

2T 2024

Bogotá Office Market



NEWMARK

Market Analysis

Economy

- The World Bank (WB), in its most recent report on growth projections, has downgraded the outcome of the Colombian economy by 0.5% for this year, compared to the January 2024 estimate, reaching 1.3%.
- The national economy grew only 0.7% in the first quarter of 2024. One sector that performed well was the agricultural sector, which increased by 5.5%, associated with the abundant rainfall that from now on is seen as excessive and may lead to crop failures.
- Public spending is expected to lead growth in 2024, and the construction sector will show some recovery, but still in a slightly negative territory.

Transactions

- The Torre Colón building, located in the Andino corridor, is fully occupied for the operation of the corporate offices of Tiendas D1.
- The 978 Sestral building, located in the Andino corridor, enters the inventory completely filled by Mastercard and Deloitte.
- Control Risks consolidates its operation in Bogotá by inaugurating its new offices in the Chicó corridor.
- The insurer from the British UIB Group expanded its office space and moved to the BVC building in the Avenida Chile corridor.

Market Fundamentals

- The net absorption for the second quarter is 16,156 sqm, an increase of 2,000 sqm compared to the same period in 2023.
- The availability rate closed at 9.7%, decreasing by 0.4 percentage points compared to 2023. The CBD has the lowest rate at 3.7%, in contrast, peripheral corridors reached an availability of 15.5%.
- Prices in general seem to stabilize with an average of COP \$78,200. However, the rental price of the CBD continues on an upward trend, closing at COP \$83,700, while the peripheral corridors close at COP \$73,200.

Outlook

- The start of several high-specification office projects in the CBD is anticipated, which suggests an imminent reactivation of new developments. This outlook promises to prevent a further decline in the vacancy rate and ensure the availability of high-quality spaces for the coming years.
- Due to the scarcity in the construction of high-specification spaces, the absorption of offices in 2024 is expected to remain at levels comparable to those of 2023.
- The preference for suitable and even furnished offices is expected to continue increasing among companies looking to reduce their operational costs.

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|---------------------|----|
| Economy | 6 |
| Market Fundamentals | 9 |
| Summary Table | 14 |

