

2Q2025

São Paulo Offices Market Report

NEWMARK



Market Information

Economy

- The global outlook remains marked by economic and geopolitical uncertainties. The IMF and World Bank project moderate growth for 2025 and 2026 (3.2% and 2.7%, respectively). Economic slowdowns are expected in the US and China whereas the Euro zone could grow slightly. Inflation and interest rates in the more developed economies should continue to drop, but risks remain high, especially if geopolitical tensions increase, such as the military conflicts pressuring market volatility and global trade;
- In Brazil, according to IBGE data, GDP grew by 1.4% in the 1st quarter of 2025, driven by agribusiness, the labor market, and increased income. The annual growth forecast was revised upward to 2.1%, but household consumption is already feeling the effects of higher interest rates — the Selic rate reached 15%. Inflation has slowed to 5.32%, and gradual interest rate cuts are expected to begin later in 2025;
- The outlook for 2025 points to a gradual slowdown, with more modest growth projected for 2026 (1.6%). Inflation is expected to continue falling, though likely to remain above the target. The exchange rate is projected to remain under pressure (R\$ 5.70), and fiscal challenges persist, with rising public debt and uncertainty surrounding the government's ability to control spending and move forward with structural reforms

Transactions

- São Paulo office market remained active in terms of leasing activity in the 2nd quarter. The volume of space returned to the market declined, boosting net absorption. On an annual basis, this indicator was 22% higher than in Q2 2024;
- Occupied space increased in almost all surveyed regions particularly the Pinheiros, Paulista, and Chucuri Zaidan areas, which posted 28,000 m², 25,000 m², and 16,000 m² in quarterly net absorption, respectively;
- Among the disclosed transactions, 67% involved companies from the services sector — mainly financial services, insurance/investment firms — followed by the pharmaceutical industry.

Market Indicators

- Continuing the positive results of 2024, the 2nd quarter remained dynamic;
- Demand remains high, resulting in another drop in the vacancy rate;
- The average asking rental rates went up to R\$ 112.3/m²/month across all submarkets surveyed in São Paulo

Outlook

- The market for corporate office space in São Paulo continued to recover in the second quarter of the year driven by consistent demand, especially among service companies, in particular finance, insurance, and pharma;
- Almost all regions in our survey experienced positive performance in terms of occupancy. Inventory went up again, yet in spite of this the vacancy rate dropped from 19.4% to 18.2%, reflecting solid demand;
- By year end a significant 319 thousand m² of new offices will be delivered, which could cause a temporary bump in the vacancy rate;
- The outlook for the second half of the year is positive, based on a more stable macro-economic scenario, and moderate GDP growth in 2025 with inflation under control falling interest rates and expectations of progress on structural economic reforms

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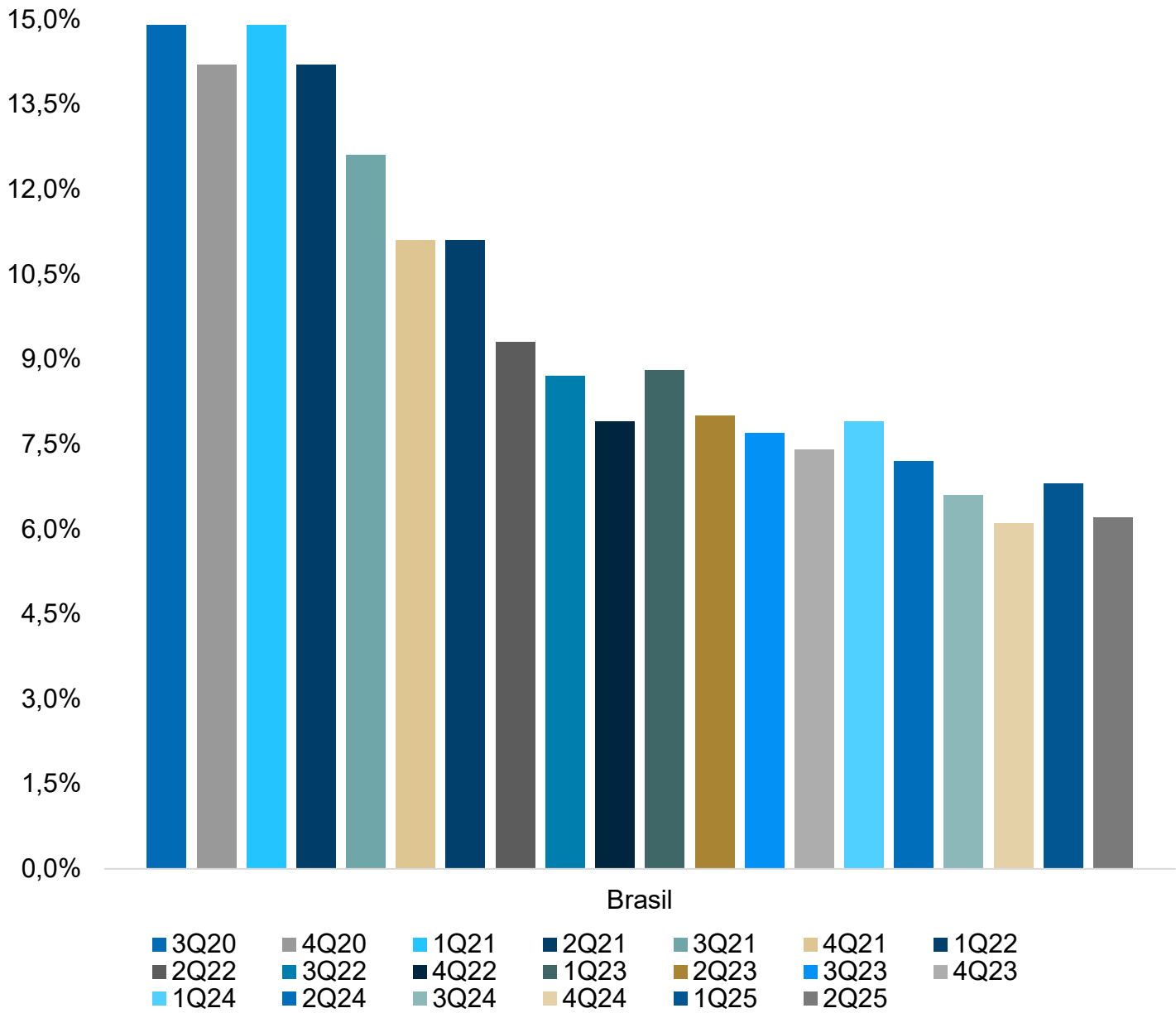
Economy



