1T 2024

Bogotá Office Market

Market Analysis

Economy

- In 2023, economic growth reached just 0.6%, a figure significantly lower than the expected 1.3%. For 2024, a GDP increase of 1.5% is projected.
- The country's economy experienced a growth of 1.6% in January 2024 compared to the same month in 2023; this result marks the third consecutive month of positive figures for the Colombian economy.
- The real estate sector, one of those that have experienced the greatest falls in 2023, could have a gradual recovery starting in the second half of 2024, considering that this sector has seen consecutive falls since 2021

Market Fundamentals

- The net absorption for the first quarter is 14,129 sqm, an increase of 2,600 sqm compared to the same period in 2023.
- Prices continue to rise. The rental price closed at COP $78,200 and the sale price at COP $12,431,000.
- High-specification construction projects remain scarce.

Transactions

- The 978 Sestral building, located in the Andino corridor, enters the inventory completely filled by Mastercard and Deloitte.
- Isuzu Motors Ltd., a Japanese vehicle manufacturer, enters the Colombian market with six dealerships spread across four cities in the country, establishing its offices in Bogotá during the first quarter of the year, in the Urban 165 building located in the Colina corridor.
- The insurer of the British Group UIB expanded its office space and moved to the BVC building in the Avenida Chile corridor.

Perspectives

- In 2024, availability will continue to decrease, especially in the CBD (Central Business District), where the highest demand exists.
- Due to the scarcity in the construction of high-specification spaces, it is anticipated that absorption in 2024 will remain at levels comparable to those of 2023.
- Prices will continue to increase, a trend that will be primarily observed in the CBD area. In contrast, peripheral corridors are beginning to experience a decrease.

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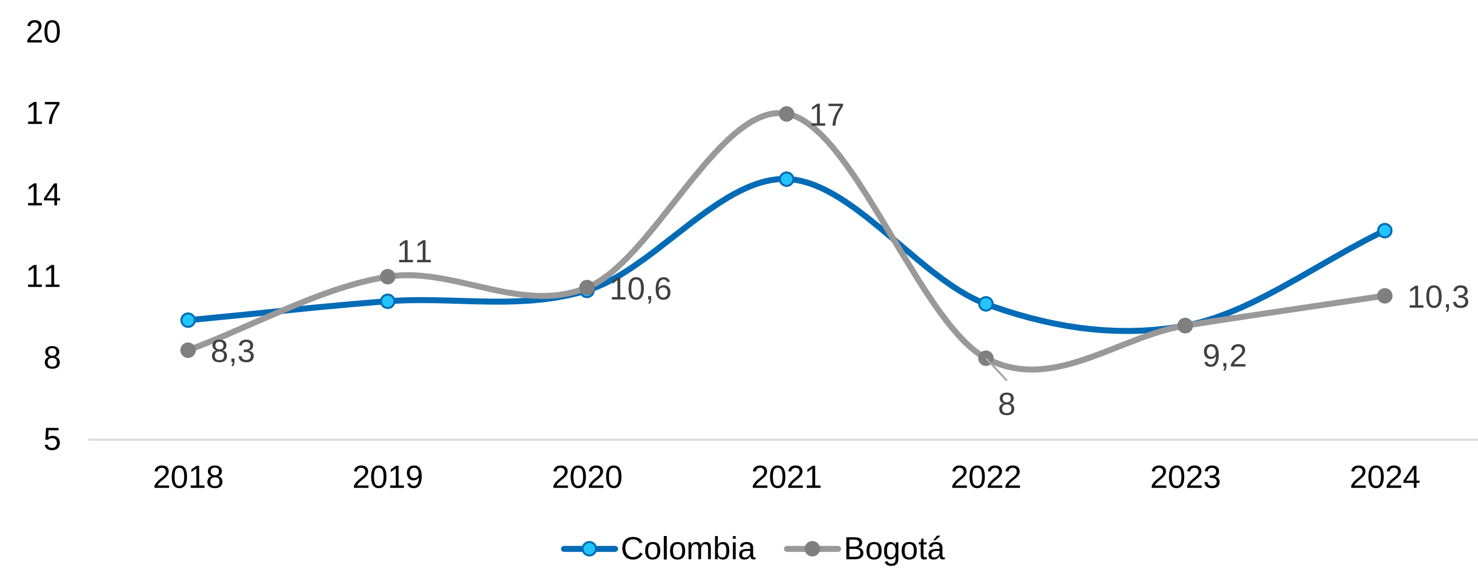
Economy

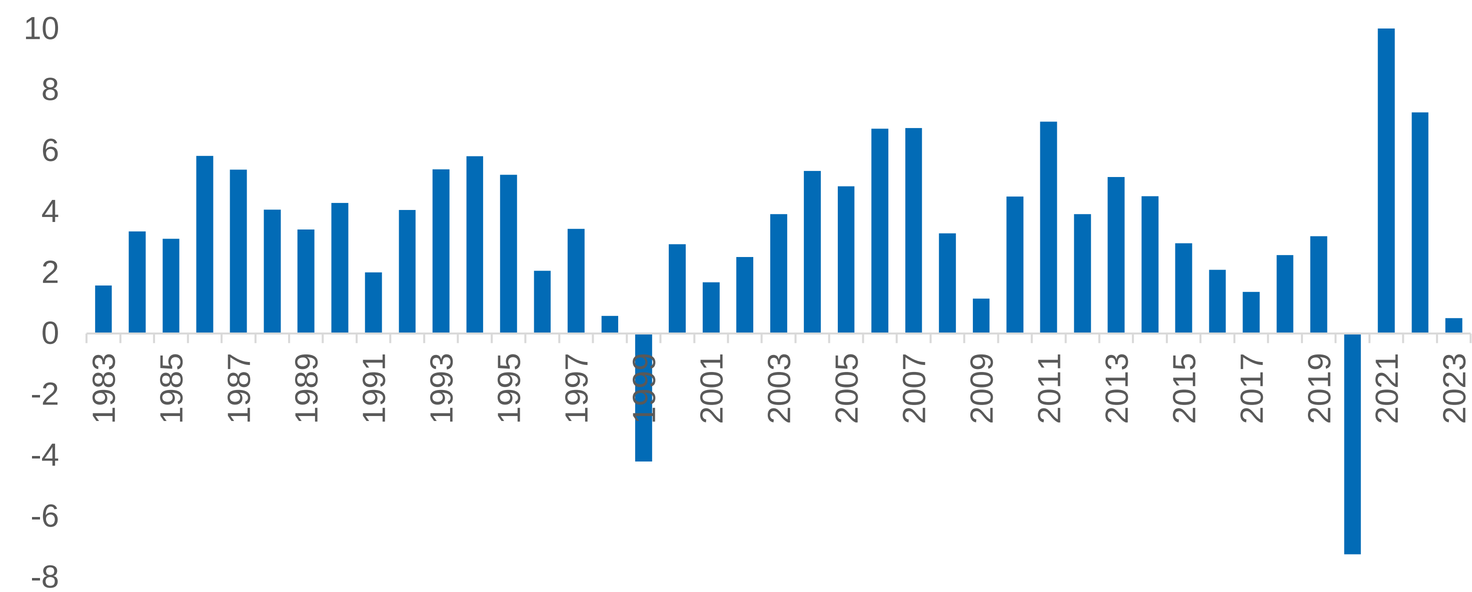
Affordable

As inflation decreases, interest rates set by the Bank of the Republic will also lower. There is still caution regarding the impact of the El Niño phenomenon on crops and its effect on food prices. In 2024, it is estimated that the Consumer Price Index (CPI) will continue its downward trend to 5.5%, far from the two-digit figures that the national economy experienced throughout 2023.

