



NEWMARK

Market Overview: São Paulo

4Q25

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Key Takeaways

This was the second-best quarter of the year in terms of demand indicators, with both gross and net absorption increasing and the vacancy rate declining from 17.3% to 15.9%, reaching its lowest level since 2012.



Leasing activity gained momentum in 4Q, with gross and net absorption of 160,000 sq m and 107,000 sq m, respectively.



The delivery of new developments in 2025 came in below projections.



Strong demand continues to drive growth in asking rental rates.



The outlook for 2026 points to consistent absorption, controlled vacancy, and sustained rental prices.

Sao Paulo Market Observations



Economy

- Moderate growth in 2025, with localized slowdowns. For 2026, the UN projects 2.7% expansion, amid trade and geopolitical uncertainties.
- Eurozone growth remains subdued, China is slowing in specific sectors, and emerging markets show heterogeneous performance, despite global economic resilience.
- Brazil's economy lost momentum in the second half, but GDP is expected to grow between 2.2% and 2.4% in 2025. The 2026 forecast was revised up from 1.5% to 1.6%. Inflation has eased but remains above target, with slow convergence.
- The exchange rate is expected to remain stable, with the dollar between BRL 5.65 and 5.70. The labor market remains solid, though moderating, and Copom kept the Selic rate at 15.00%, reinforcing a cautious stance amid elevated uncertainty and its commitment to inflation convergence.



Transactions

- Except for Faria Lima and Marginal Sul, all monitored submarkets recorded growth in occupied area. Pinheiros (28,000 sq m), JK (17,000 sq m), and Chucui Zaidan (14,000 sq m) posted the highest net absorption in the quarter.
- The services sector, driven by technology and financial companies, led demand for high-end office space for the second consecutive quarter.
- The highest average asking rents remain in Faria Lima (BRL 301.95/sq m/month), Itaim (BRL 276.0/sq m/month), and JK (BRL 252.0/sq m/month), reflecting declining supply and strong demand for high-quality offices.



Market Indicators

- Gross and net absorption closed at 160,000 sq m and 107,000 sq m, respectively. In 2025, performance was record-breaking, with net absorption totaling 368,000 sq m—the highest since 2017 and 19% above 2024. Cumulative gross absorption reached 641,000 sq m, also a historical high.
- New inventory delivered totaled 130,000 sq m across 14 Grade A (high-end) developments, 46% below the historical annual average. As a result, projects under construction for 2026 amount to 373,000 sq m.
- Average asking rents reached BRL 115.2/sq m/month in 4Q, 4% higher year-over-year.



4th Quarter Highlights

- This was the second-best quarter of the year in terms of demand indicators, reinforcing strong demand for Grade A office space in São Paulo.
- New supply came in below expectations, contributing to a sharper decline in the vacancy rate, which reached its lowest level since 2012.
- As a result, average asking rents continued to rise, closing at BRL 115.2/sq m/month, up from BRL 114.2/sq m/month in the previous quarter and approximately 4% higher year-over-year (4Q24).

