



NEWMARK

Market Overview:
São Paulo

1Q26

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Key Takeaways

The beginning of 2026 maintained the positive momentum seen last year, with strong leasing activity — a notable result for the first quarter, which is historically slower.



Absorption ended higher than in the previous year, reflecting stronger demand and continued occupancy growth.



The average vacancy rate declined, reflecting a combination of robust demand and a limited volume of new inventory delivered.



As available spaces declined, the average asking rent continued its upward trend.



The market continues to show healthy absorption levels, declining availability, and rising rents, reinforcing the attractiveness of the office market.

Sao Paulo Market Observations

Economy

- Geopolitical tensions (Russia–Ukraine, Middle East and US–China) keep volatility elevated, while high interest rates in advanced economies support only moderate global growth.
- After growing 2.3% in 2025, Brazil's GDP is expected to expand around 1.8% in 2026, reflecting tight monetary policy, lower fiscal stimulus and more moderate consumption.
- Inflation is expected to converge to ~4% (within target), while the Selic rate, still high early in the year, should decline and may end 2026 near 12%.
- The labor market remains resilient, albeit losing momentum, with the exchange rate relatively stable (~BRL 5.40) and higher volatility throughout the year, in an environment marked by elections, the World Cup and political uncertainty.

Market Indicators

- Early 2026 maintained the positive momentum of 2025, with strong leasing activity and net absorption above the same period last year—solid performance for a typically slower first quarter.
- Vacancy rate closed at 14.7%, down 1.2 p.p. in the quarter and 4.7 p.p. year-over-year, reflecting robust demand and limited new supply.
- The average asking rent reached BRL 121/sqm/month, up 5% quarter-over-quarter and ~9% year-over-year (1Q25).

Transactions

- All regions posted occupancy gains, except Faria Lima, with Pinheiros (18,000 sqm), JK (16,400 sqm) and Chucri Zaidan (16,000 sqm) leading performance, reinforcing the strength of key corporate submarkets.
- Leasing activity was again led by the services sector, particularly technology and financial firms, which continue to drive demand for high-quality office space.
- The highest average asking rents remain concentrated in Faria Lima (BRL 311.97/sqm/month), JK (BRL 300/sqm/month) and Itaim (BRL 276.3/sqm/month), reflecting tightening offer and strong demand.

1st Quarter Highlights

- 1Q 2026 posted net absorption above the same period in 2025, sustaining the positive momentum and confirming continued demand for high-quality office space, even in a seasonally slower quarter.
- Vacancy continued to decline, reaching its lowest level since 2012, driven by strong demand and limited deliveries (~30,000 sqm in the period).
- Despite a significant pipeline expected for year-end, consistent absorption — especially in high-quality assets — should support market balance in the short term.