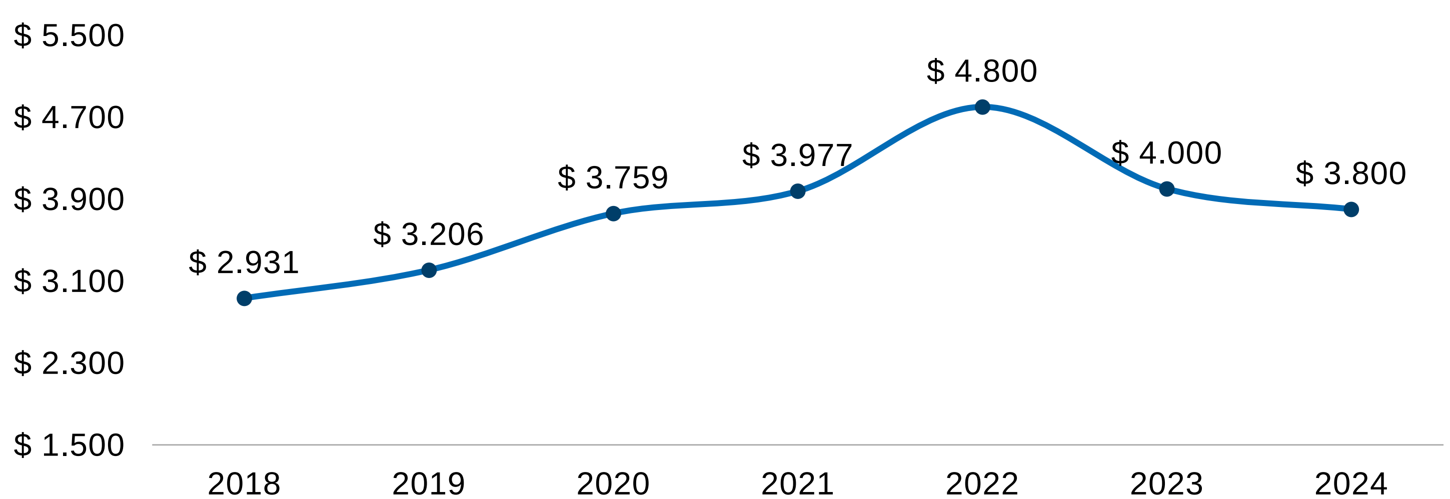
Unemployment Rate



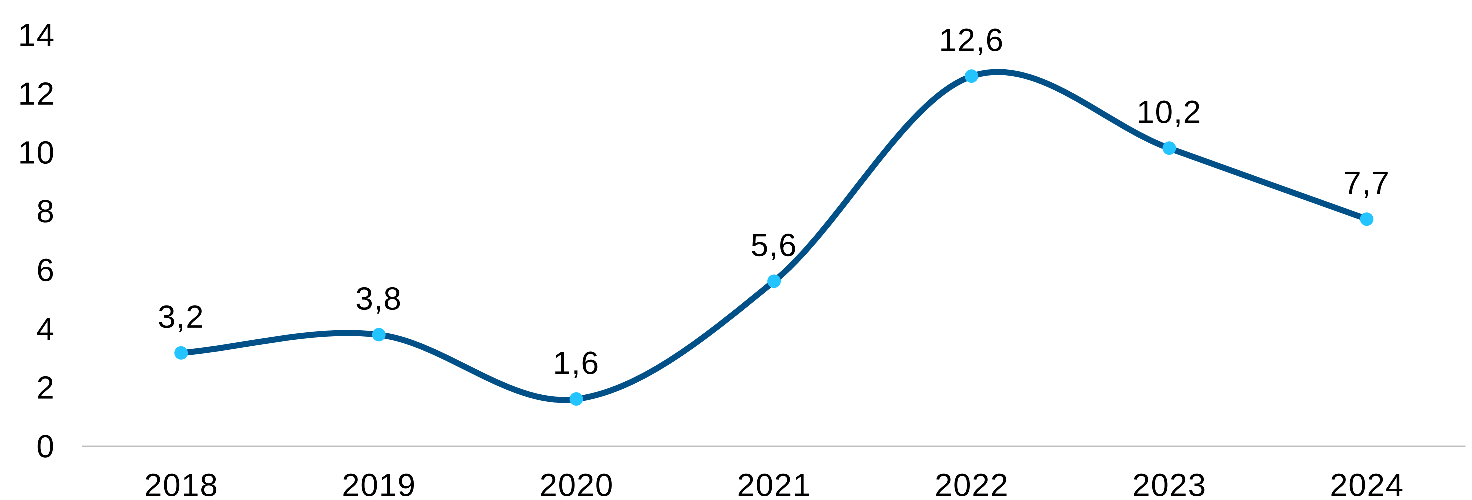
GDP Growth (Annual %)



Exchange Rate (Colombian Peso to American Dollar USD)



Consumer Price Index (CPI)

