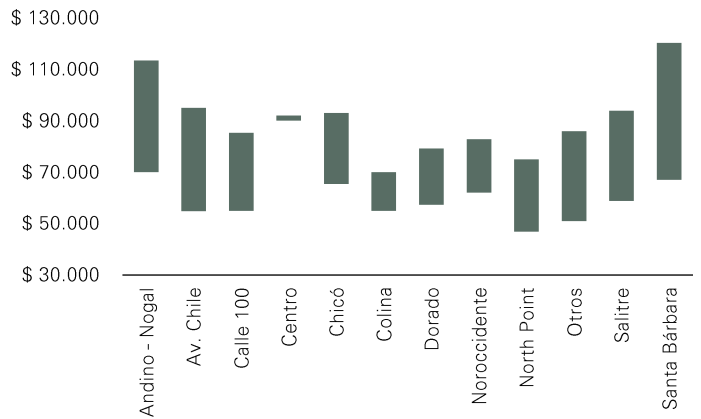
### Rental and Sale Prices

As a result of the continued supply shortage in the CBD, rental prices in these corridors have experienced an increase of around 4%. This upward trend reflects the high demand and limited availability of space in this highly desirable area. On the other hand, the outlying corridors have maintained greater stability in their rental prices, registering a more moderate growth of 1%.

In terms of sale prices, they have experienced a 4% increase, reaching some historically record figures in the city. This growing behavior is expected to continue in the short term, unless there is a significant increase in the supply of new real estate projects.

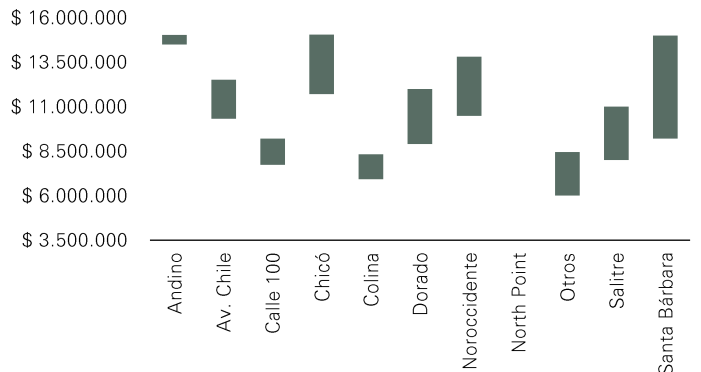
### Rental Price Range by Corridor

CLASS A+ and A (COP)



### Sale Price Range by Corridor

CLASS A+ and A (COP)



Statistics by Class A+ and A Submarket - Colombian Pesos						
	Inventory Total (sqm)	Availability Total (sqm)	Availability Rate	Cumulative Net Absorption (YTD)	Average Rental Price (USD/sqm/month)	Average Sales Price (USD/sqm/month)
<b>Total CBD</b>	<b>678.309</b>	<b>36.867</b>	<b>5,4%</b>	<b>3.365</b>	<b>\$ 81.926</b>	<b>\$ 11.782.207</b>
Andino	152.705	8.988	5,9%	-1.591	\$ 91.506	\$ 15.041.202
Av. Chile	49.880	4.537	9,1%	-1.309	\$ 81.996	\$ 11.421.290
Calle 100	168.522	9.536	5,7%	-949	\$ 71.662	\$ 8.478.811
Chicó	112.852	4.110	3,6%	6.406	\$ 81.467	\$ 7.628.261
Santa Bárbara	194.350	9.696	5,0%	808	\$ 83.000	\$ 10.545.549
<b>Total Outskirts</b>	<b>942.758</b>	<b>120.175</b>	<b>12,7%</b>	<b>17.228</b>	<b>\$ 74.081</b>	<b>\$ 10.463.308</b>
<b>Northern Outskirts</b>	<b>248.252</b>	<b>21.040</b>	<b>8,5%</b>	<b>10.296</b>	<b>\$ 70.130</b>	<b>\$ 7.964.661</b>
Colina	50.743	13.889	27,4%	5.087	\$ 70.000	\$ 8.900.000
Northwest	135.304	4.908	3,6%	7.123	\$ 76.300	\$ 8.500.000
North Point	62.205	2.243	3,6%	-1.914	\$ 63.044	\$ 6.493.984
<b>Western Outskirts</b>	<b>558.948</b>	<b>51.862</b>	<b>9,3%</b>	<b>50</b>	<b>\$ 69.329</b>	<b>\$ 11.741.851</b>
Dorado Outskirts	251.297	32.853	13,1%	844	\$ 66.200	\$ 11.851.509
Salitre Outskirts	307.651	19.009	6,2%	-795	\$ 72.457	\$ 11.632.193
<b>Other</b>	<b>135.558</b>	<b>47.273</b>	<b>34,9%</b>	<b>6.882</b>	<b>\$ 84.428</b>	<b>\$ 11.683.411</b>
International Center	56.000	38.000	67,9%	2.000	\$ 93.000	\$ 13.339.695
Other	79.558	9.273	11,7%	4.882	\$ 75.655	\$ 10.027.127
<b>Total Market</b>	<b>1.621.067</b>	<b>157.042</b>	<b>9,7%</b>	<b>20.593</b>	<b>\$ 78.200</b>	<b>\$ 12.606.291</b>