2T 2024

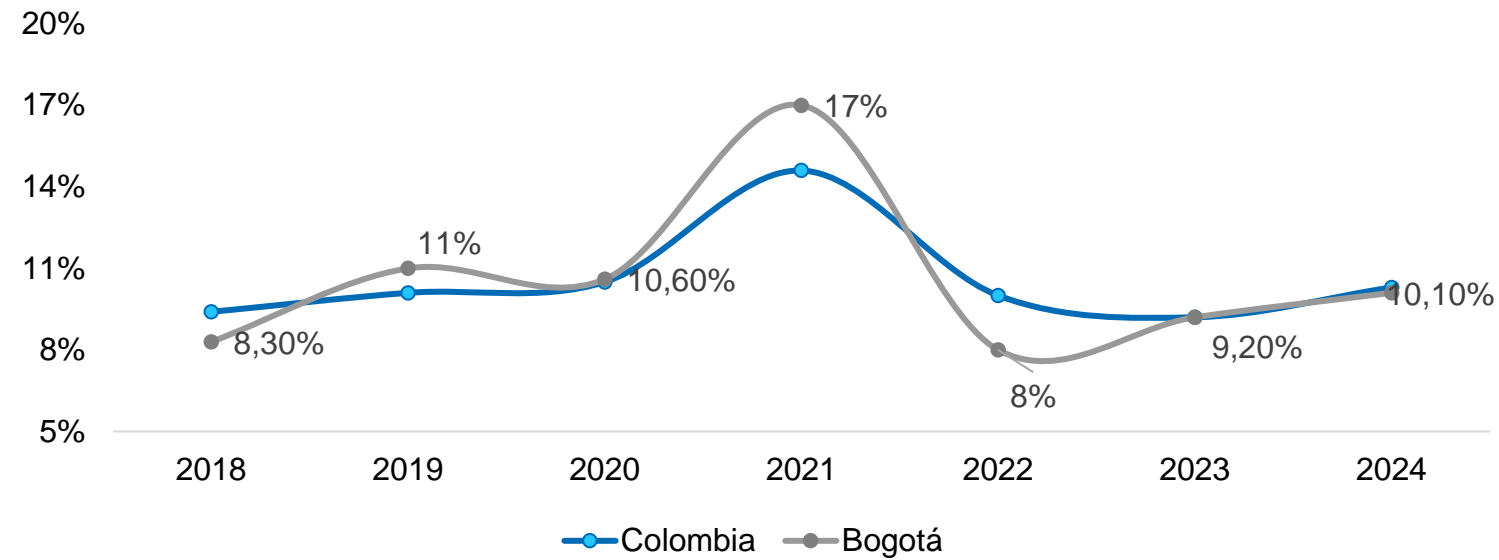
Economy



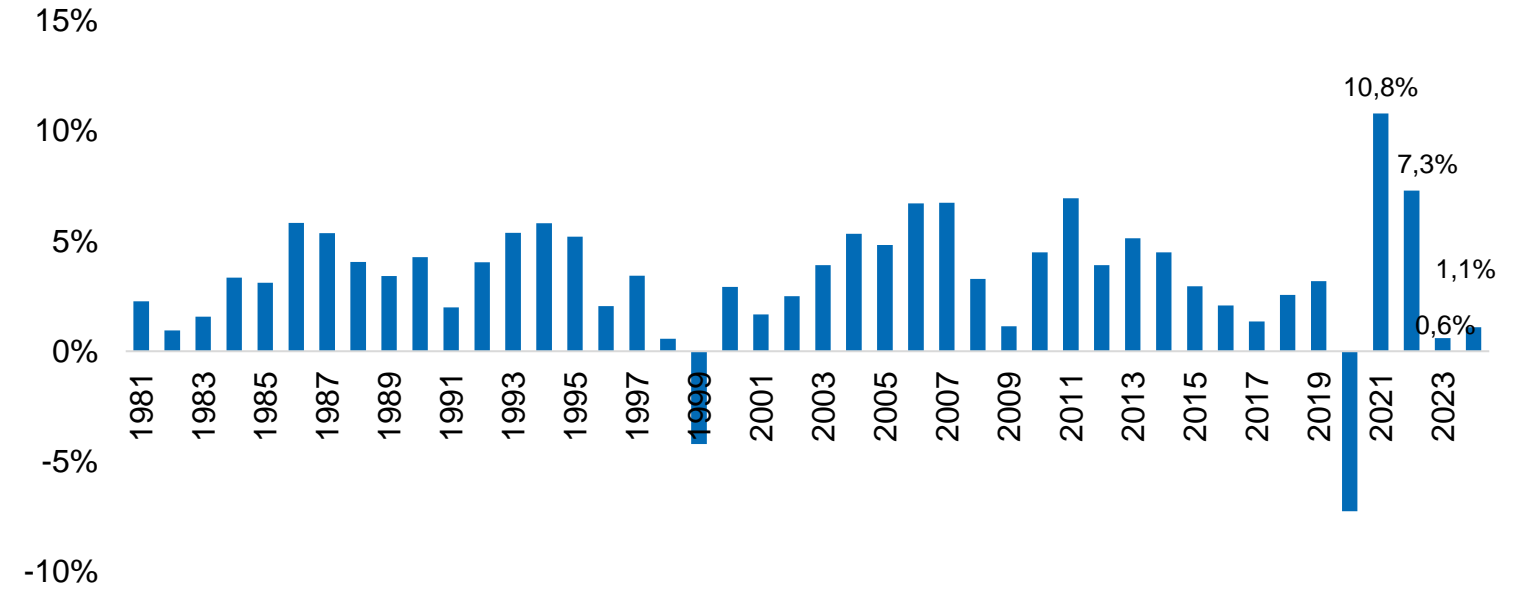
Economic

Experts expect the Colombian economy to begin its more sustained recovery in the second half of the year. To consolidate the rebound, it will be key to boost investment in machinery and equipment, exports, and construction, both nationally and regionally. It is anticipated that, by the end of the year, non-residential buildings will reactivate thanks to low commercial vacancy rates. Then, this year's improved housing sales will drive their construction in 2025.

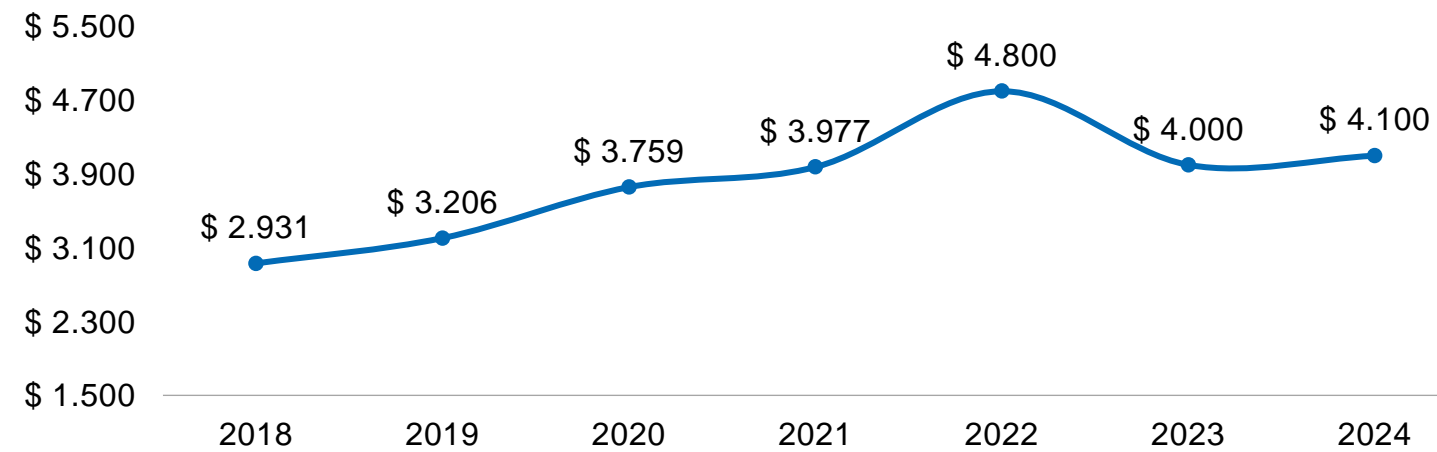
Unemployment Rate



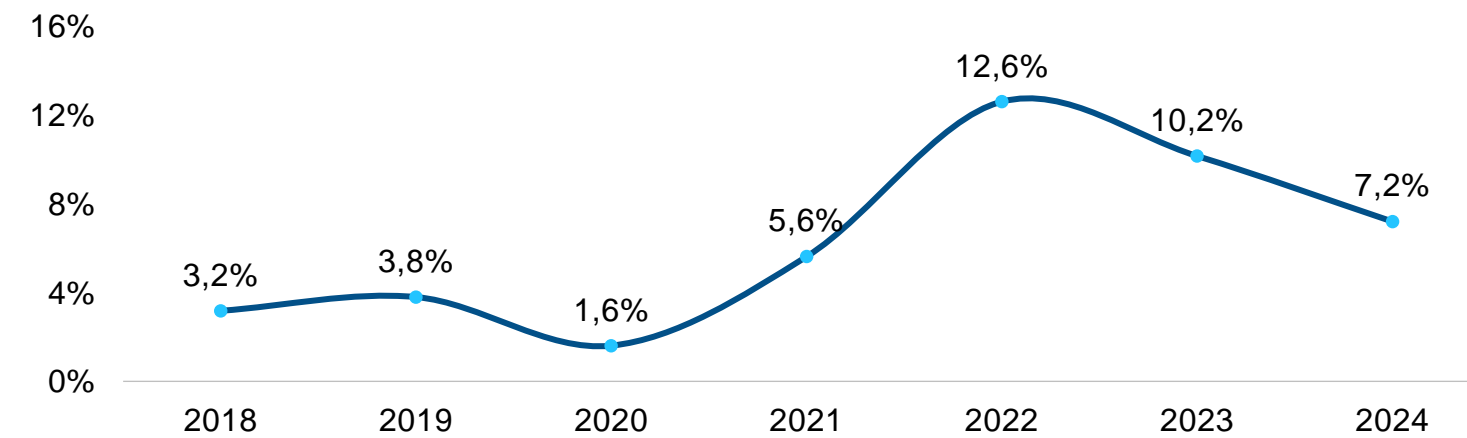
GDP Growth (% Annual)



Exchange Rate (Colombian Peso per US Dollar USD)



Consumer Price Index (CPI)