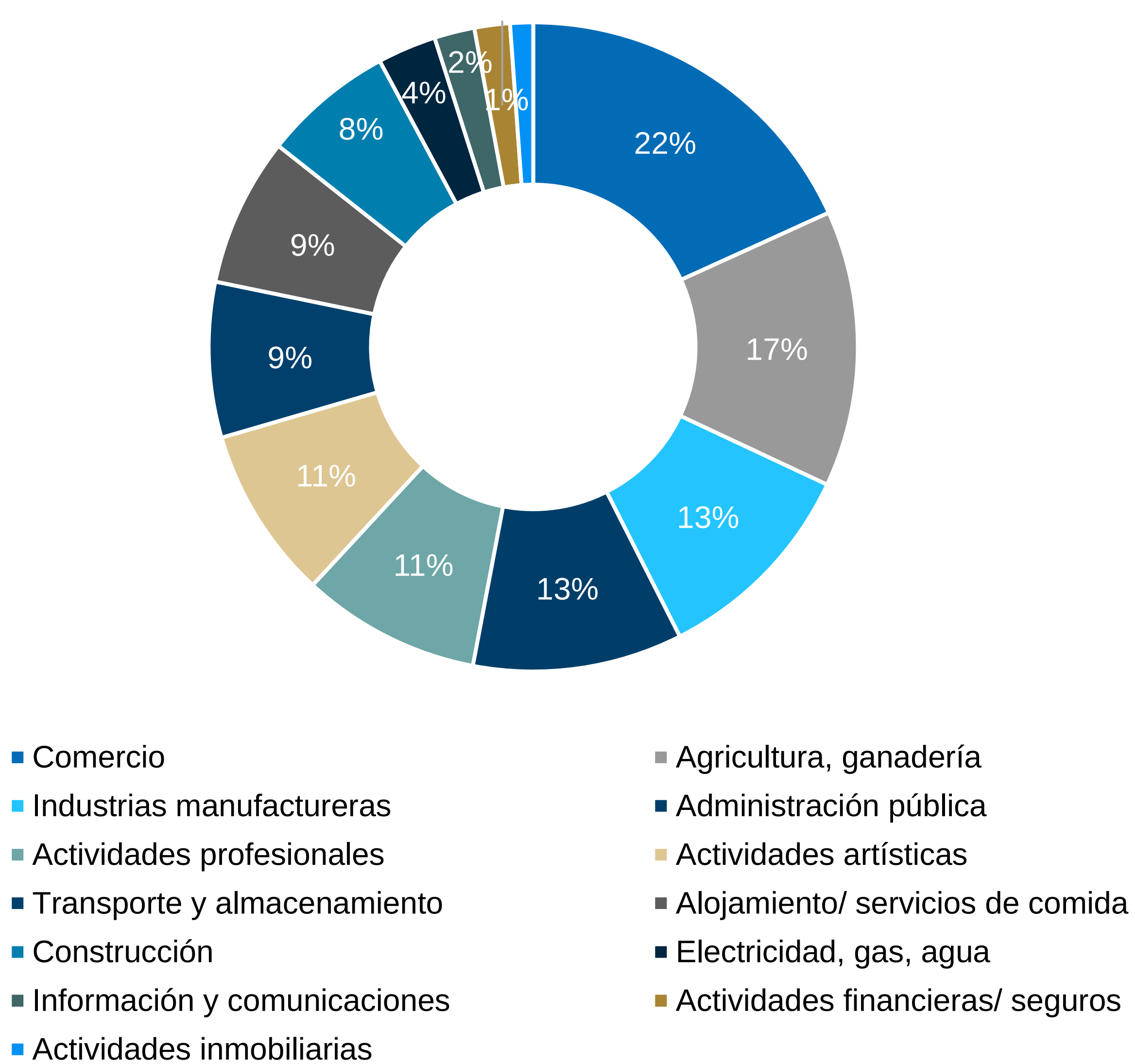


Source: DANE, Bank of the Republic

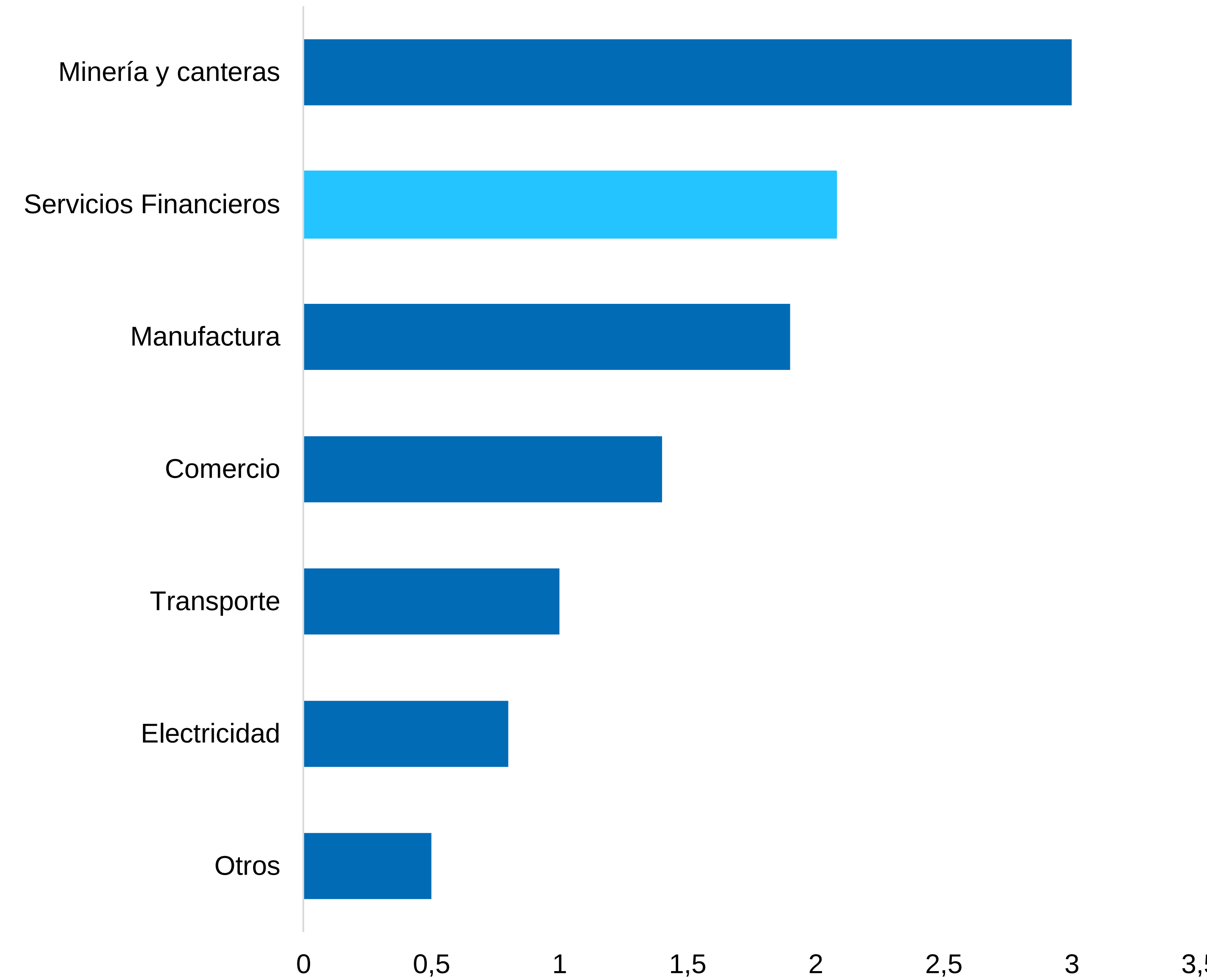
Other economic variables

Foreign direct investment (FDI) in Colombia saw a 20% increase in the first month of 2024. This significant boost is particularly relevant in the context of the country's relative economic stagnation and the substantial 25% decrease in private investment experienced during 2023. The decision by foreign entrepreneurs to invest in Colombia not only reflects a strong confidence in the Colombian market but could also encourage local investors to explore and capitalize on profitable opportunities, following this positive trend.