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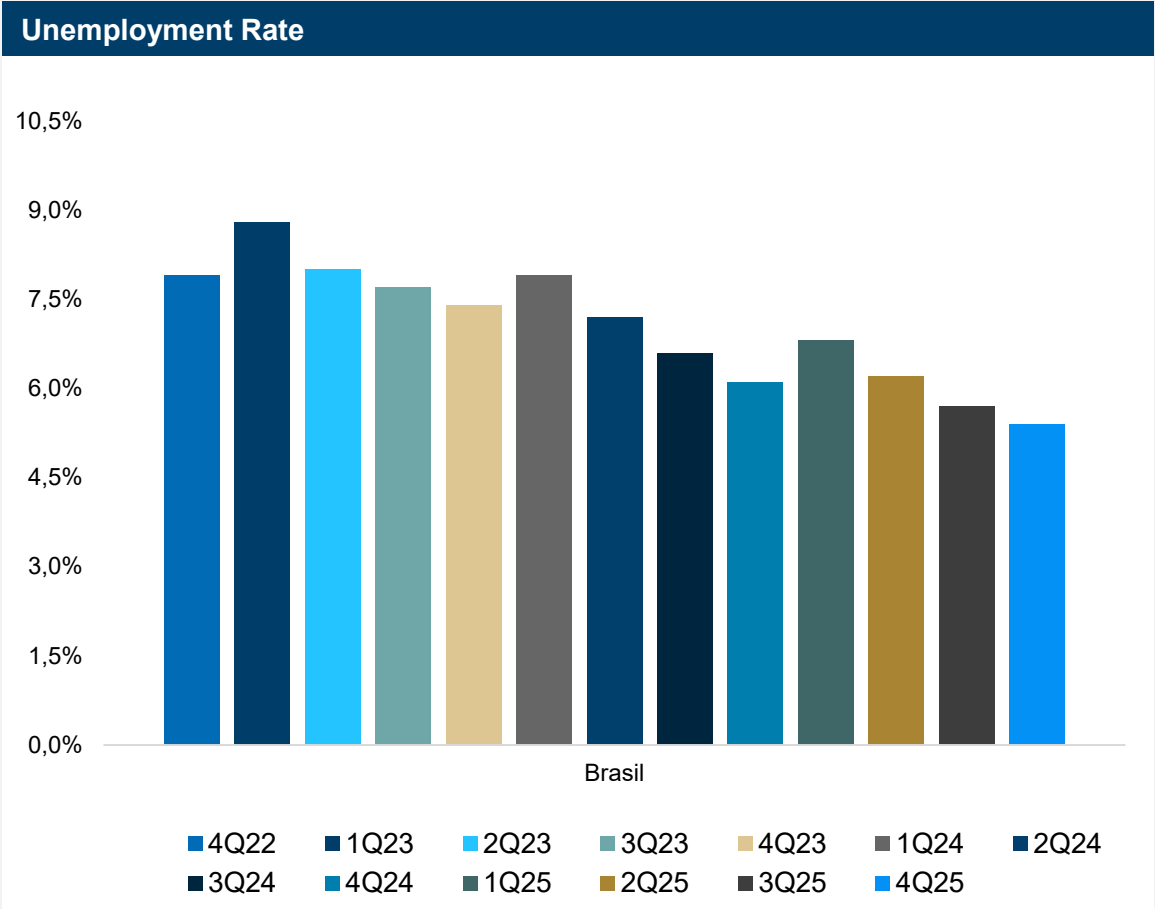
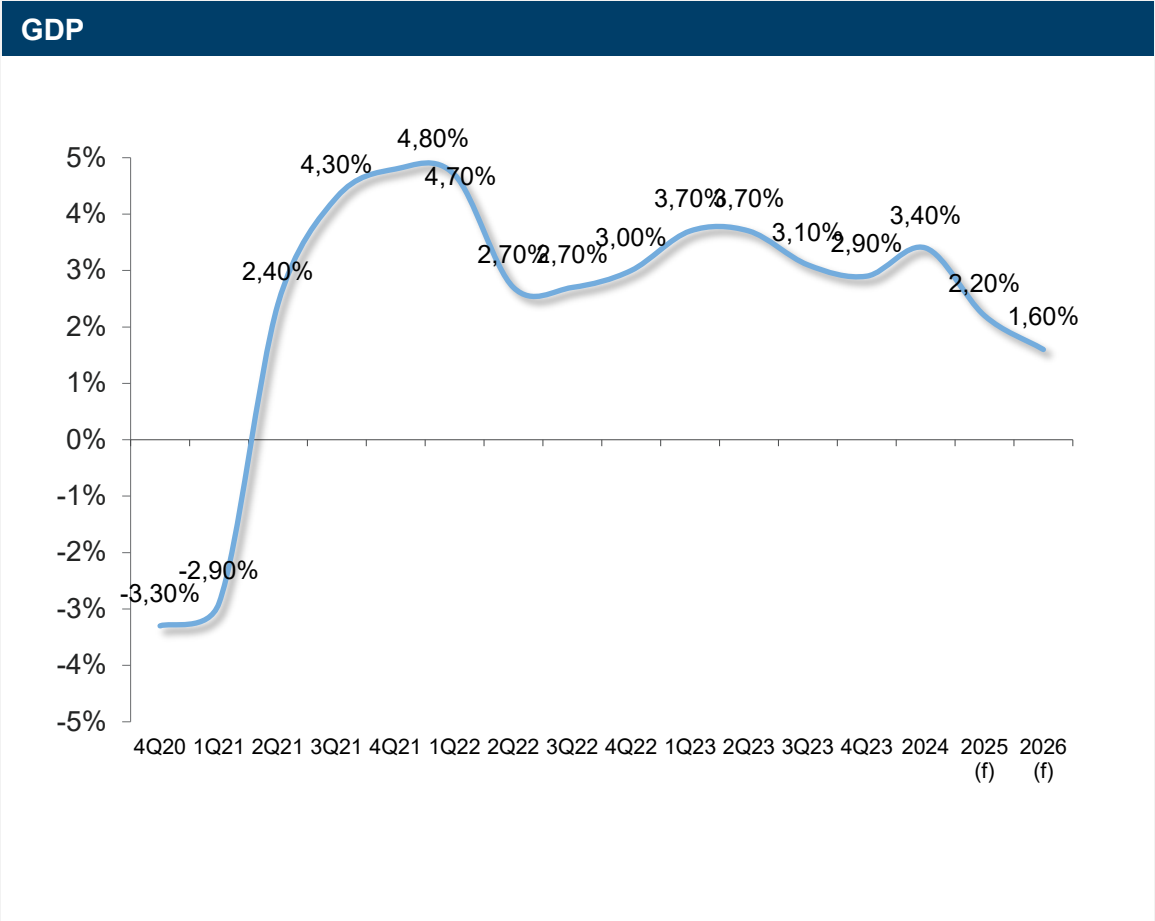
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Economy