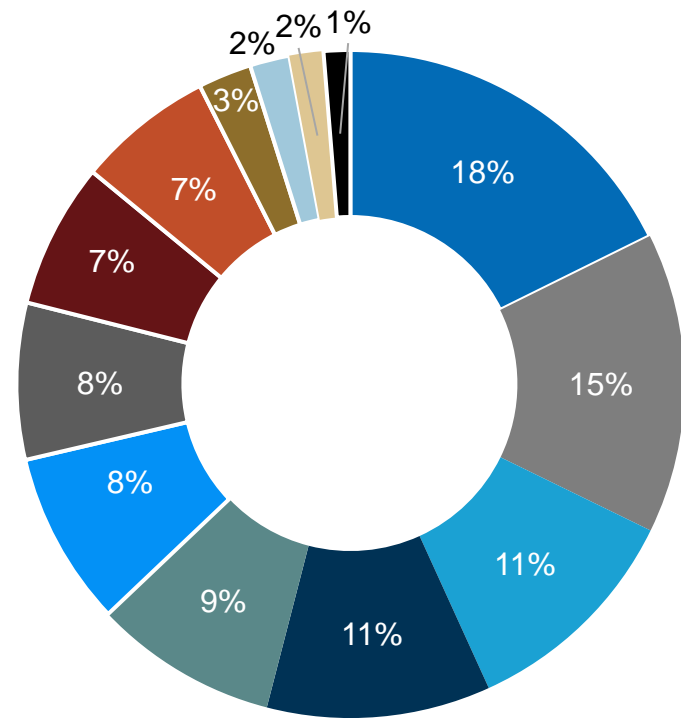


Source: DANE, Banco de la República

Other Economic Variables

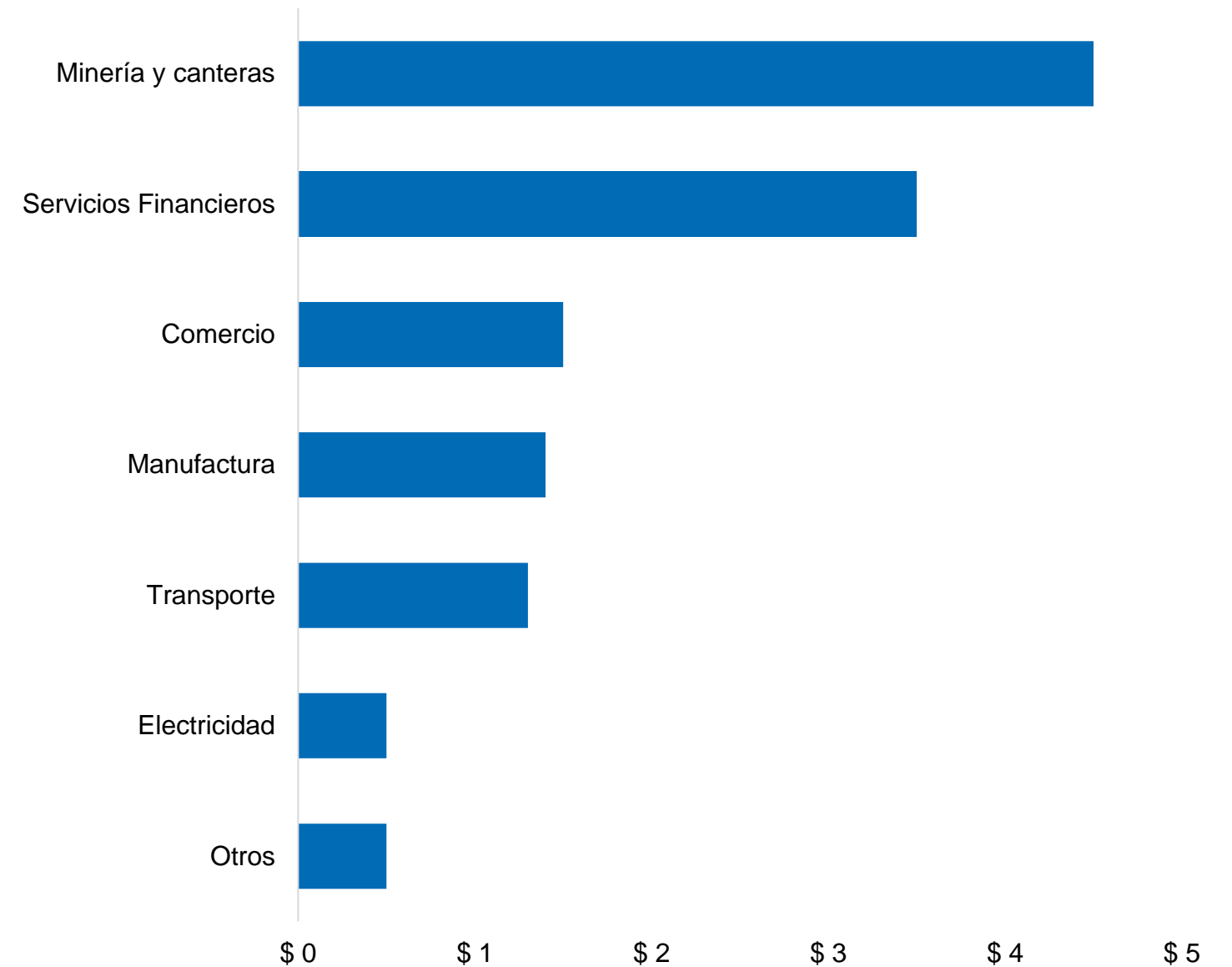
The inflow of Foreign Direct Investment (FDI) to Colombia decreased by 0.9% during the first four months of 2024. After reaching an eight-year record in FDI in the first quarter, both the figure for April and the cumulative total for the year experienced declines. According to Colombia Risk, “the deterioration of the National Government's fiscal outlook will diminish investor confidence, affecting foreign direct investment and opportunities for companies.”

Employment by Sector of Activity



- Comercio y Reparación de vehículos
- Administración Pública
- Actividades artísticas
- Transporte y almacenamiento
- Construcción
- Actividades financieras/ seguros
- Actividades inmobiliarias
- Agricultura y ganadería
- Industrias manufactureras
- Actividades profesionales
- Alojamiento y comida
- Suministro de gas
- Información y comunicaciones

Foreign Direct Investment (March 2024)