Employment by Sector of Activity



Foreign Direct Investment (January 2024)



Source: DANE

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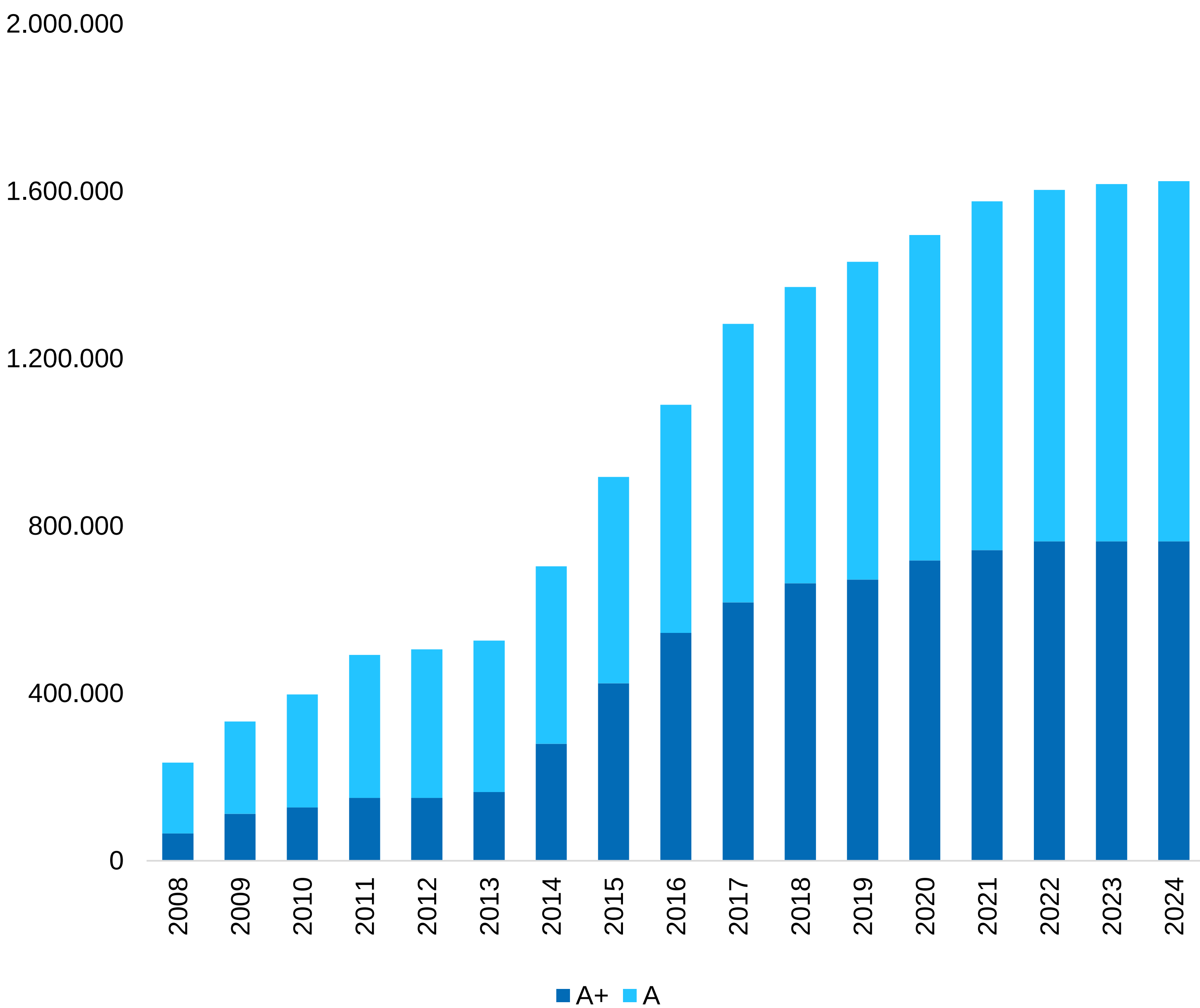
Market Fundamentals

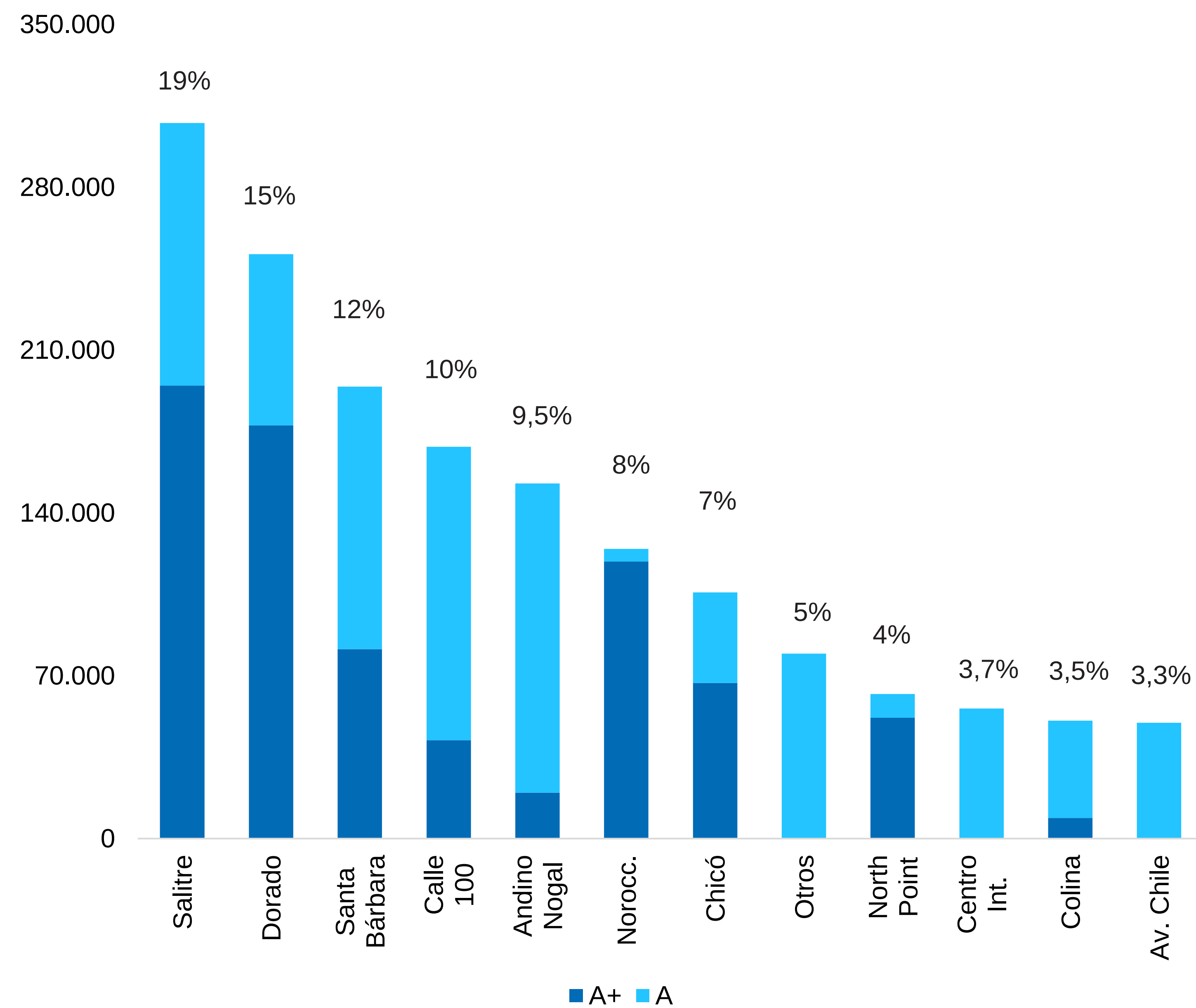
Inventory

There are no significant changes in the inventory; the few projects that are under construction are quickly commercialized with agreements to be occupied as soon as they are delivered.