Table of Contents

Economy

Leasing Market Fundamentals

01

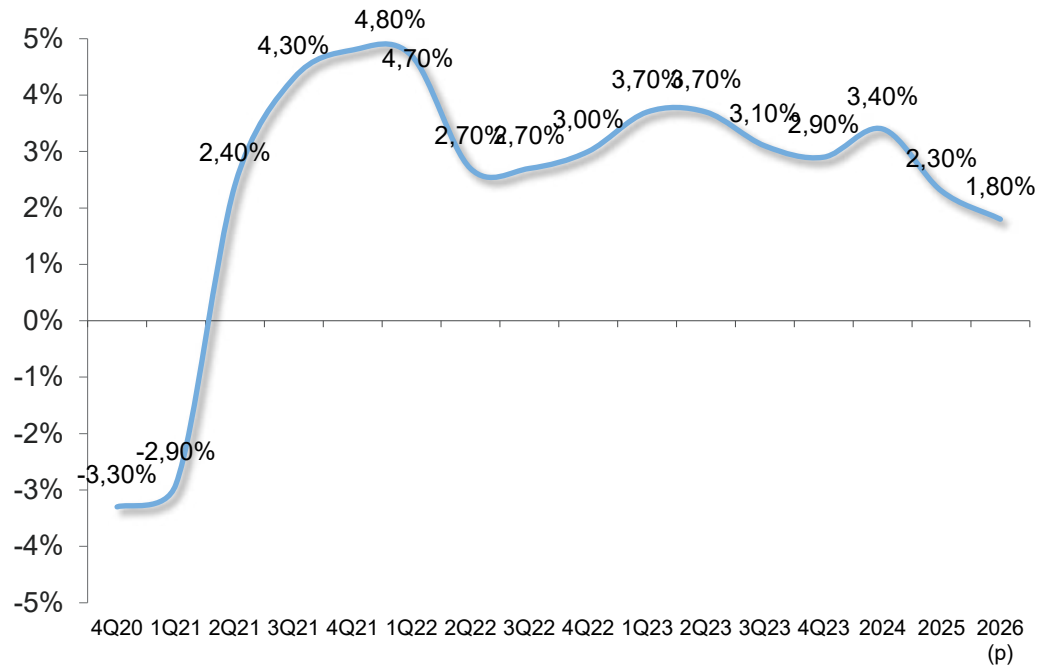
Economy



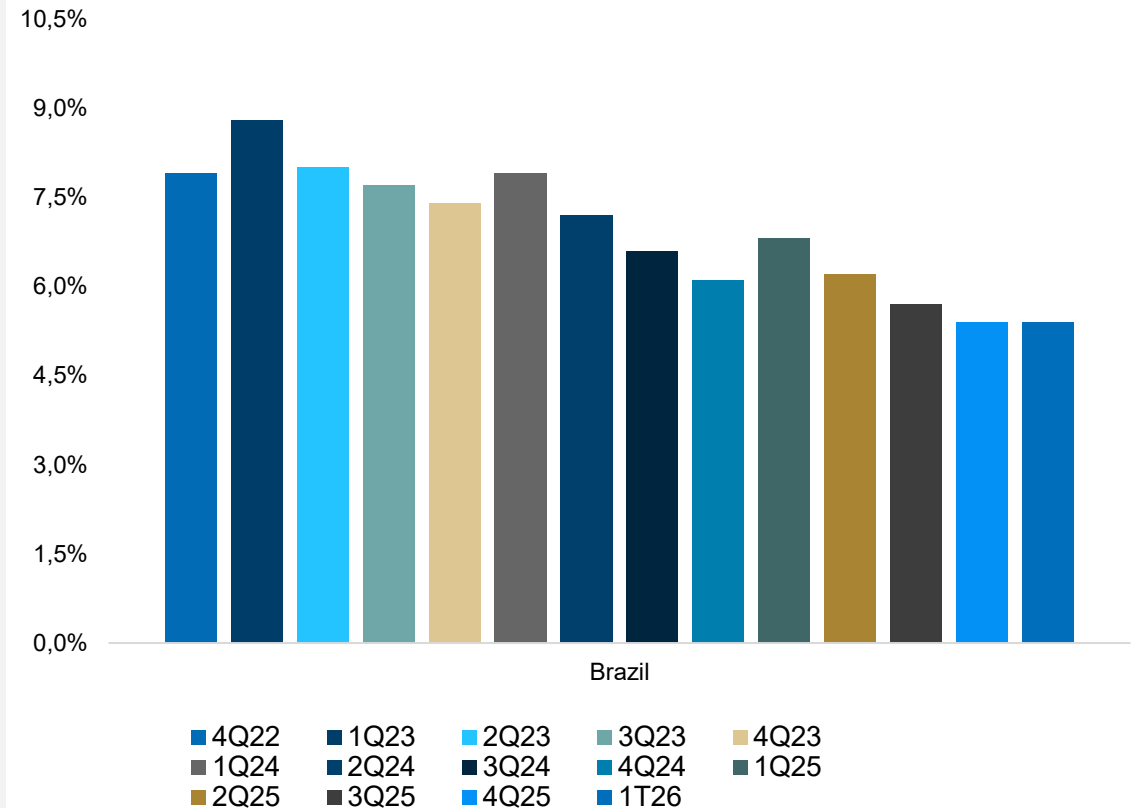
Economy

Brazil enters 2026 amid economic moderation, with GDP projected at 1.8% following 2.3% growth in 2025, reflecting still-elevated interest rates and softer consumption. Inflation is expected to converge to around 4%, while the Selic rate should end the year near 12% on a downward trend. The labor market remains resilient, albeit gradually losing momentum throughout the year.