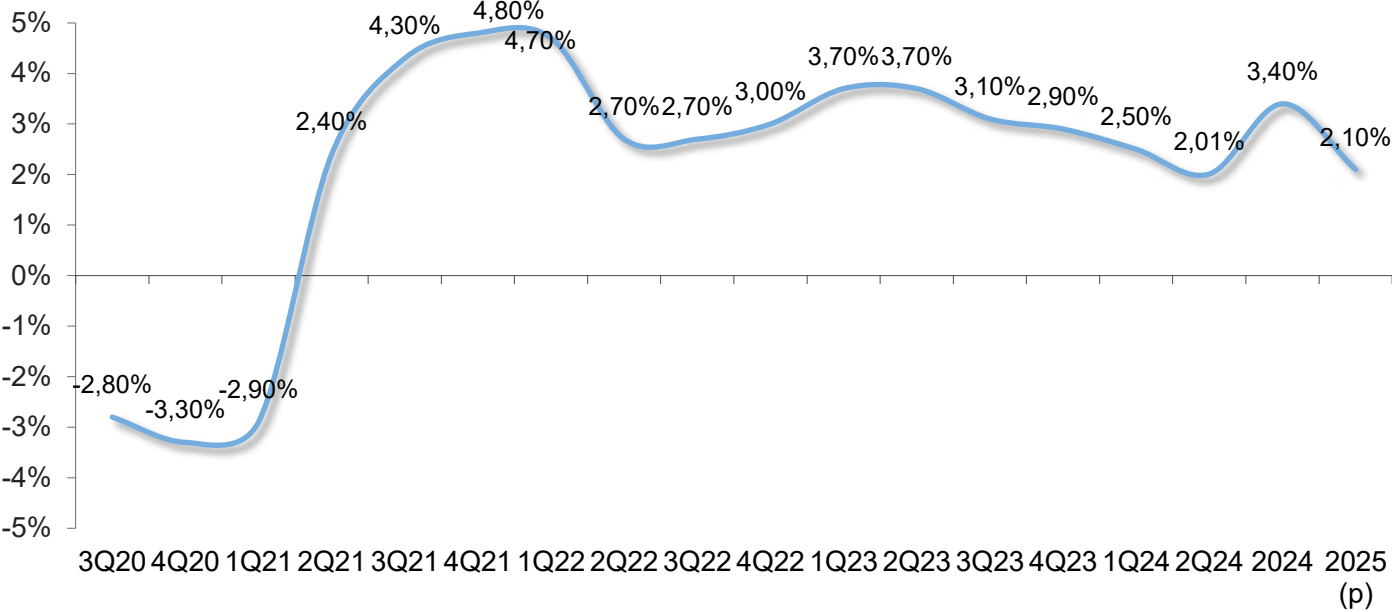
Economy

GDP grew by 1.4% in the 1st quarter of 2025 compared to the previous quarter, totaling R\$ 3 trillion in current values. This performance was driven by three key pillars: the strong agricultural sector, favorable labor market indicators — including a declining unemployment rate, which reached 6.2% in May — and the increase in wage mass, which supported domestic demand. As a result, the Central Bank revised its GDP growth forecast for 2025 from 1.9% to 2.1%, despite ongoing monetary and fiscal pressures. The monetary tightening that began in late 2024 continues to affect consumption, leading to a slowdown in official inflation in the last quarter