Historical Inventory Growth by Class



Inventory Distribution by Corridor and Class

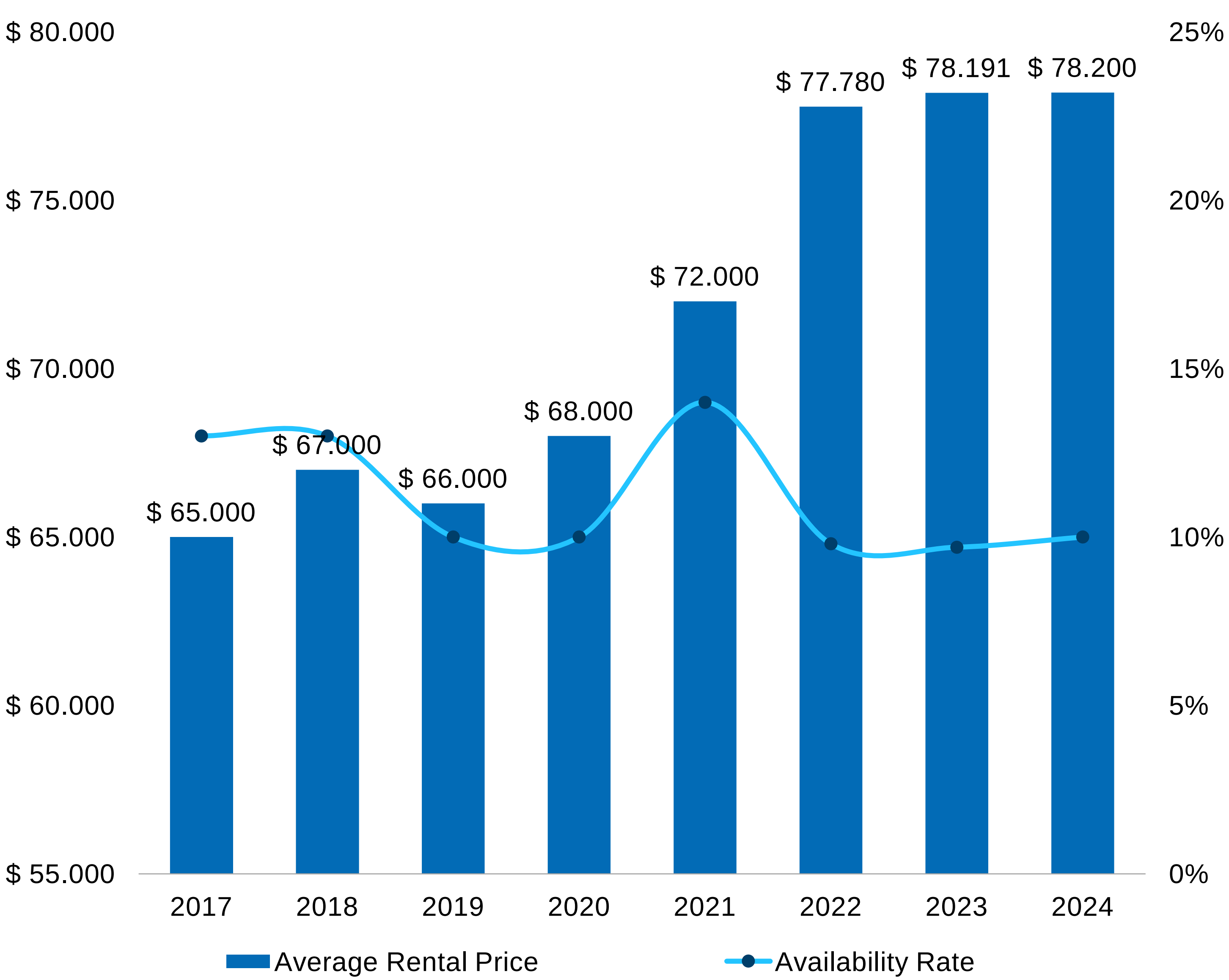


Source: Newmark Research

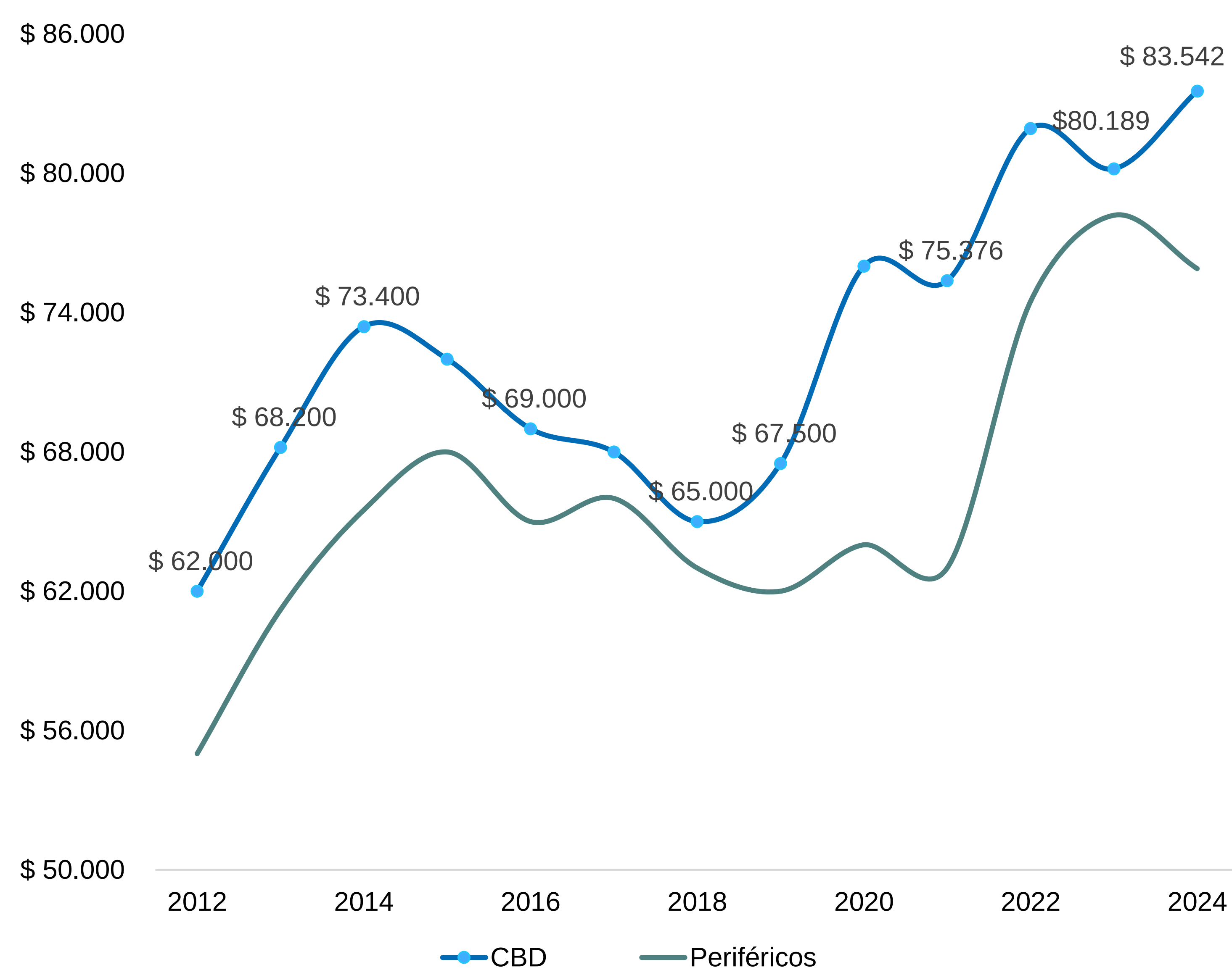
Market Analysis

Prices, at a general glance, show stabilization. However, a more detailed analysis reveals that rental prices in the corridors located in the Central Business District (CBD) are experiencing an increase, while prices in the peripheral corridors tend to decrease. This dynamic results in what is perceived as an overall stabilization of prices.