GDP



Unemployment Rate



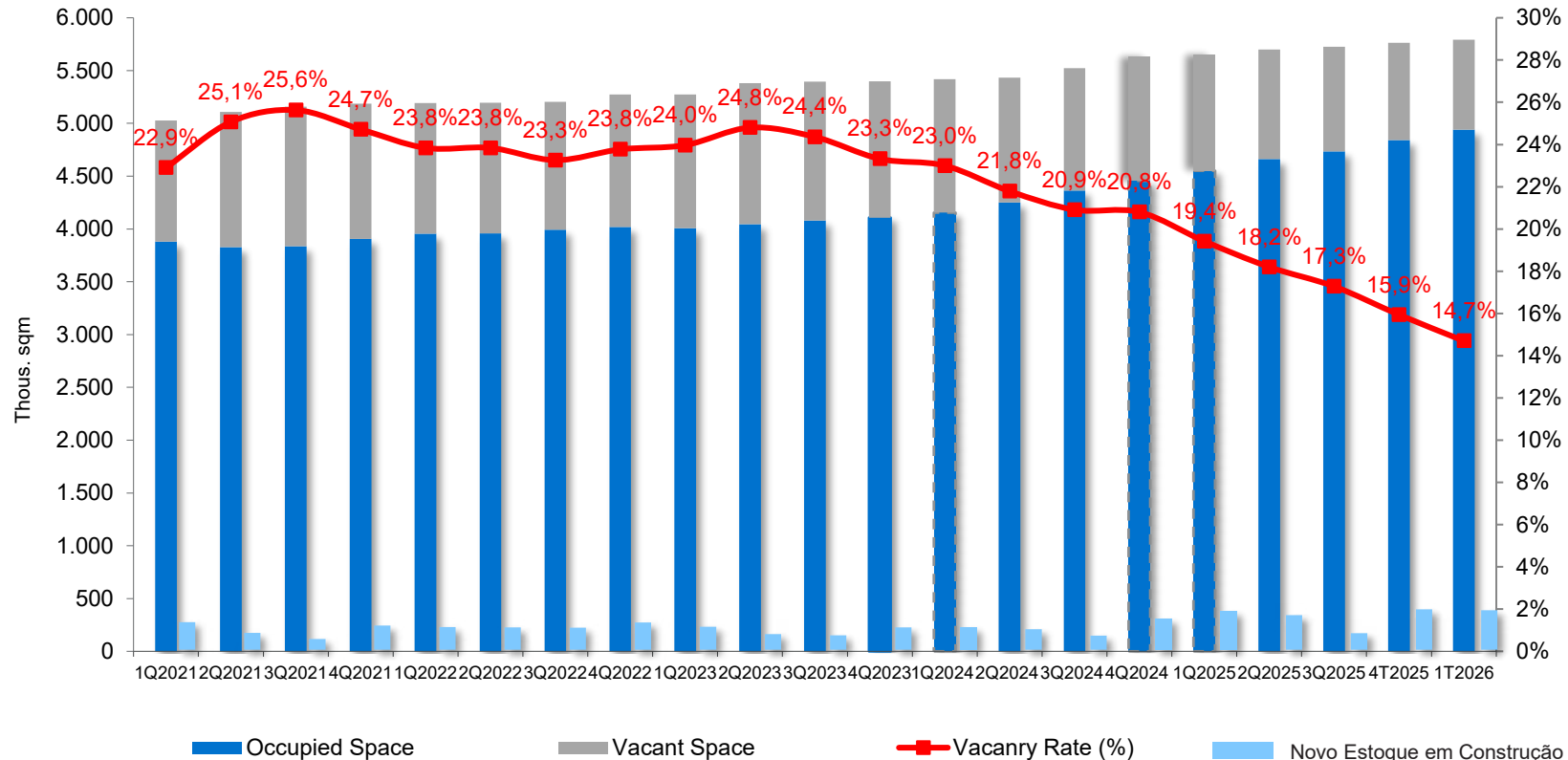
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Leasing Market Fundamentals