\* Reference Values  
N/A No supply for sale available to determine value

Statistics by Class A+ and A Submarket - USD						
	Inventory Total (sqm)	Availability Total (sqm)	Availability Rate	Cumulative Net Absorption (YTD)	Average Rental Price (USD/sqm/month)	Average Sales Price (USD/sqm/month)
<b>Total CBD</b>	<b>678.309</b>	<b>36.867</b>	<b>5,4%</b>	<b>3.365</b>	<b>\$ 20,5</b>	<b>\$ 2.945,6</b>
Andino	152.705	8.988	5,9%	-1.591	\$ 22,9	\$ 3.760,3
Av. Chile	49.880	4.537	9,1%	-1.309	\$ 20,5	\$ 2.855,3
Calle 100	168.522	9.536	5,7%	-949	\$ 17,9	\$ 2.119,7
Chicó	112.852	4.110	3,6%	6.406	\$ 20,4	\$ 1.907,1
Santa Bárbara	194.350	9.696	5,0%	808	\$ 20,8	\$ 2.636,4
<b>Total Outskirts</b>	<b>942.758</b>	<b>120.175</b>	<b>12,7%</b>	<b>17.228</b>	<b>\$ 18,6</b>	<b>\$ 2.463,3</b>
<b>Northern Outskirts</b>	<b>248.252</b>	<b>21.040</b>	<b>8,5%</b>	<b>10.296</b>	<b>\$ 17,4</b>	<b>\$ 1.991,2</b>
Colina	50.743	13.889	27,4%	5.087	\$ 17,5	\$ 2.225,0
Northwest	135.304	4.908	3,6%	7.123	\$ 19,1	\$ 2.125,0
North Point	62.205	2.243	3,6%	-1.914	\$ 15,8	\$ 1.623,5
<b>Western Outskirts</b>	<b>558.948</b>	<b>51.862</b>	<b>9,3%</b>	<b>50</b>	<b>\$ 17,3</b>	<b>\$ 2.935,5</b>
Dorado Outskirts	251.297	32.853	13,1%	844	\$ 16,6	\$ 2.962,9
Salitre Outskirts	307.651	19.009	6,2%	-795	\$ 18,1	\$ 2.908,0
<b>Other</b>	<b>135.558</b>	<b>47.273</b>	<b>34,9%</b>	<b>6.882</b>	<b>\$ 21,1</b>	<b>\$ 2.920,9</b>
International Center	56.000	38.000	67,9%	2.000	\$ 23,3	\$ 3.334,9
Other	79.558	9.273	11,7%	4.882	\$ 18,9	\$ 2.506,8
<b>Total Market</b>	<b>1.621.067</b>	<b>157.042</b>	<b>9,7%</b>	<b>20.593</b>	<b>\$ 19,6</b>	<b>\$ 3.151,6</b>

\* Reference values  
N.D There is no offer for sale to achieve a value  
Exchange Rate: \$4,000 COP

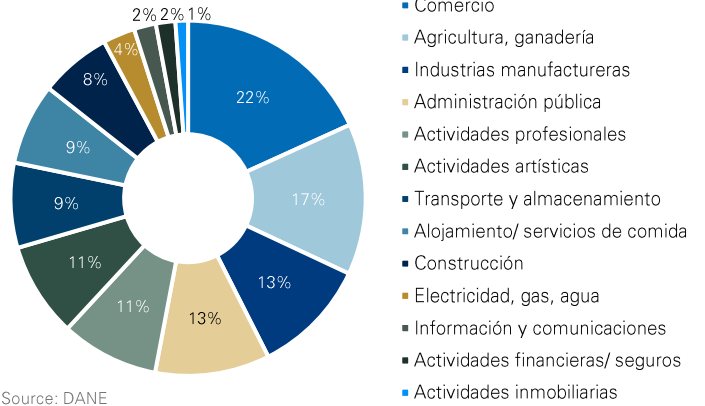
### Economic Expectations Decline

In 2023, a scenario of persistent inflation and global economic slowdown without recession materialized. Colombia achieved one of the best post-pandemic economic recoveries in Latin America and among emerging countries. However, the evident slowdown in several relevant sectors, such as industry, commerce and construction, made the economy feel stagnant.