Historical Rental Prices and Availability Rate



Average List Price by Corridor Type (COP)

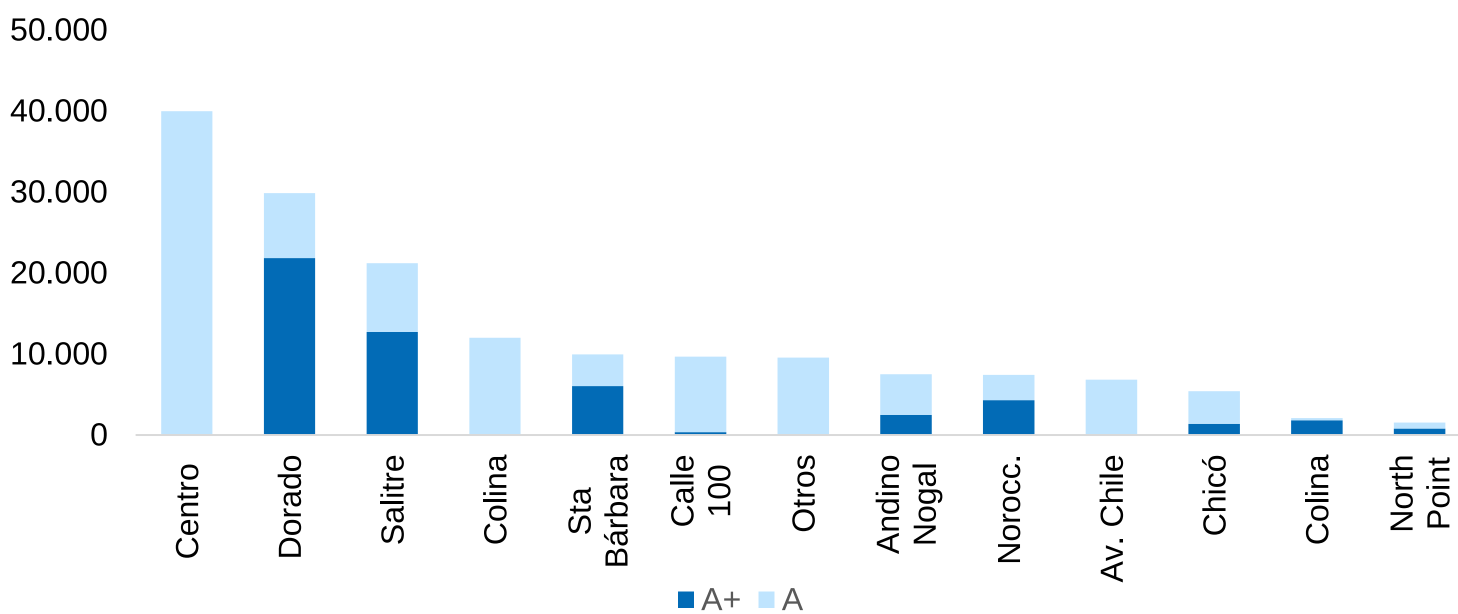


Source: Newmark Research

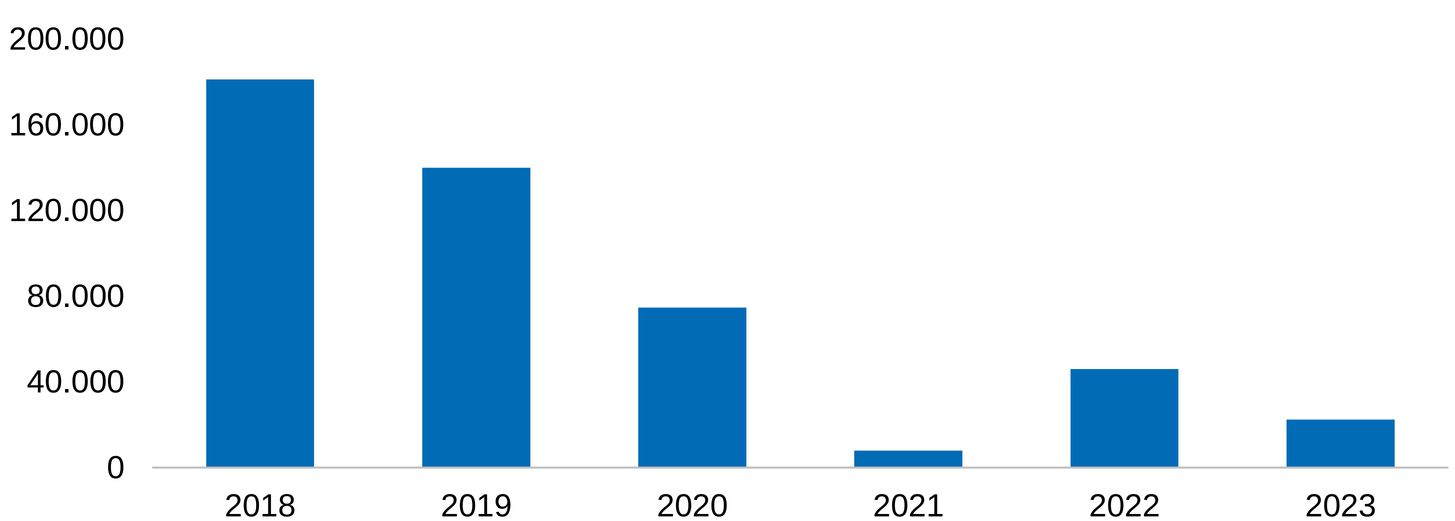
Supply and Absorption

During the first quarter, absorption closed at 14,129 sqm. Although this is a modest figure, it does not reflect weak demand, but rather a limited supply available in the city, preventing this figure from recording higher values.