Economy

In Brazil, the fourth quarter and full-year 2025 were marked by weak economic momentum. According to IBGE, GDP grew 0.1% in the third quarter, with a sharper slowdown on the demand side, particularly in household consumption. Still, projections point to GDP growth between 2.2% and 2.4% in 2025, while the 2026 forecast was revised up from 1.5% to 1.6%. The labor market remains solid, with unemployment at historically low levels in 2025, although signs of moderation are emerging in job creation and wage growth.

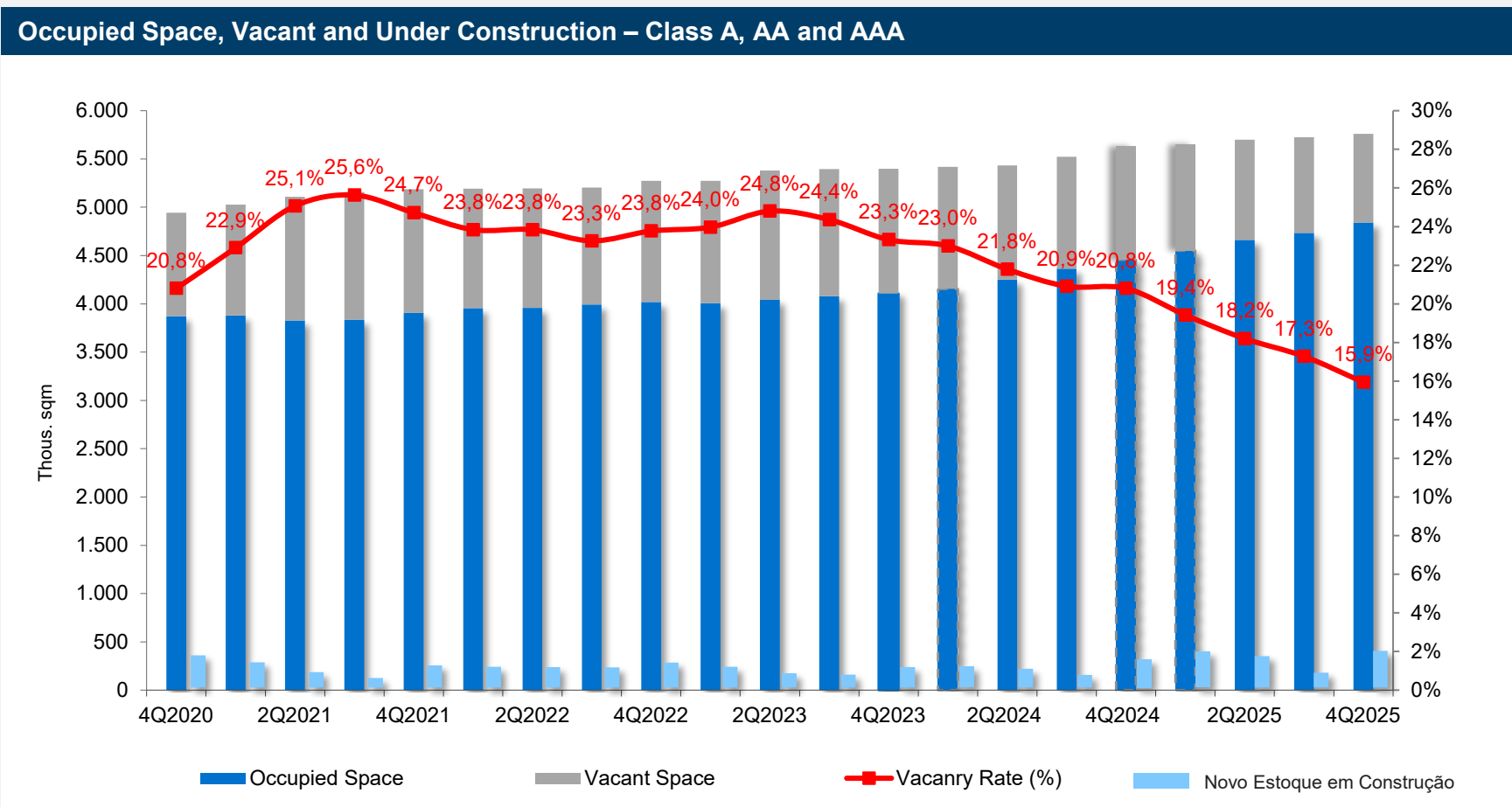


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Leasing Market Fundamentals



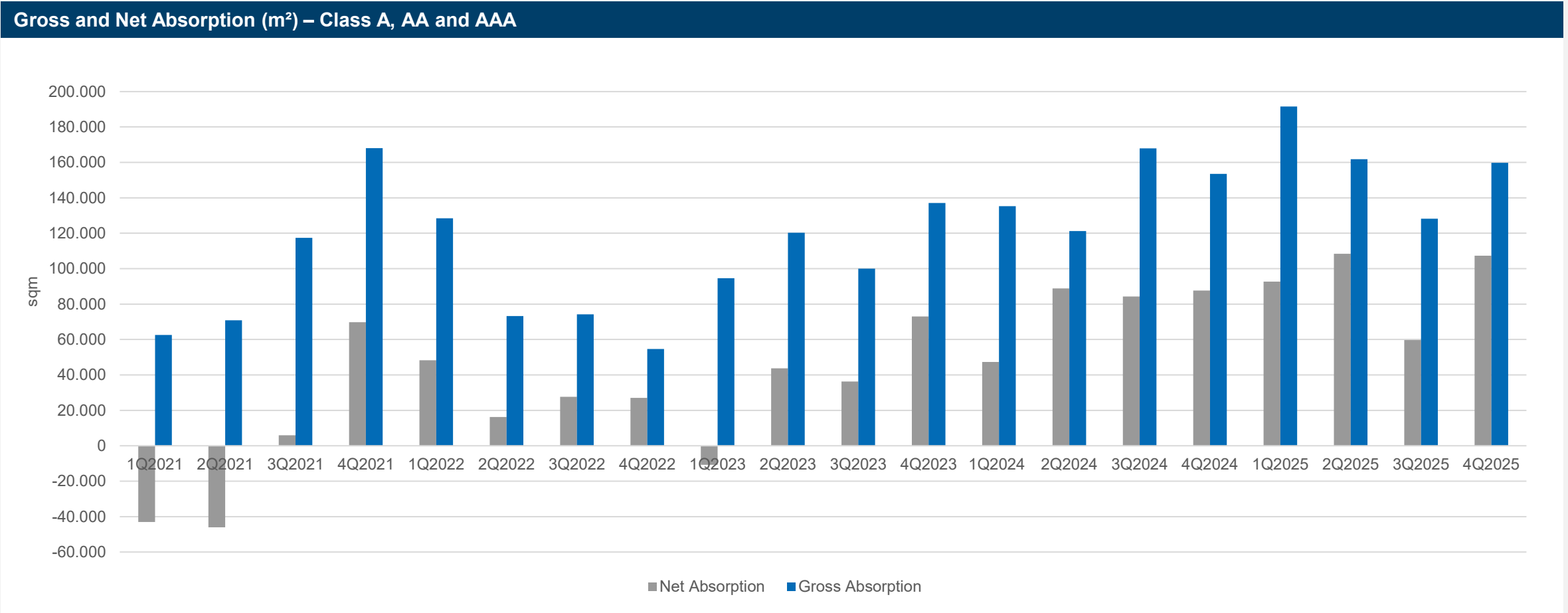
Inventory Growth below Expectations Drives Vacancy Decline