Strong demand sustains record occupancy amid a robust pipeline

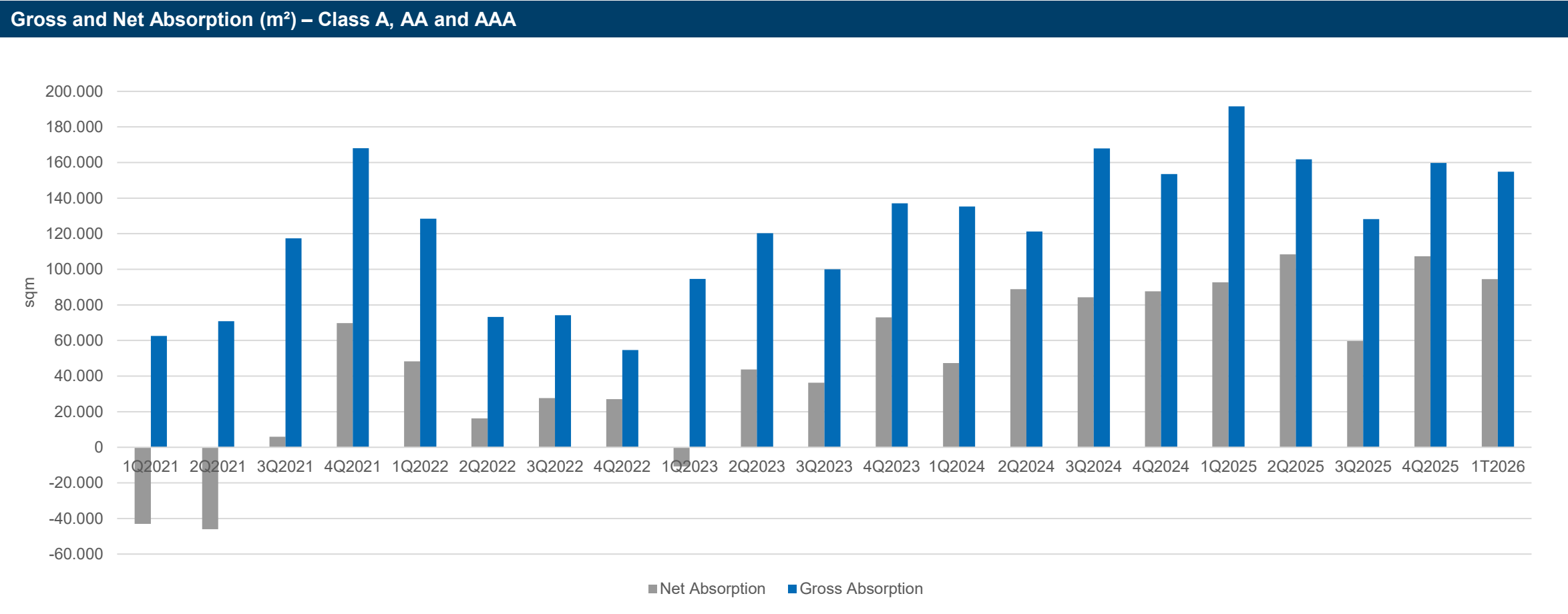
Occupied Space, Vacant and Under Construction – Class A, AA and AAA



- Highest occupied stock on record and declining vacancy.
- New deliveries remain limited, although a significant pipeline is expected by year-end (~364,000 sqm).