Source: DANE

2T 2024

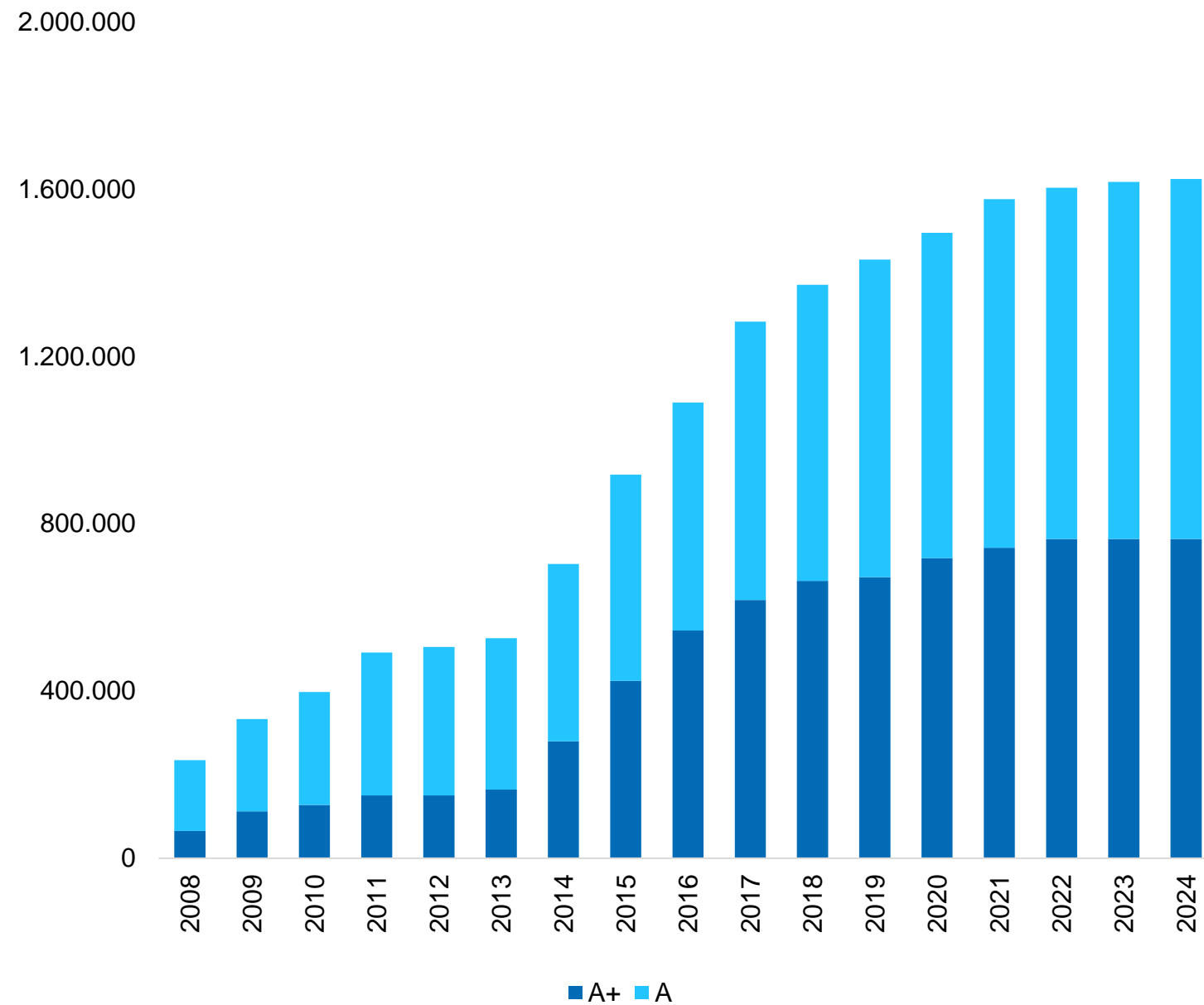
Market Fundamentals



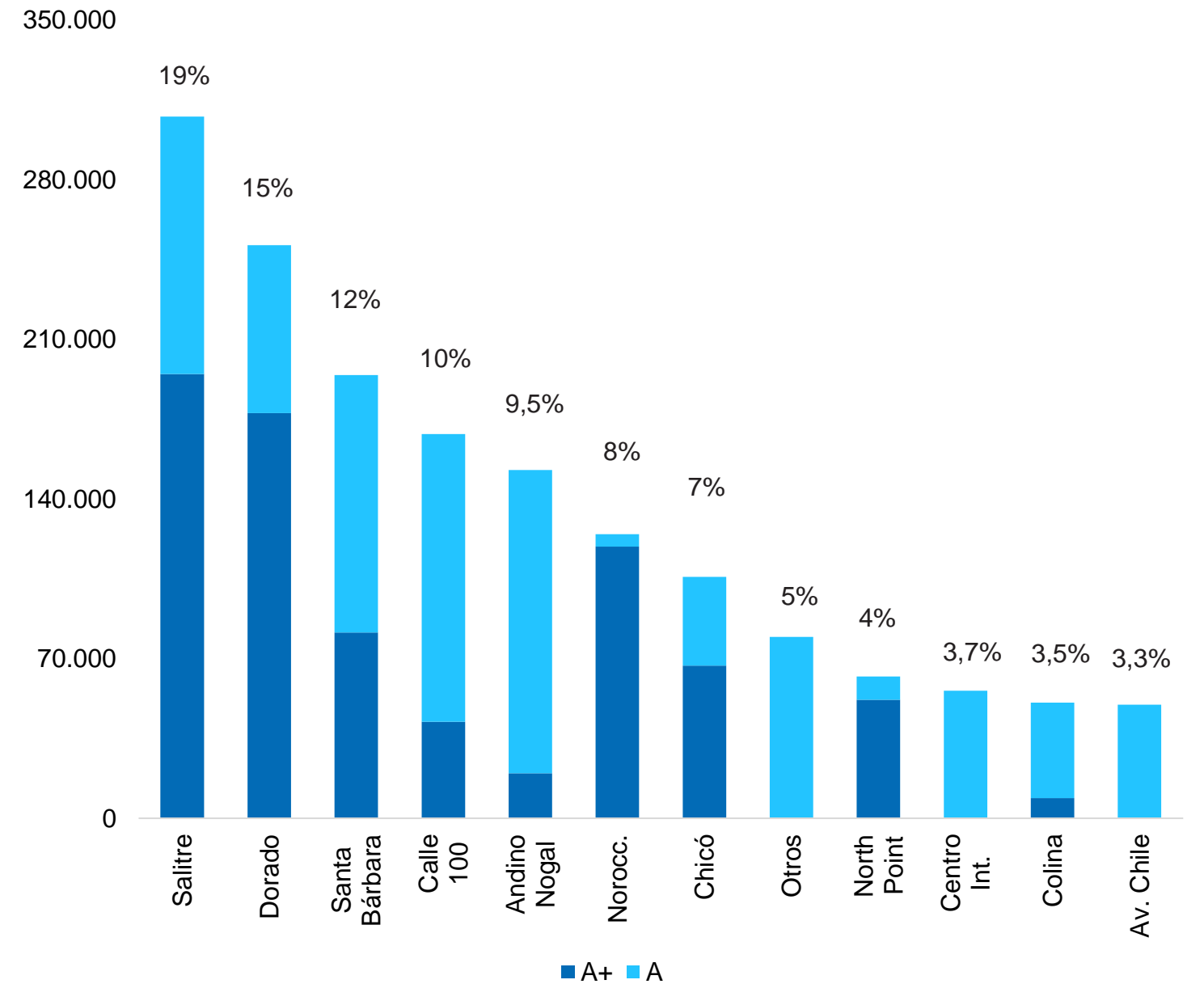
Inventory

For the second quarter of 2024, no significant changes are recorded in the inventory of Class A+ and A buildings. It is expected that, for the second half of the year, some projects such as Connecta 80 will be completed, which is anticipated to increase the inventory by about 33,000 sqm.

Historical Inventory Growth by Class (sqm)



Inventory Distribution by Corridor and Class (sqm)