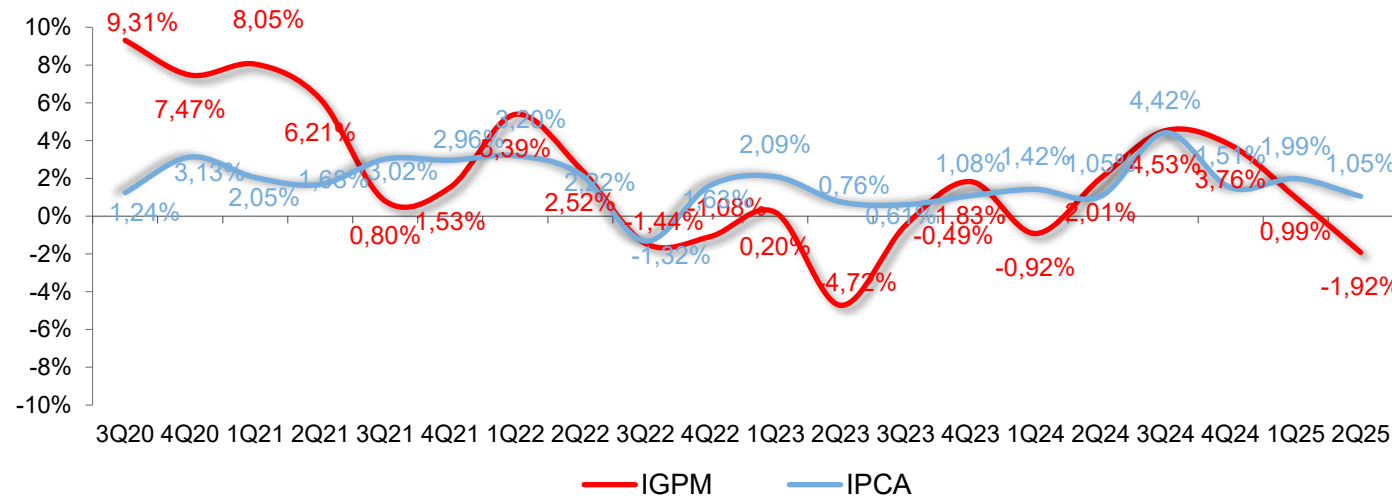
Unemployment rate



GDP –at market prices – YTD in 4 quarters (%)



IPCA (quarter) x IGPM (quarter) Variation (Inflation rate)



Source: IBGE, Banco Central do Brasil, FGV

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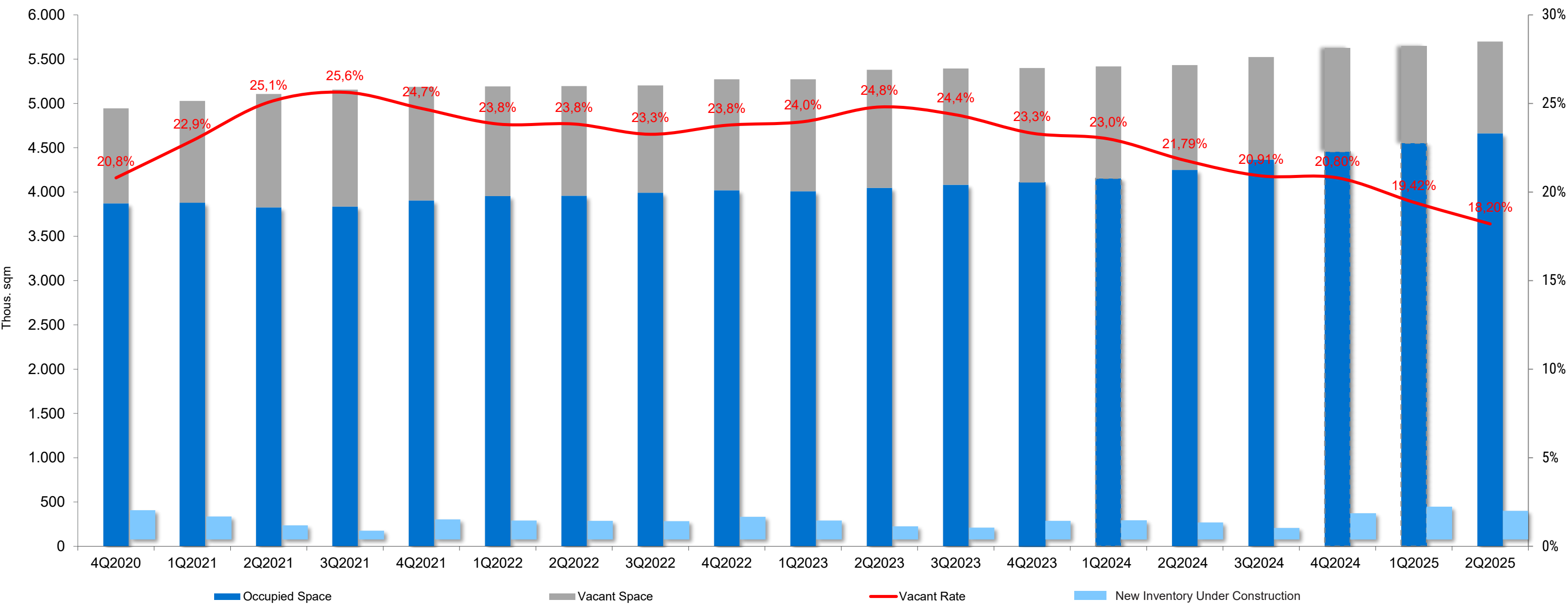
Market Indicators