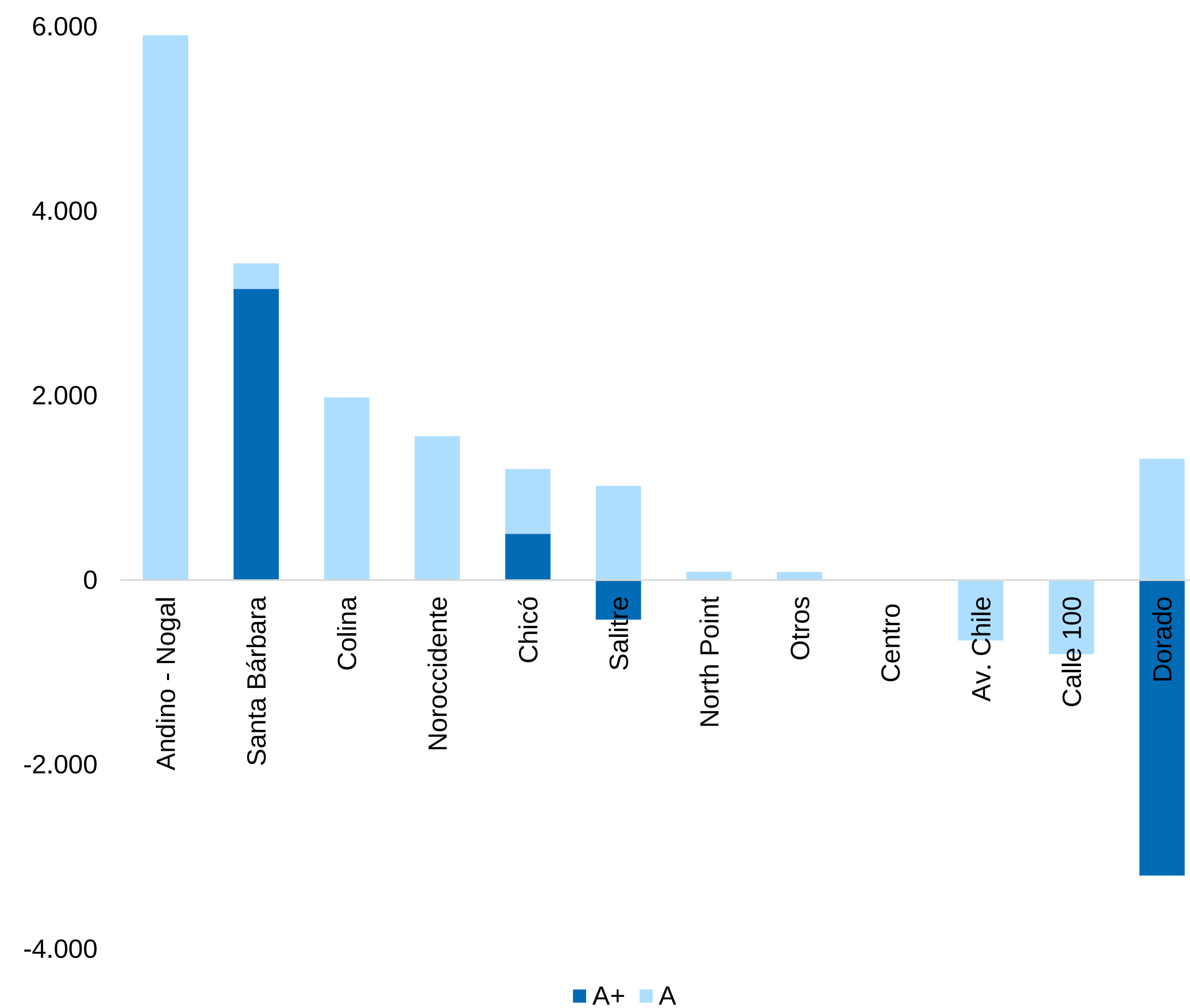
Supply Distribution by Class and Corridor