- Consistent recovery in leasing activity, with record levels of gross and net absorption.
- New inventory delivered came in below expectations (130,000 sq m vs. 360,000 sq m projected), 46% below the historical average.
- Record net absorption, combined with below-expected new supply, led to a sharp decline in the vacancy rate to 15.9%, the lowest level since 2012.

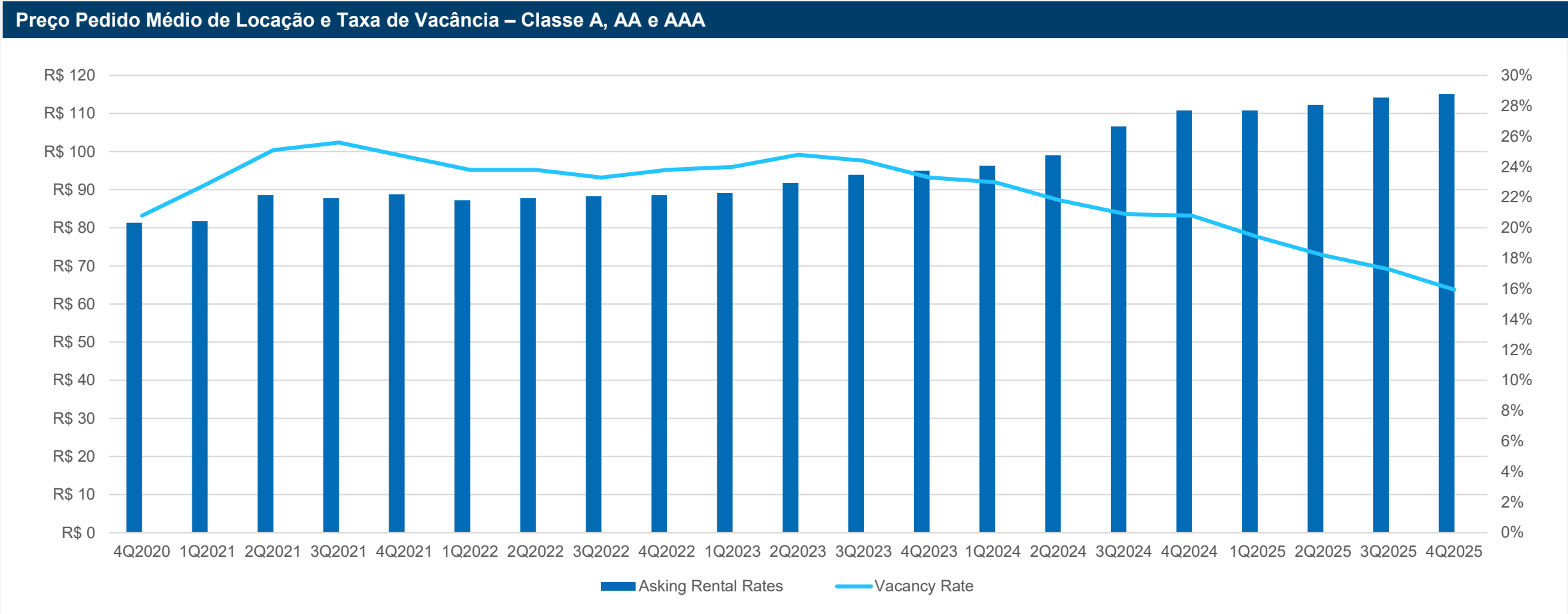
Demand Maintains a Strong Pace

Leasing activity gained momentum in the fourth quarter, with gross and net absorption of 160,000 sq m and 107,000 sq m, respectively—the second-highest result of the year—reinforcing strong demand for Grade A office space in São Paulo. In 2025, performance reached a record level, with total net absorption of 368,000 sq m, the highest in the historical series since 2017 and 19% above 2024, which had previously posted the strongest result.