Inventory grows while vacancy drops on strong demand

Inventory resumed growth in the 2nd quarter, with about 45,000 m² of new office developments delivered. Despite the increase in inventory, the vacancy rate continued to decline — from 19.4% to 18.2% — underscoring the strength of demand. By year-end, an additional 319,000 m² of new projects are expected, signaling a significant expansion of São Paulo’s office inventory

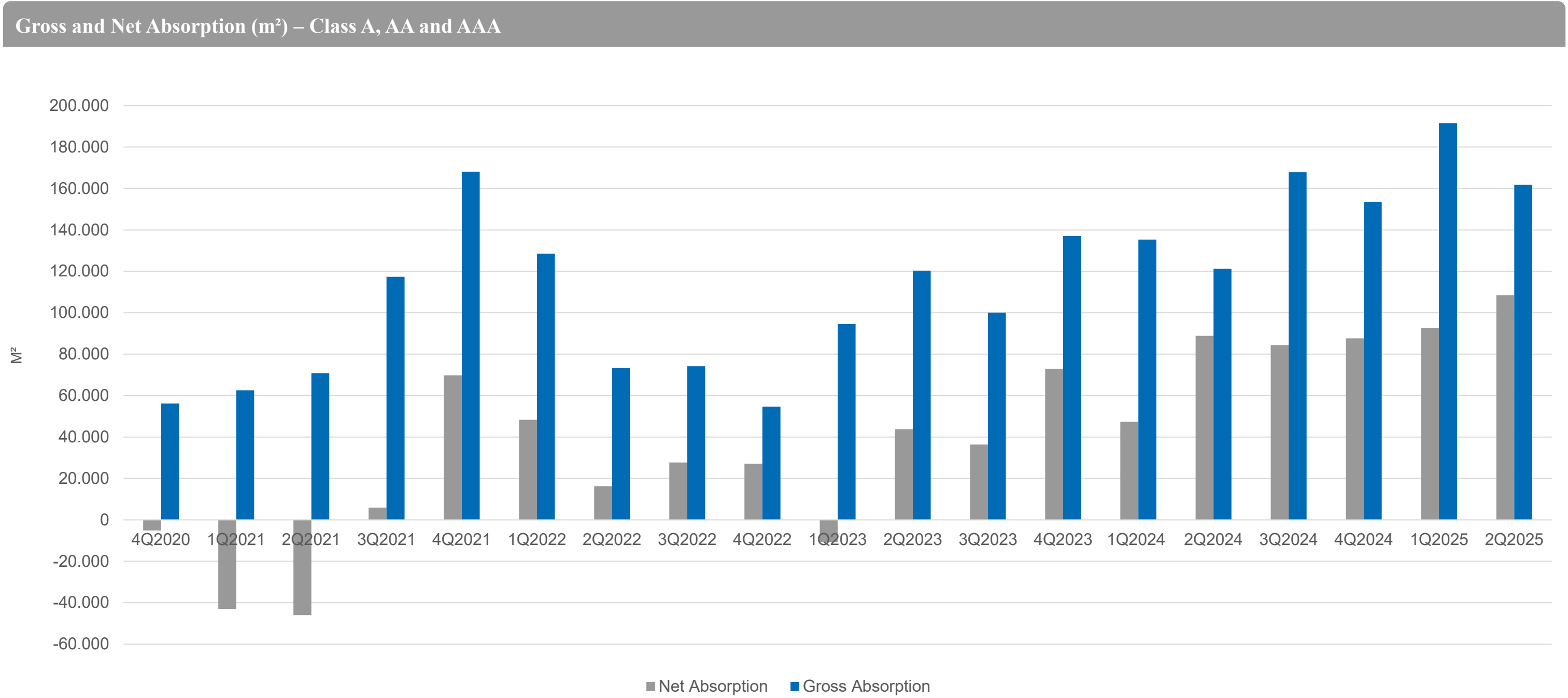
Occupied and Vacant Space, Under Construction vs. Vacancy Rate – Class A, AA and AAA