2024 will be a challenging year, which will test the ability of companies and consumers to withstand the final phase of a complex economic adjustment, characterized by high interest rates and inflation amid high uncertainty caused by global geopolitical shocks and an unfinished reform agenda in Colombia.

### Employment by Sector of Economic Activity

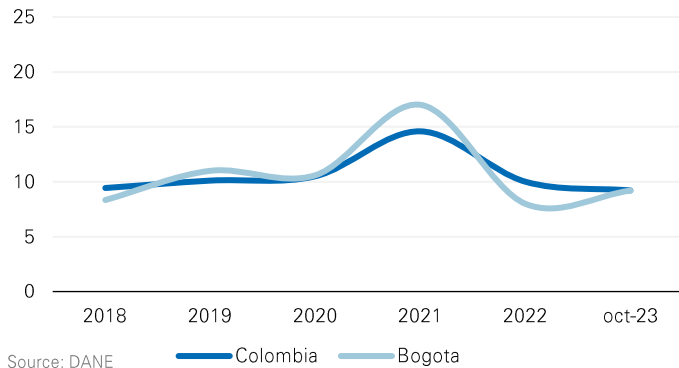
BOGOTÁ, SEPTEMBER 2023



Source: DANE

### Unemployment Rate

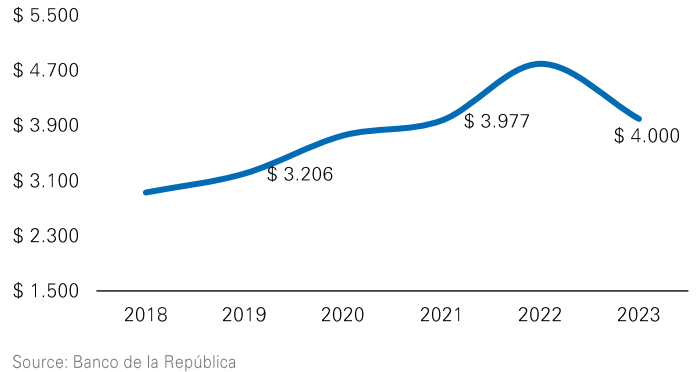
ANNUALIZED INDICATOR



Source: DANE

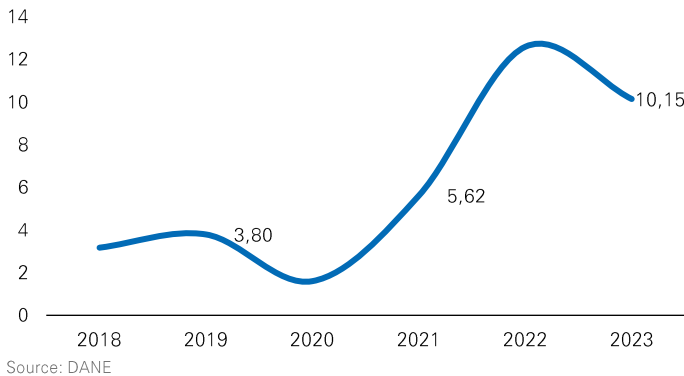
### Exchange Rate

COLOMBIAN PESO TO US DOLLAR (USD)



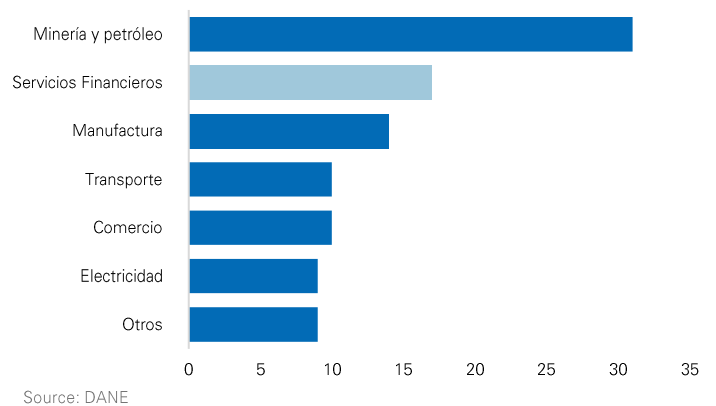
Source: Banco de la República

### Consumer Price Index (CPI)



Source: DANE

### Foreign Direct Investment (October 2023)



Source: DANE

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

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