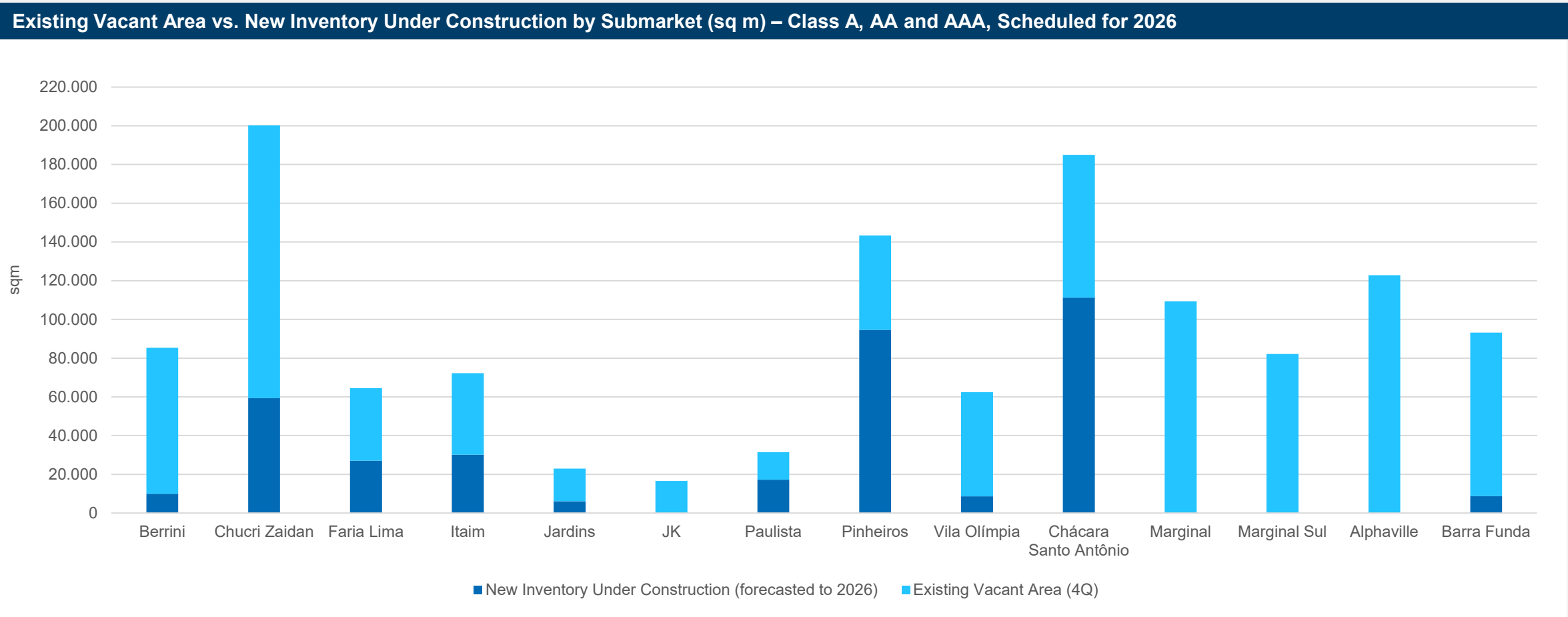
Asking Rental Prices Remain on an Upward Trend

Strong demand and new high-quality developments continue to drive rental rates growth. In the 4q, the average asking rent reached BRL 115.2/sq m/month, approximately 4% higher than in the same period of 2024.