Source: Newmark Brasil – Market Research

Leasing activity continues its strong recovery

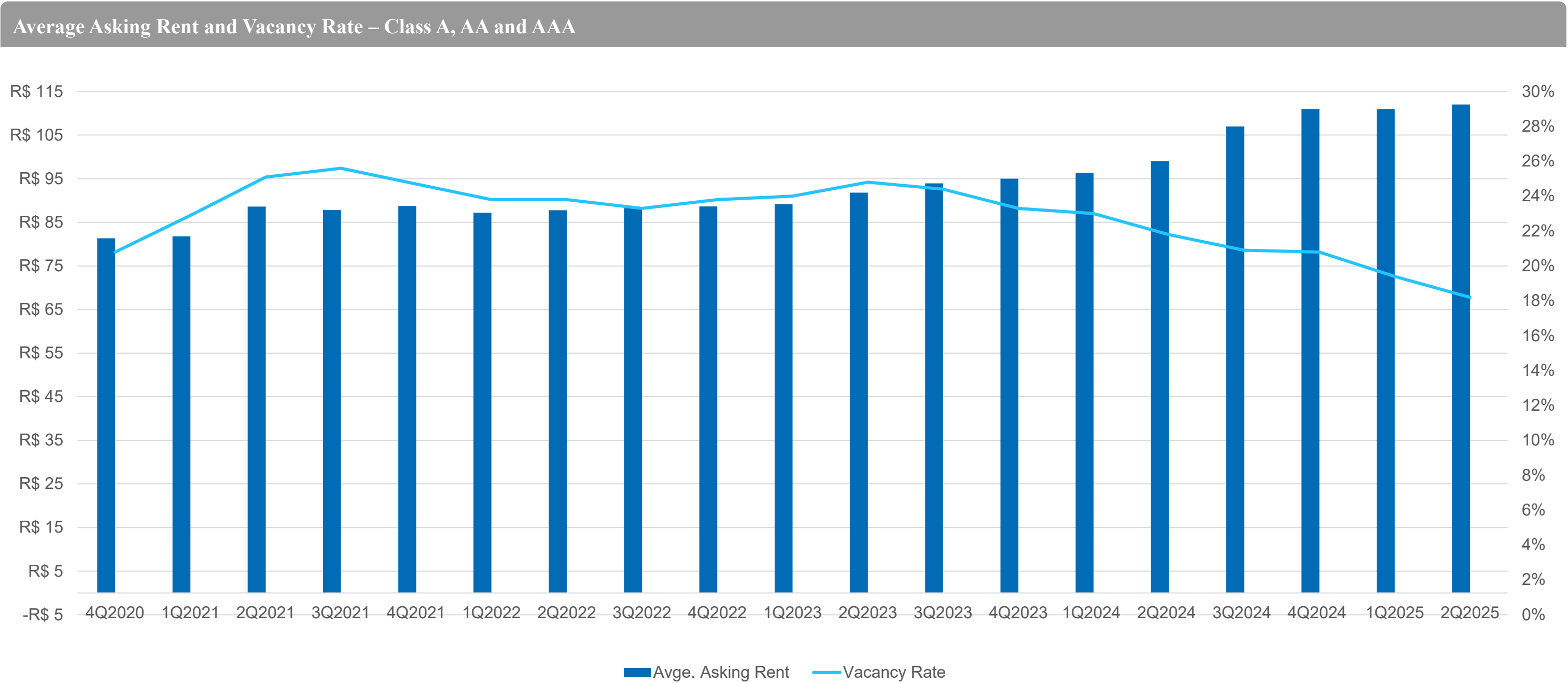
Although slightly lower than in the 1st quarter, leasing activity remains strong. The volume of space returned to the market has reduced, boosting net absorption; on a year-over-year basis, this indicator was 22% higher than in the 2nd quarter of 2024



Source: Newmark Brasil – Market Research

Strong demand pushes up average asking rental rates

The strong demand for office space, combined with the delivery of new high-end developments, continues to drive rental appreciation