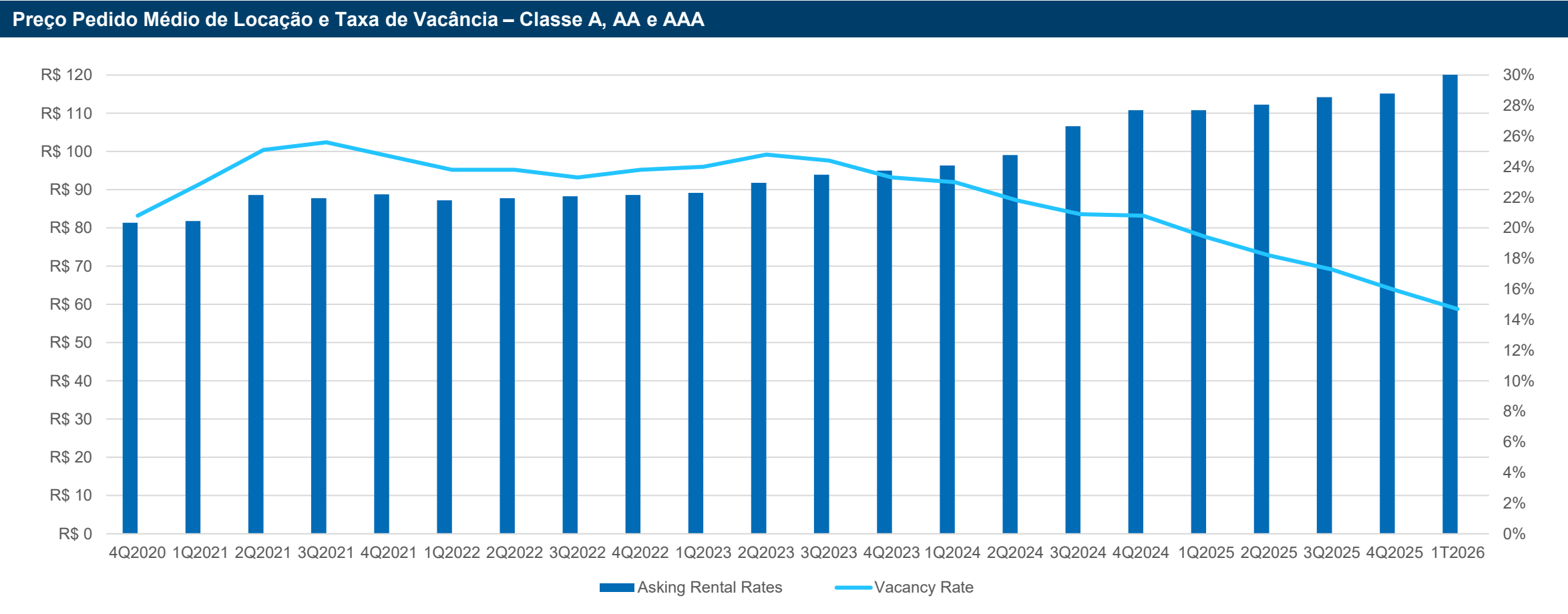
Net absorption remains positive in São Paulo

Net absorption started 2026 above 2025 levels, reinforcing continued positive momentum even in a typically slower quarter.



Declining vacancy is driving rental growth

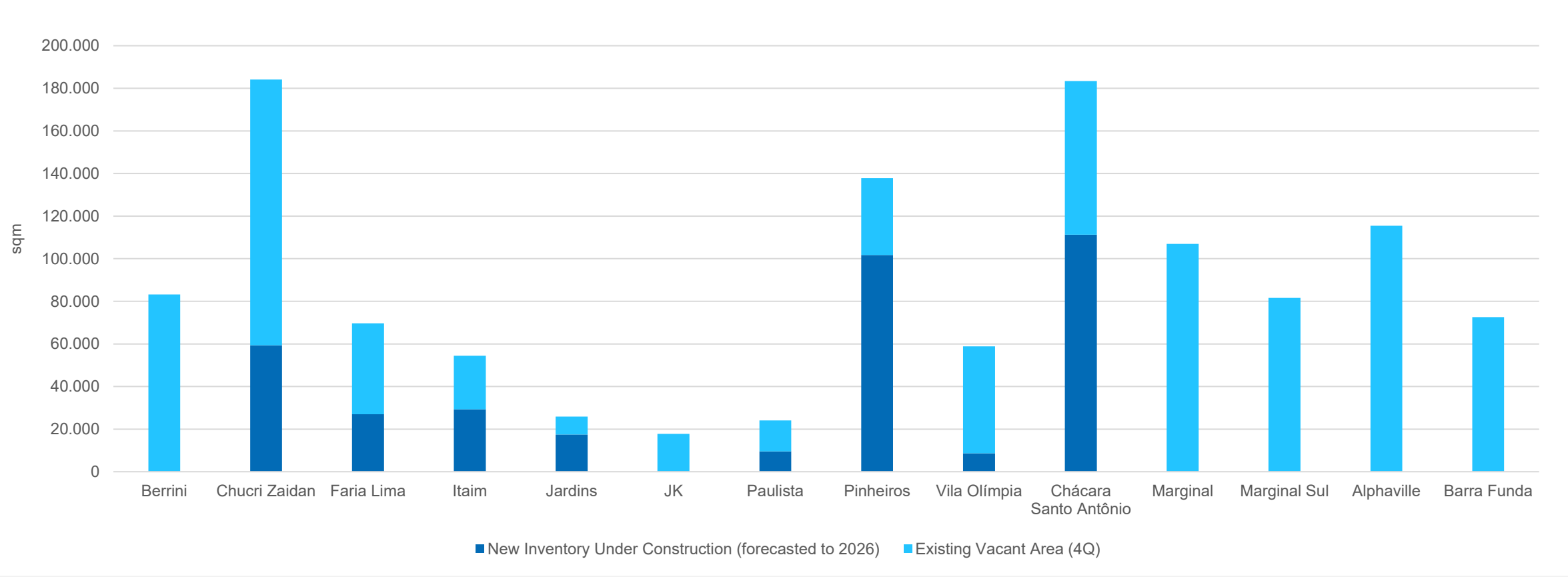
A significant drop in availability, combined with limited new inventory, sustains rental growth.