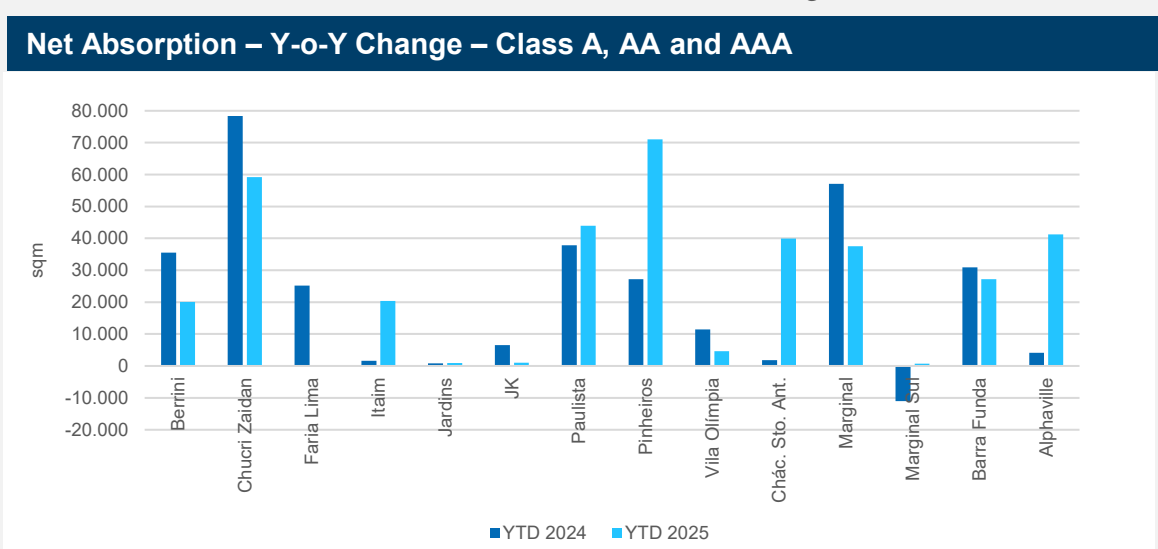
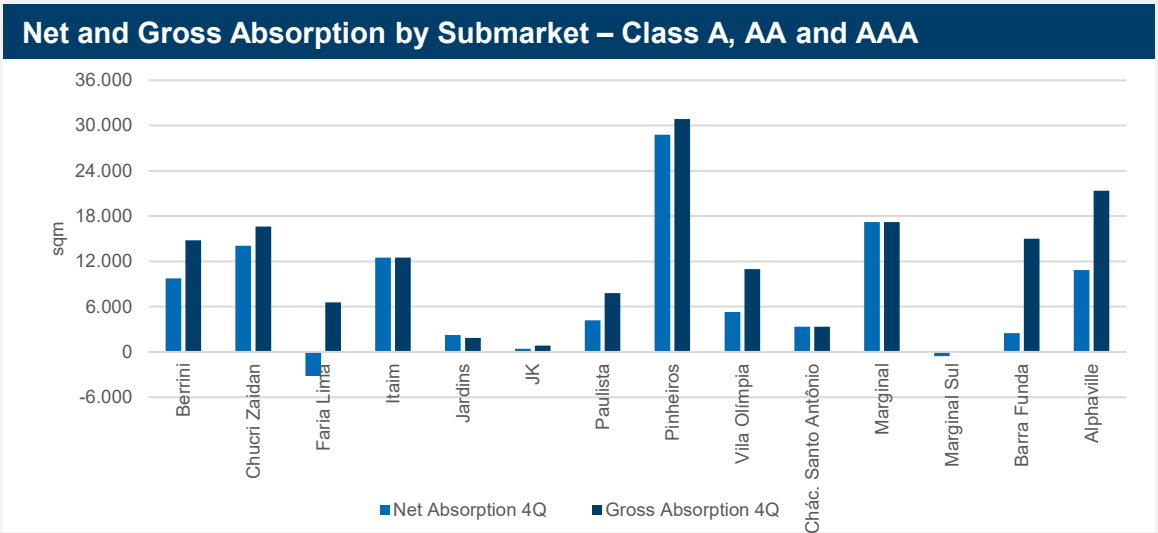
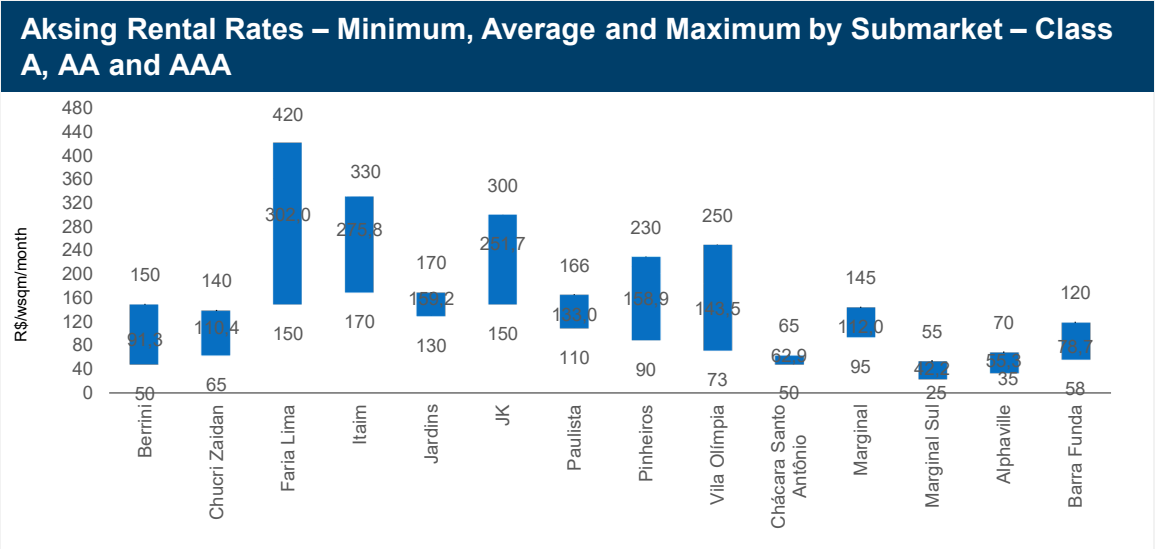
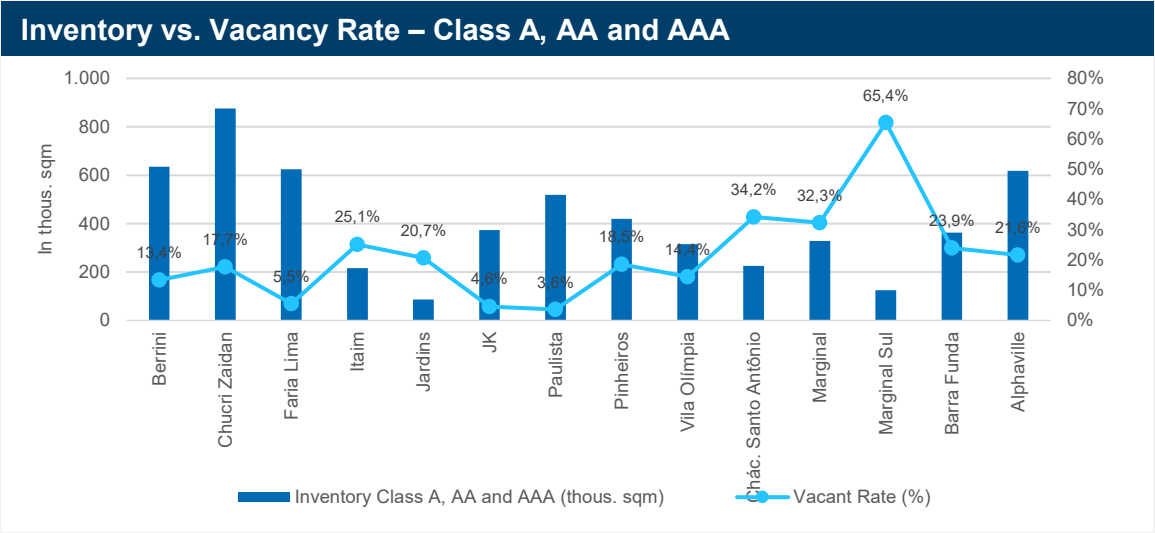


New Inventory Forecasted

Overall, submarkets with high-quality corporate office buildings are not expected to face additional supply pressure in the short term, even considering projects currently under construction. The exception may be Chácara Santo Antônio and Chucri Zaidan, where the pipeline still represents a high share of today’s offer (existing vacant area).



Market Indicators by Submarket





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