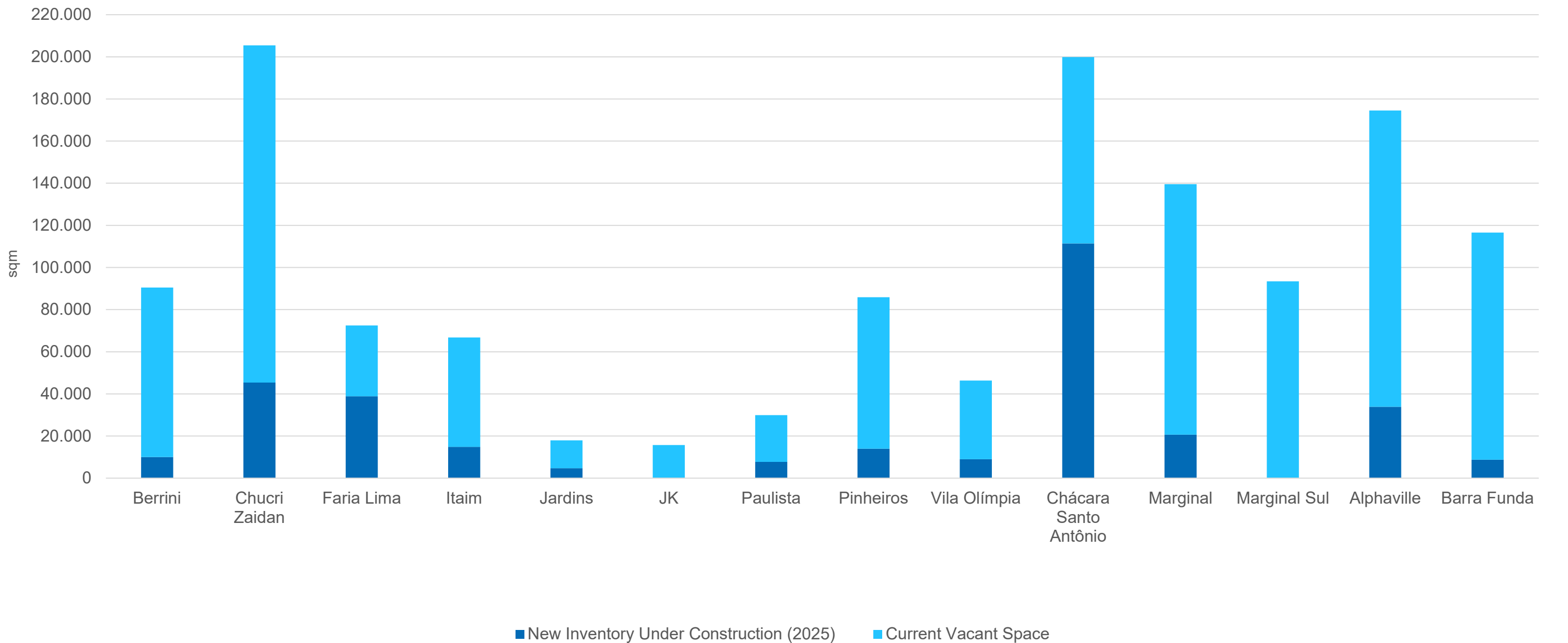


Source: Newmark Brasil – Market Research

Inventory pressure restricted to a few regions

Most prime office submarkets are not expected to face additional supply pressure in the short term, even with new developments under construction. Exceptions include Chácara Santo Antônio, Chucri Zaidan, and Alphaville, which already have a high volume of available space and are projected to receive a significant amount of new inventory in 2025

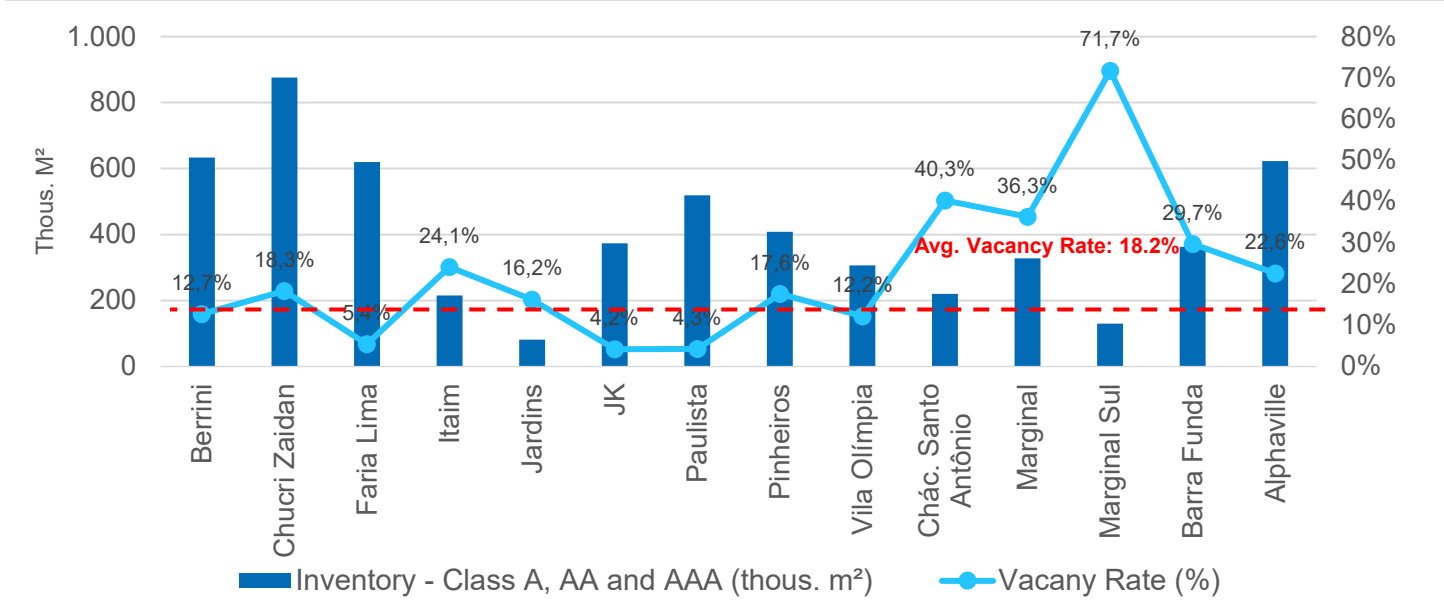
Current Vacant Space vs. New Inventory Under Construction per Submarket (m²) – Class A, AA and AAA forecasted to 2024