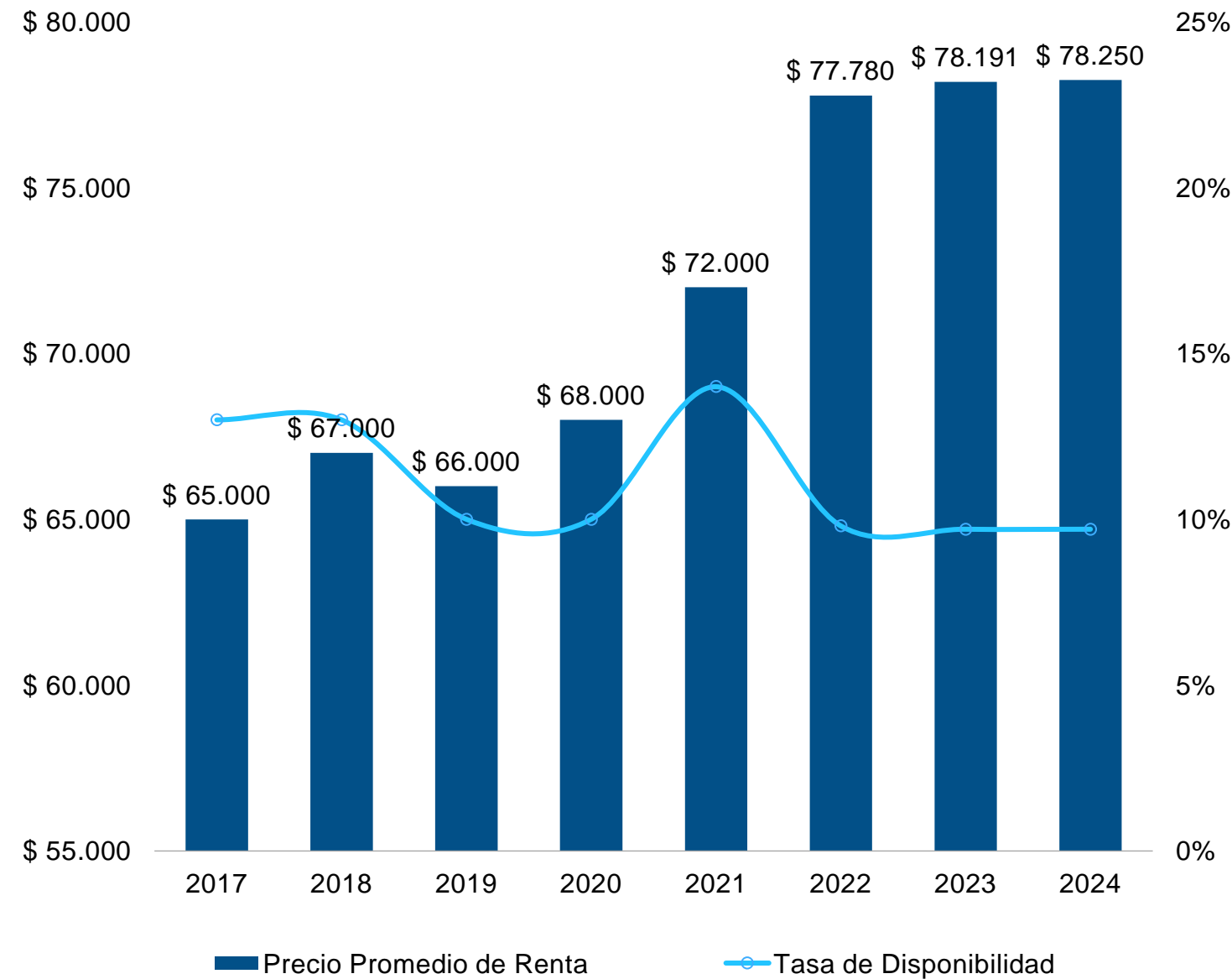


Source: Newmark Research

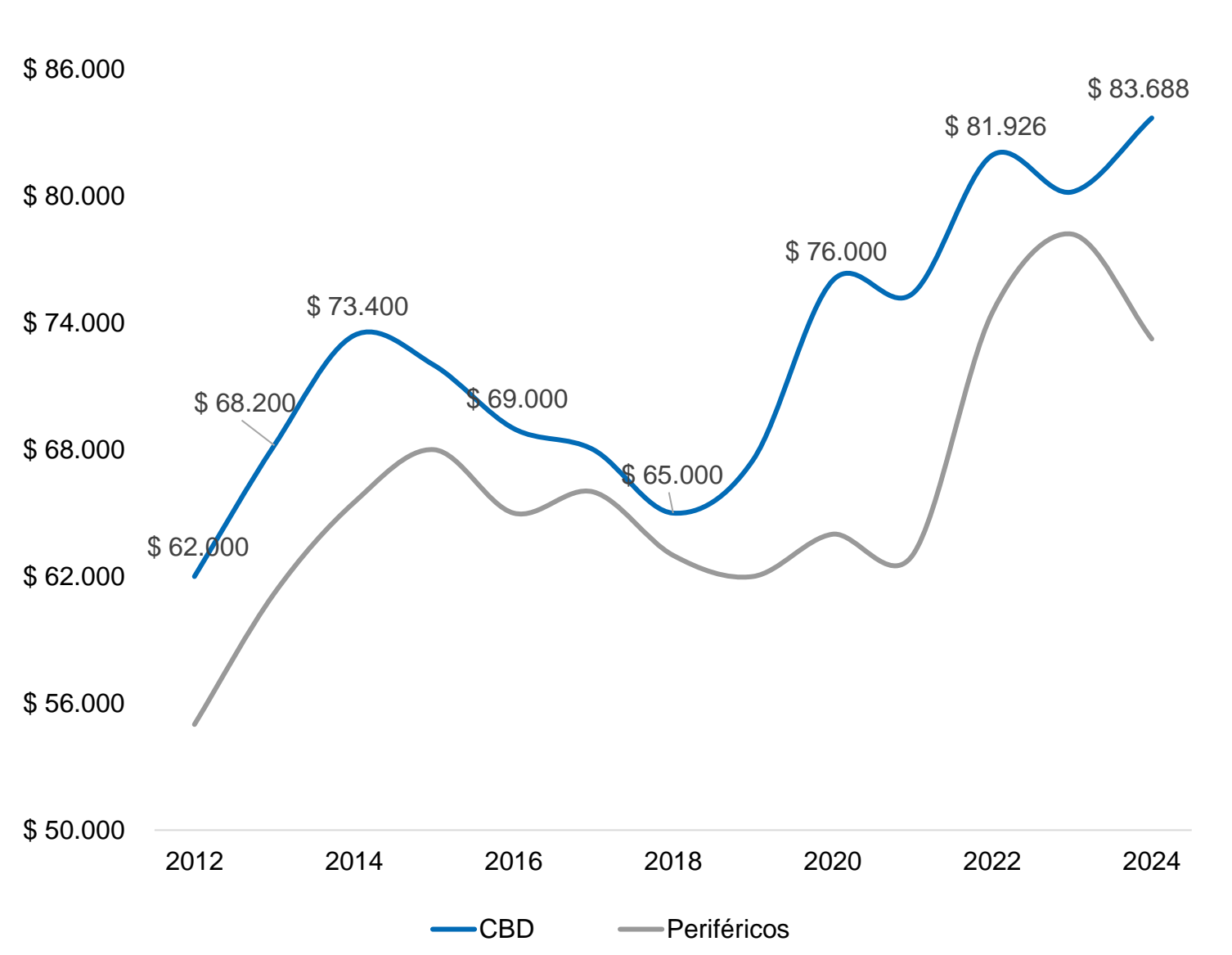
Market Analysis

In general, prices do not seem to have any significant change. However, upon closer observation, we discover that leasing rates in corridors located within the Central Business District (CBD) show upward trends, as opposed to peripheral corridors, where prices demonstrate a downward trend. This situation leads to what appears to be a generalized price stabilization in the market.