New Inventory Forecasted

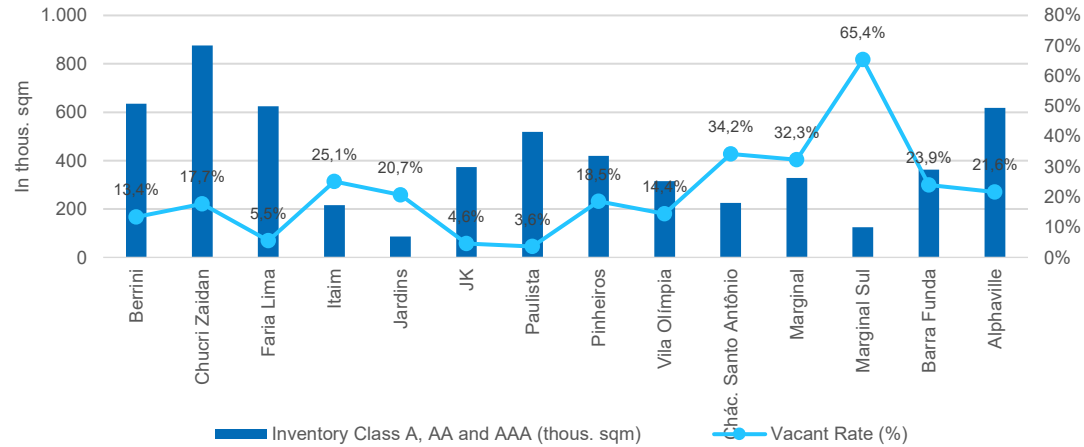
Overall, submarkets with high-quality corporate office buildings are not expected to face additional supply pressure in the short term, even considering projects currently under construction. The exception may be Chácara Santo Antônio and Chucri Zaidan, where the pipeline still represents a high share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

Existing Vacant Area vs. New Inventory Under Construction by Submarket (sq m) – Class A, AA and AAA, Scheduled for 2026