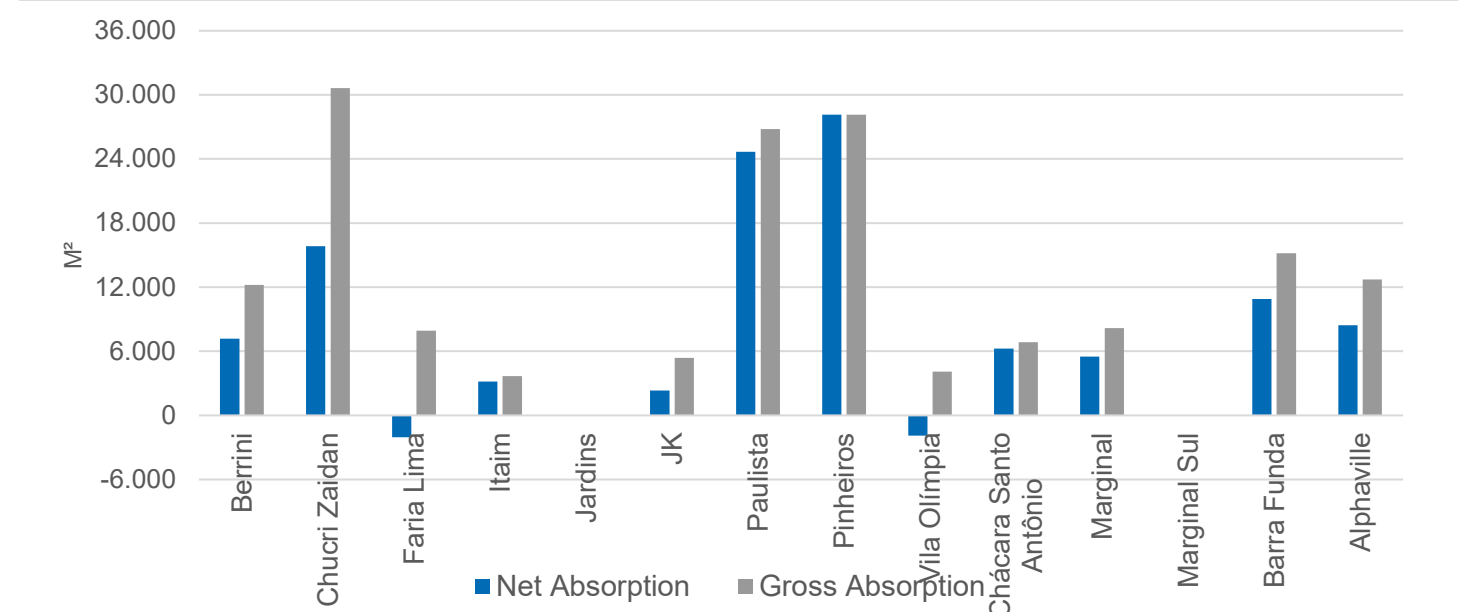
Source: Newmark Brasil – Market Research

Comparables per Submarket

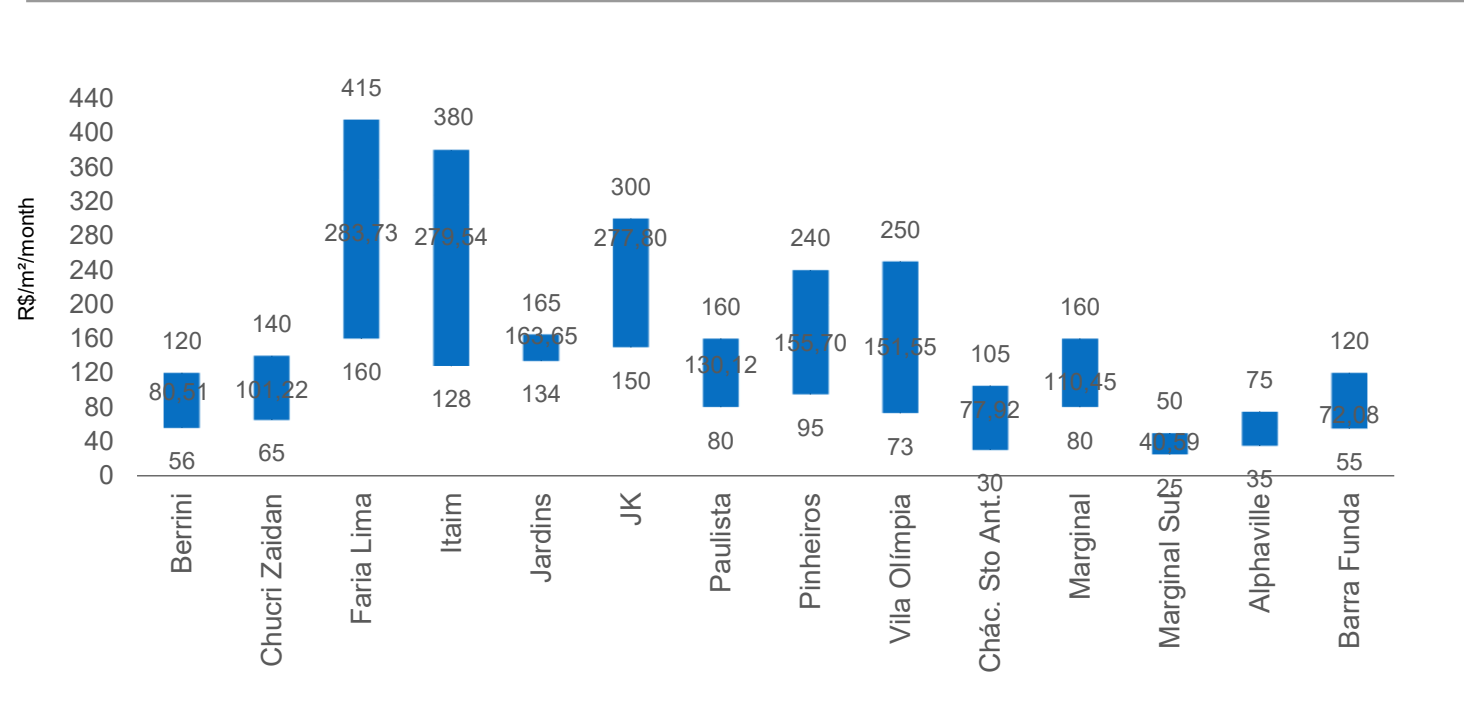
Inventory vs. Vacancy Rate – Class A, AA and AAA