Historical Rental Prices (COP) and Availability Rate (%)



Average Listing Price by Corridor Type (COP)

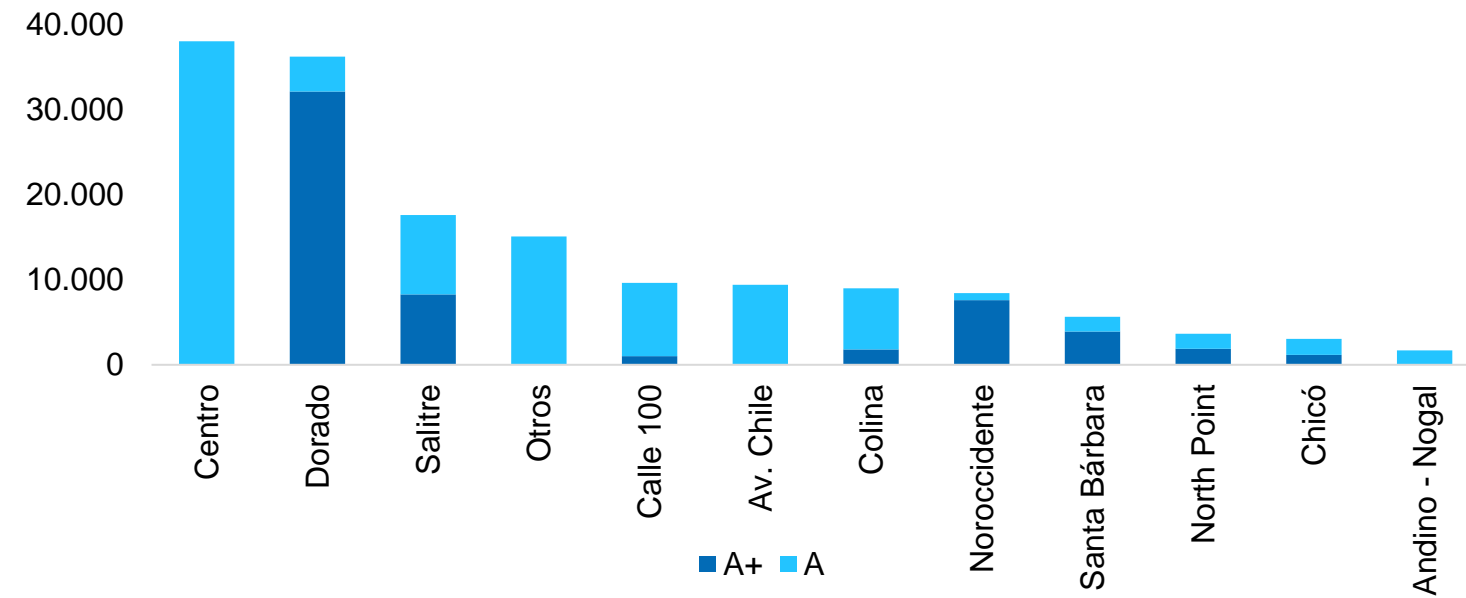


Source: Newmark Research

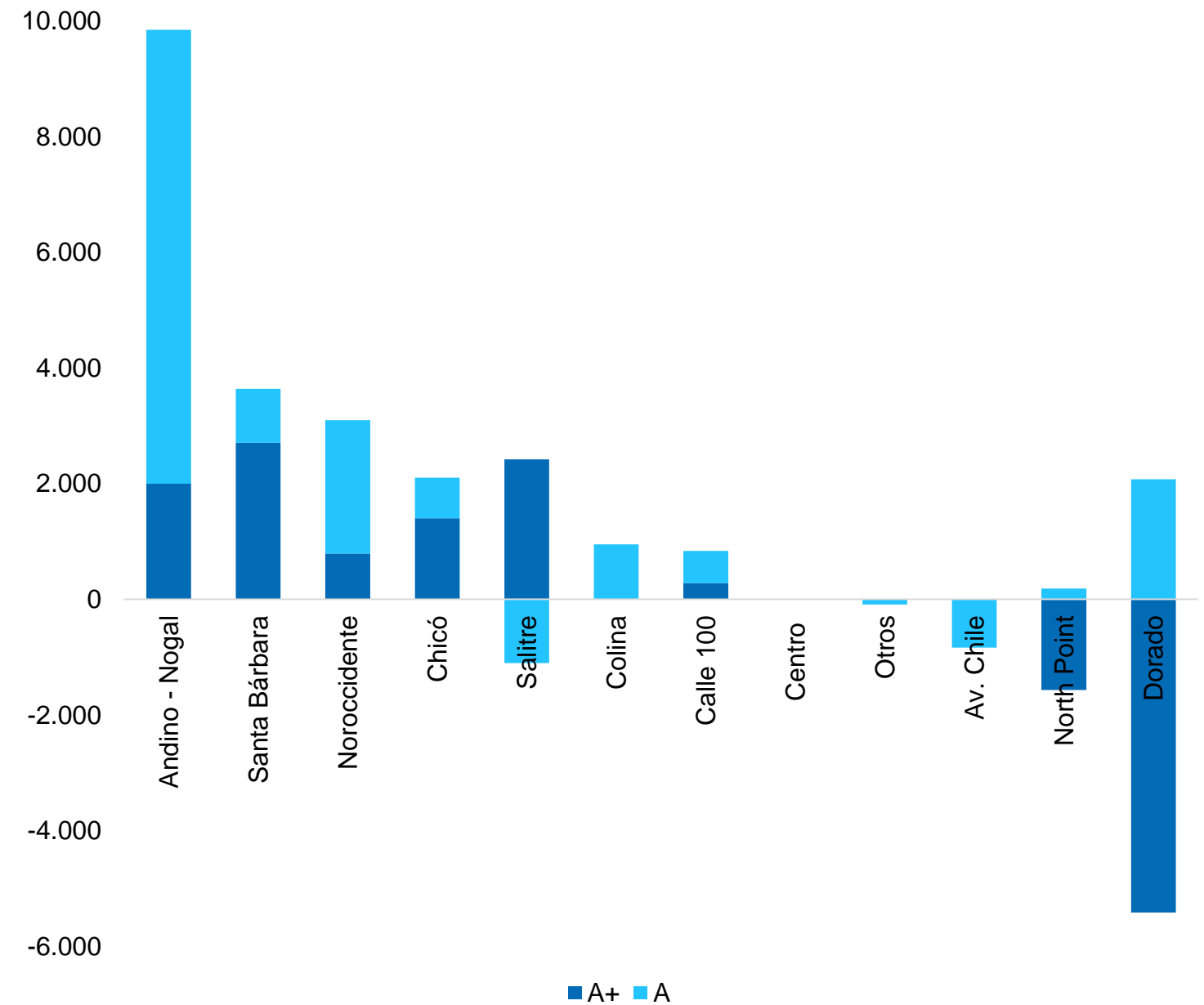
Supply and Absorption

During the first half of the year, Bogotá registered an absorption of 16,156 sqm, a figure close to the 14,000 sqm absorbed during the same period in 2023. Although these figures may seem modest, they do not indicate a decrease in demand. Rather, they point to a shortage of supply in the city, which restricts the ability to reach higher figures.