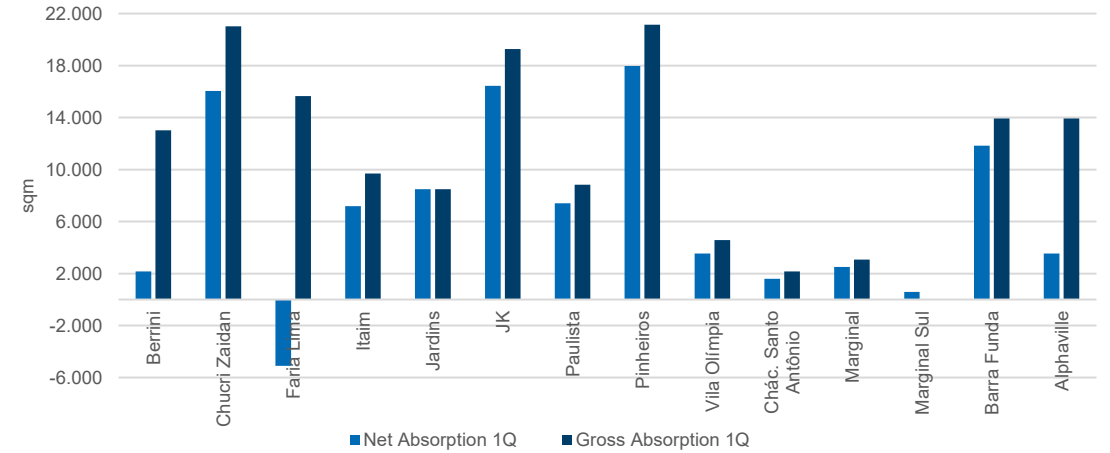


Market Indicators by Submarket

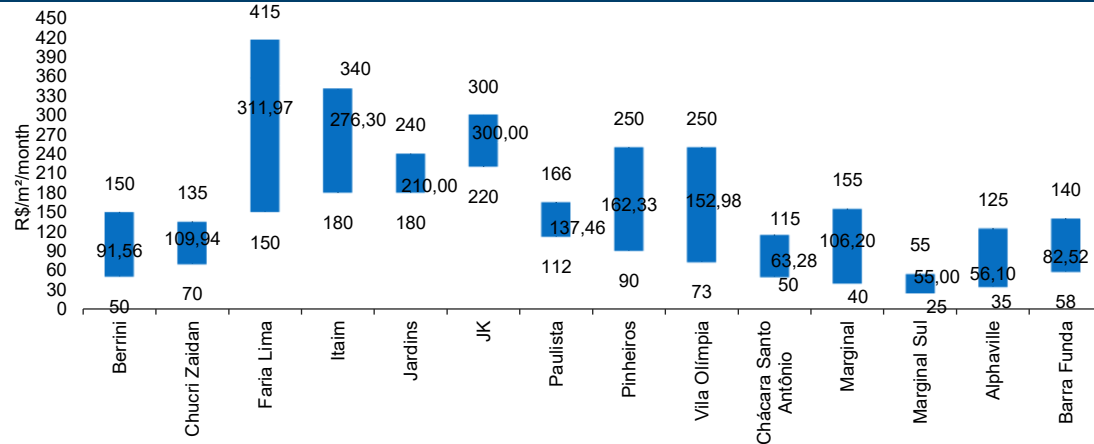
Inventory vs. Vacancy Rate – Class A, AA and AAA



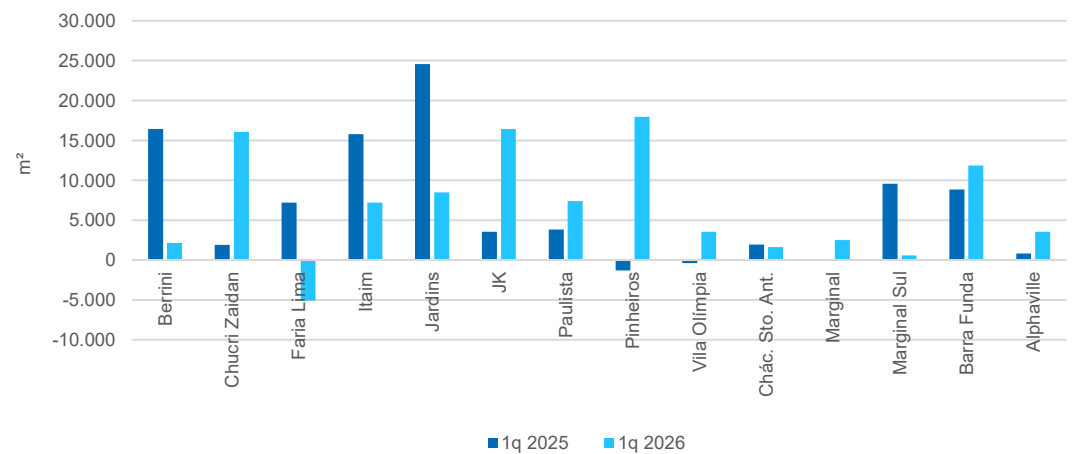
Quarterly Net and Gross Absorption by Submarket – Class A, AA and AAA



Asking Rental Rates – Minimum, Average and Maximum by Submarket – Class A, AA and AAA



Net Absorption – Y-o-Y Change – Class A, AA and AAA





For more information, please contact your Newmark
business contact

Mariana Hanania

Head Market Research Brazil

mariana.hanania@nmrkbrasil.com.br

Newmark Brasil

Av. Dr. Cardoso de Melo, 1460, Cj. 71

04548-005, São Paulo/SP

to Paulo, SP, Brasil

t. 5511-2737-3130

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

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