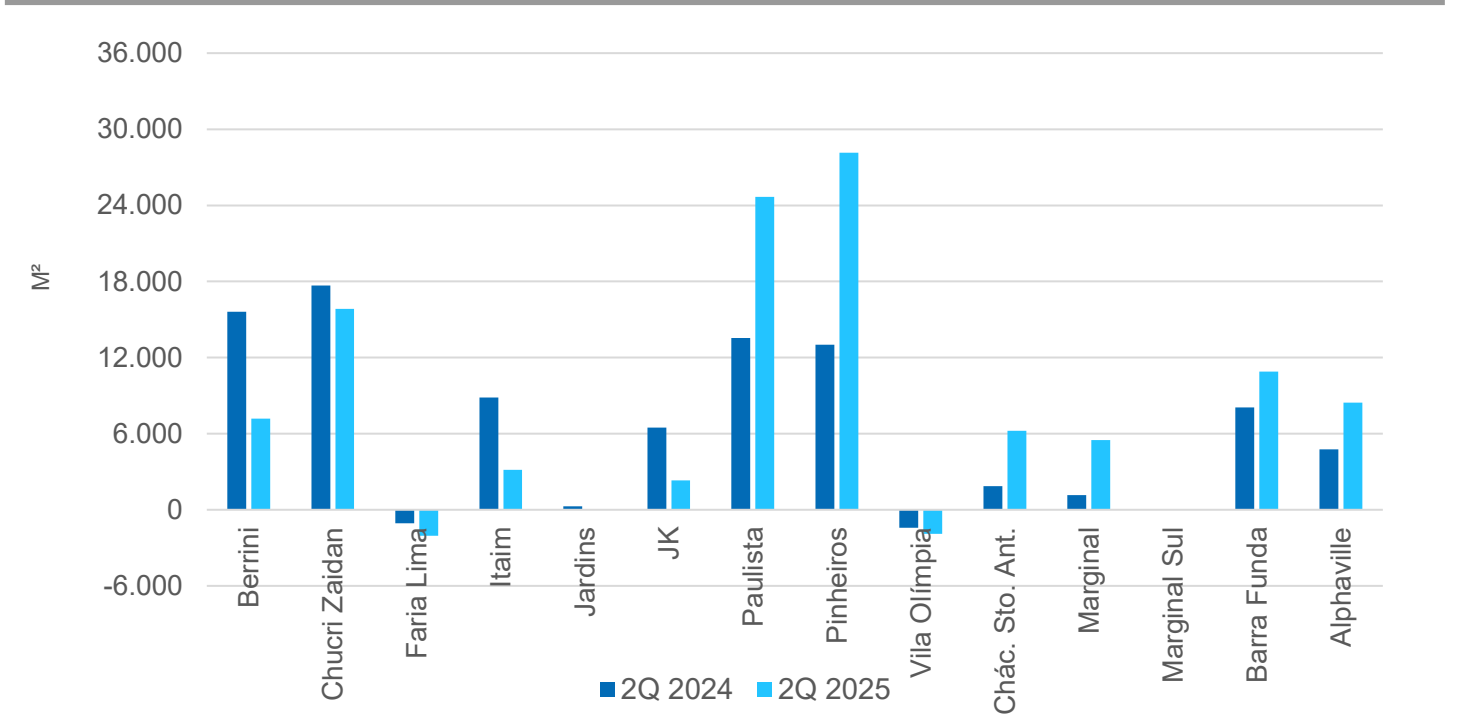
Gross and Net Absorption per Submarket – Class A, AA and AAA



Minimum, Average and Maximum Asking Rent– Classe A, AA e AAA



Net Absorption – Annual Variation – Class A, AA and AAA



Source: Newmark Brasil – Market Research



For more information,
please reach out your business contact at Newmark Brasil.

For more information:

Mariana Hanania

*Head of Market Research
Brazil*

mariana.hanania@nmrkbrasil.com.br

NEWMARK BRASIL

Av. Dr. Cardoso de Melo, 1460, Cj. 71
Cep. 04548-005
São Paulo, SP, Brasil
t 5511-2737-3130

nmrkbrasil.com.br

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