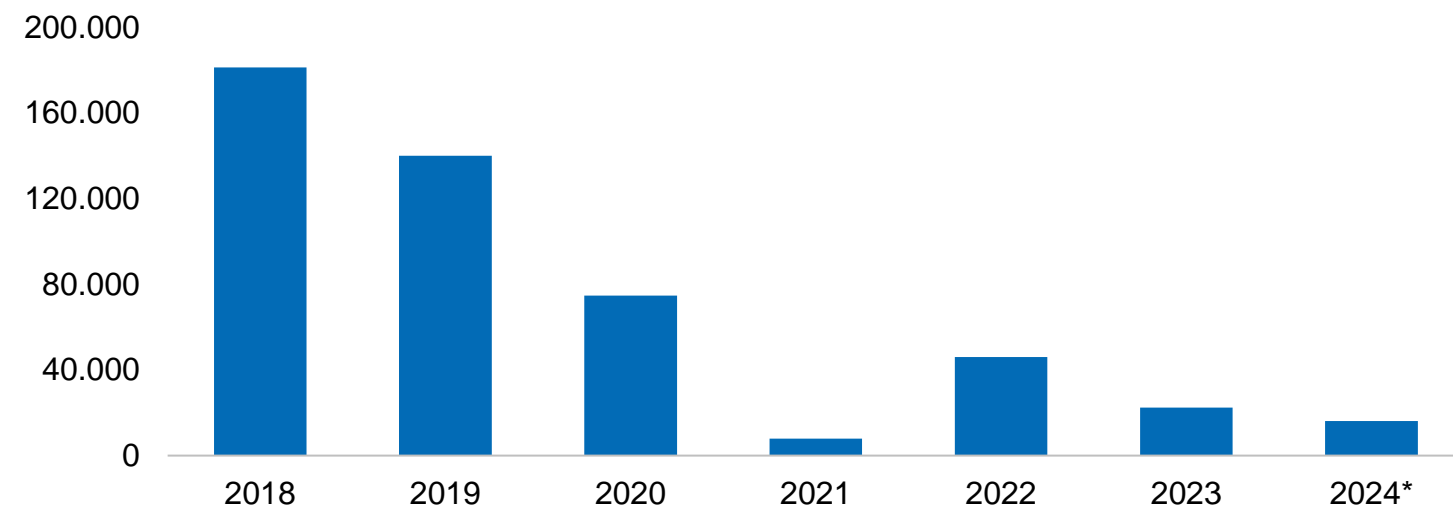
Supply Distribution by Class and Corridor (sqm)



Absorption by Corridor (sqm)



Historical Cumulative Absorption of Class A+ and A Offices (sqm)

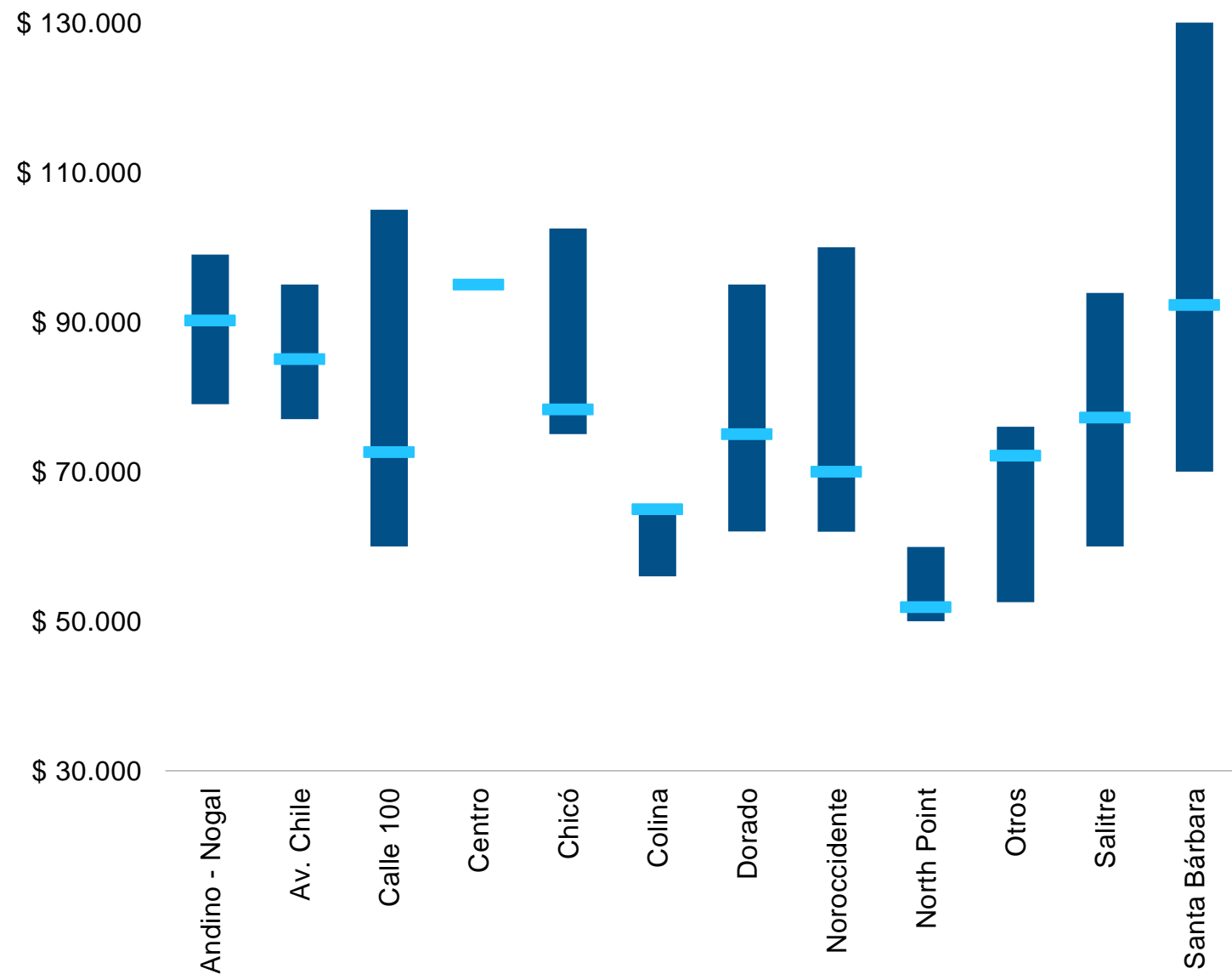


Source: Newmark Research

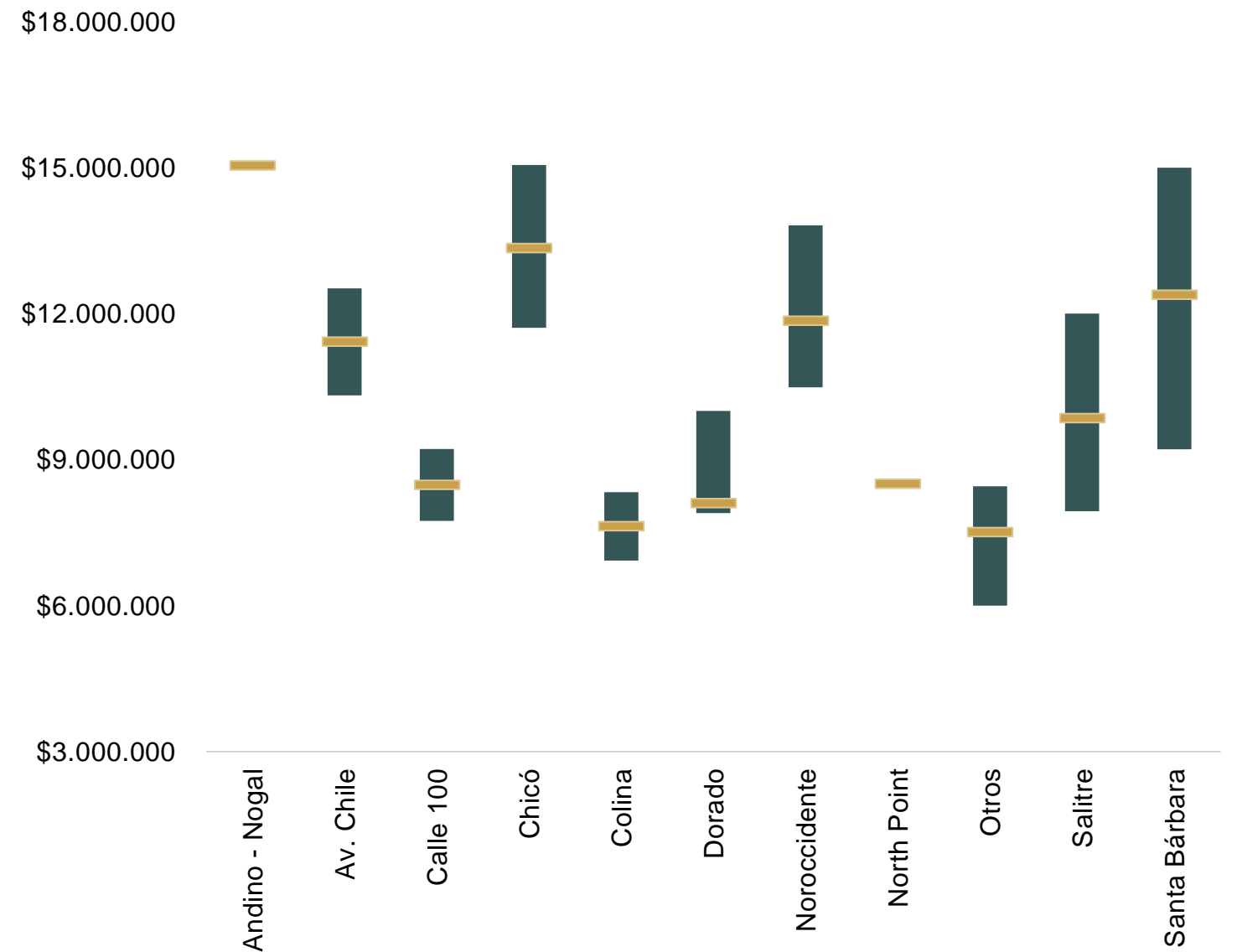
Listing Prices

Given the limited availability of high-specification offices, Bogotá continues to see an increase in CBD rental prices and a decrease in those of the peripheral corridors. This dynamic is expected to continue until the completion of new high-end buildings increases the available supply.

Rental Price Ranges by Corridor (COP/sqm/month)



Sale Price Ranges by Corridor (COP/sqm/month)



Source: Newmark Research

2T 2024

Market Indicators



Summary Table

| Statistics by Submarkets | | | | | | |
|---------------------------|-----------------------|--------------------------|-------------------|---------------------------------|--------------------------------------|------------------------------------|
| | Total Inventory (sqm) | Total Availability (sqm) | Availability Rate | Cumulative Net Absorption (sqm) | Average Rental Price (COP/sqm/month) | Average Sale Price (COP/sqm/month) |
| Total CBD | 798.610 | 29.322 | 3,7% | 15.595 | \$ 83.688 | \$ 10.717.777 |
| Andino | 159.705 | 1.689 | 1,1% | 9.848 | \$ 90.192 | \$ 15.141.202 |
| Av. Chile | 49.880 | 9.373 | 18,8% | -837 | \$ 85.064 | \$ 11.221.250 |
| Calle 100 | 168.522 | 9.609 | 5,7% | 838 | \$ 72.604 | \$ 8.278.811 |
| Chicó | 112.852 | 3.018 | 2,7% | 2.106 | \$ 78.314 | \$ 7.528.250 |
| Santa Bárbara | 307.651 | 5.634 | 1,8% | 3.640 | \$ 92.268 | \$ 10.519.319 |
| Total Peripherals | 825.652 | 128.185 | 15,5% | 561 | \$ 73.238 | \$ 10.602.000 |
| Northern Periphery | 580.951 | 21.015 | 3,6% | 2.671 | \$ 63.278 | \$ 8.035.938 |
| Colina | 194.350 | 8.973 | 4,6% | 953 | \$ 70.356 | \$ 8.050.000 |
| Noroccidente | 251.297 | 8.418 | 3,3% | 3.099 | \$ 67.562 | \$ 8.500.000 |
| North Point | 135.304 | 3.624 | 2,7% | -1.381 | \$ 51.914 | \$ 7.507.813 |
| Western Periphery | 126.496 | 54.126 | 42,8% | - 2.021 | \$ 72.860 | \$ 12.126.900 |
| Dorado | 50.743 | 36.191 | 71,3% | -3.338 | \$ 68.486 | \$ 11.851.509 |
| Salitre | 75.753 | 17.935 | 23,7% | 1.317 | \$ 77.235 | \$ 12.382.319 |
| Others | 118.205 | 53.044 | 44,9% | -88 | \$ 83.577 | \$ 11.593.422 |
| Centro | 56.000 | 38.000 | 67,9% | 0 | \$ 95.000 | \$ 13.339.695 |
| Otros | 62.205 | 15.044 | 24,2% | -88 | \$ 72.153 | \$ 9.847.148 |
| Total Overall | 1.624.262 | 157.507 | 9,7% | 14.129 | \$ 78.200 | \$ 12.451.100 |



Mauricio Romero
Office Associate



During the first half of 2024, the office sector exhibited a marked trend towards caution. Clients have opted for a conservative strategy concerning expenses and decisions related to expansion or relocation projects. Demand has particularly oriented towards medium and small-sized spaces, which have been quickly absorbed in the most emblematic buildings of the Central Business District (CBD). In this context, buildings with better features have seen an increase in their occupancy rate, while older ones have lost popularity.

The continuity and arrival of new companies in the sector reaffirm that the hybrid work model has not negatively impacted the demand for physical office spaces. In this scenario, offices that are already fitted and furnished emerge as a highly attractive option for clients looking to maximize cost efficiency in their real estate projects, also taking advantage of the reduction in operation startup times.

Currently, office availability tends to be concentrated in peripheral corridors. Noteworthy business complexes such as Connecta 26 Business Ecosystem, Central Point in the Salitre corridor, and buildings like Urban 165 in the Colina corridor offer the majority of large spaces available in the city.

Bogotá

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CLARIFICATION NOTE:

Newmark has implemented its own database, and the tracking methodology has been revised. With this expansion and refinement in our data, adjustments in historical statistics may occur, including availability, rental rates, absorption, and effective rents. Our market reports are available at <https://nrmk.lat/reportes-de-mercado/>.

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