Historical Accumulated Absorption of Class A+ and A Offices



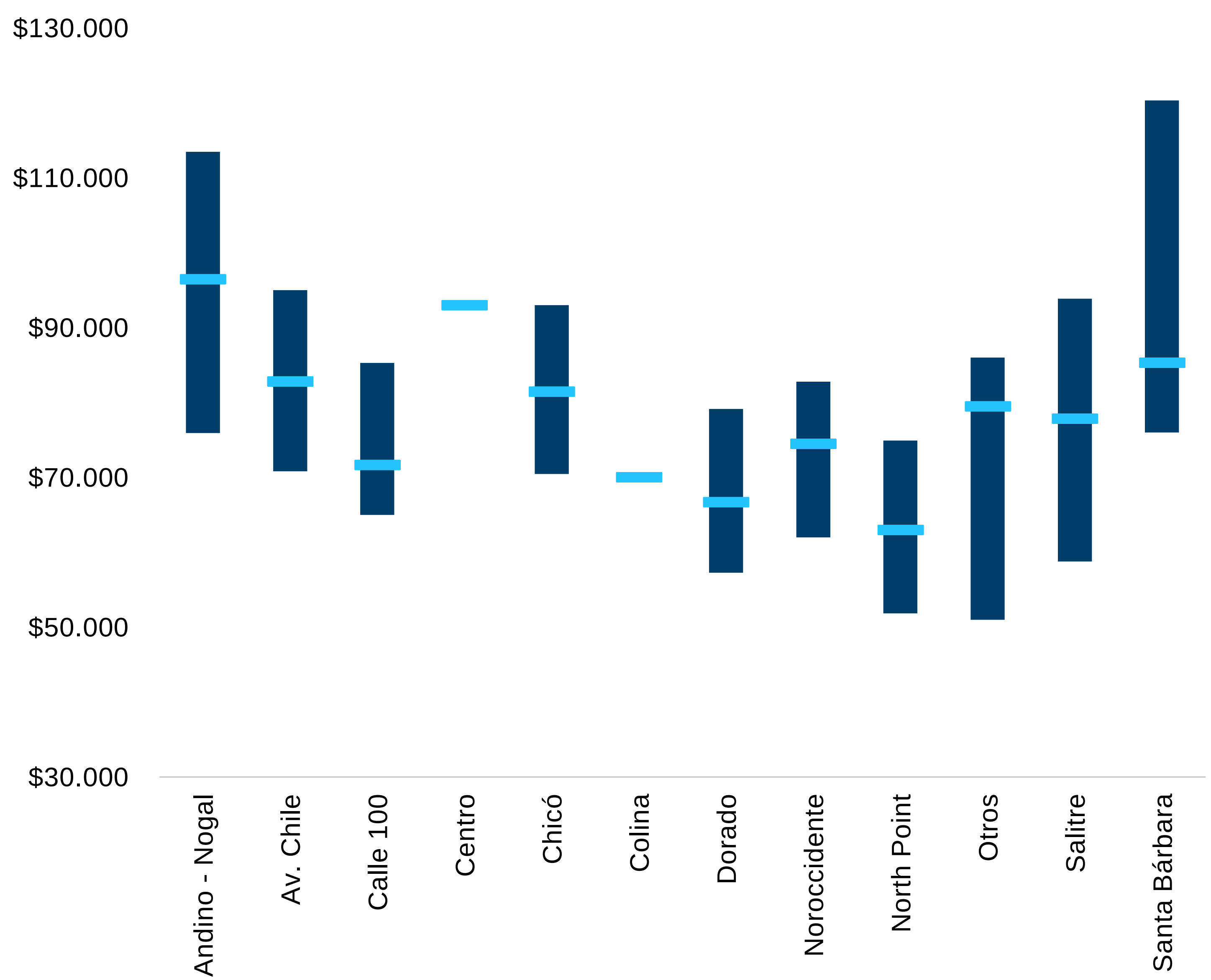
Absorption by Corridor



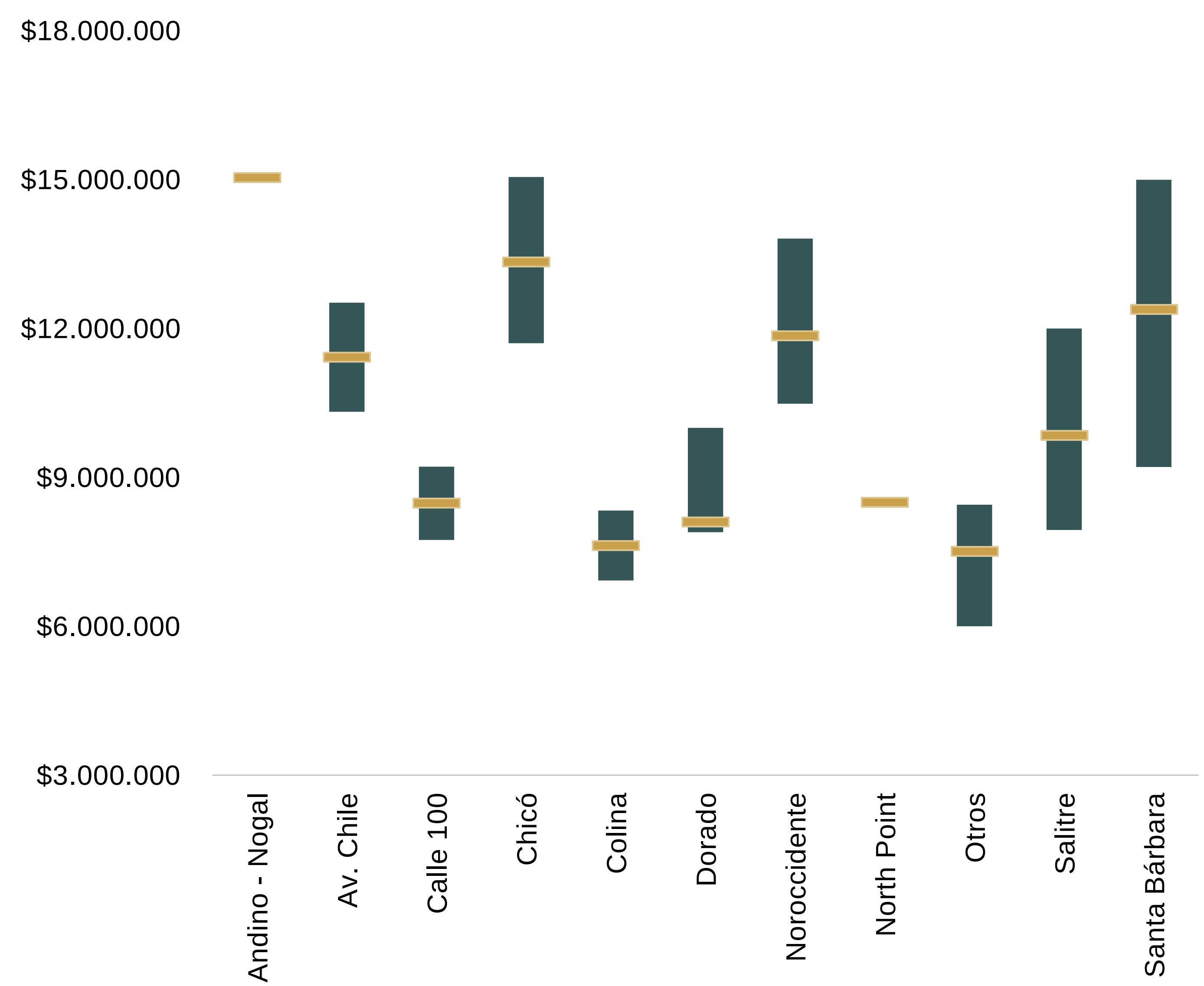
Source: Newmark Research

List prices

Rental Price Ranges by Corridor



Sale Price Ranges by Corridor



Source: Newmark Research

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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	**707.109**	**35.460**	**5,0%**	**1.599**	**$ 83.542**	**$ 10.617.777**
Andino	159.705	5.630	3,5%	-4.316	$ 96.459	$ 15.041.202
Av. Chile	49.880	9.188	18,4%	456	$ 82.803	$ 11.421.290
Calle 100	181.322	11.101	6,1%	-930	$ 71.669	$ 8.478.811
Chicó	121.852	3.703	3,0%	6.260	$ 81.467	$ 7.628.261
Santa Bárbara	194.350	5.838	3,0%	129	$ 85.310	$ 10.519.319
Total Peripherals	**938.953**	**126.317**	**13,5%**	**12.530**	**$ 75.898**	**$ 10.582.091**
Northern Periphery	**248.252**	**20.054**	**8,1%**	**12.373**	**$ 69.167**	**$ 8.035.938**
Colina	50.743	7.944	15,7%	4.882	$ 70.013	$ 8.100.000
Noroccidente	135.304	9.960	7,4%	8.688	$ 74.487	$ 8.500.000
North Point	62.205	2.150	3,5%	-1.197	$ 63.000	$ 7.507.813
Western Periphery	**558.948**	**53.048**	**9,5%**	**1.079**	**$ 72.278**	**$ 12.116.914**
Dorado	251.297	34.738	13,8%	3.822	$ 66.695	$ 11.851.509
Salitre	307.651	18.310	6,0%	-2.743	$ 77.860	$ 12.382.319
Others	**131.753**	**53.215**	**40,4%**	**- 922**	**$ 86.250**	**$ 11.593.422**
Centro	56.000	38.000	67,9%	0	$ 93.000	$ 13.339.695
Otros	75.753	15.215	20,1%	-922	$ 79.500	$ 9.847.148
Total Overall	**1.646.062**	**161.777**	**9,8%**	**14.129**	**$ 78.200**	**$ 12.431.096**

Mauricio Romero
Office Associate

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2024 begins with significant activity in the office sector. Despite maintaining a low current and future supply, the demand for office spaces remains active, largely due to processes and requirements that originated in 2023 and, due to the scarce supply, remain active and in search of better opportunities.

With the context of working from home, many companies have opted to readjust their offices and increase their size again after having decreased during the pandemic. This is done with the intention of encouraging the use of the office by employees and providing a more welcoming environment that facilitates face-to-face relationships and group activities. Currently, the supply is concentrated in the Salitre and Dorado corridors, due to the delivery of spaces by various BPO/Call Center companies and the military forces. However, the turnover in this corridor does not stop.

The future supply is focused for this quarter on non-traditional office corridors, such as the Connecta 80 project, which promises the arrival of 32,325 square meters of A+ offices before the end of 2024, opening the door to new consolidations and the creation of new corridors in the city, with facilities for employees, such as first-class commerce in the shopping center and direct access to the mass transportation system.

It is expected that new office projects will begin to be promoted that allow the growth of the inventory, as well as more opportunities in high-specification buildings for the growth of companies.

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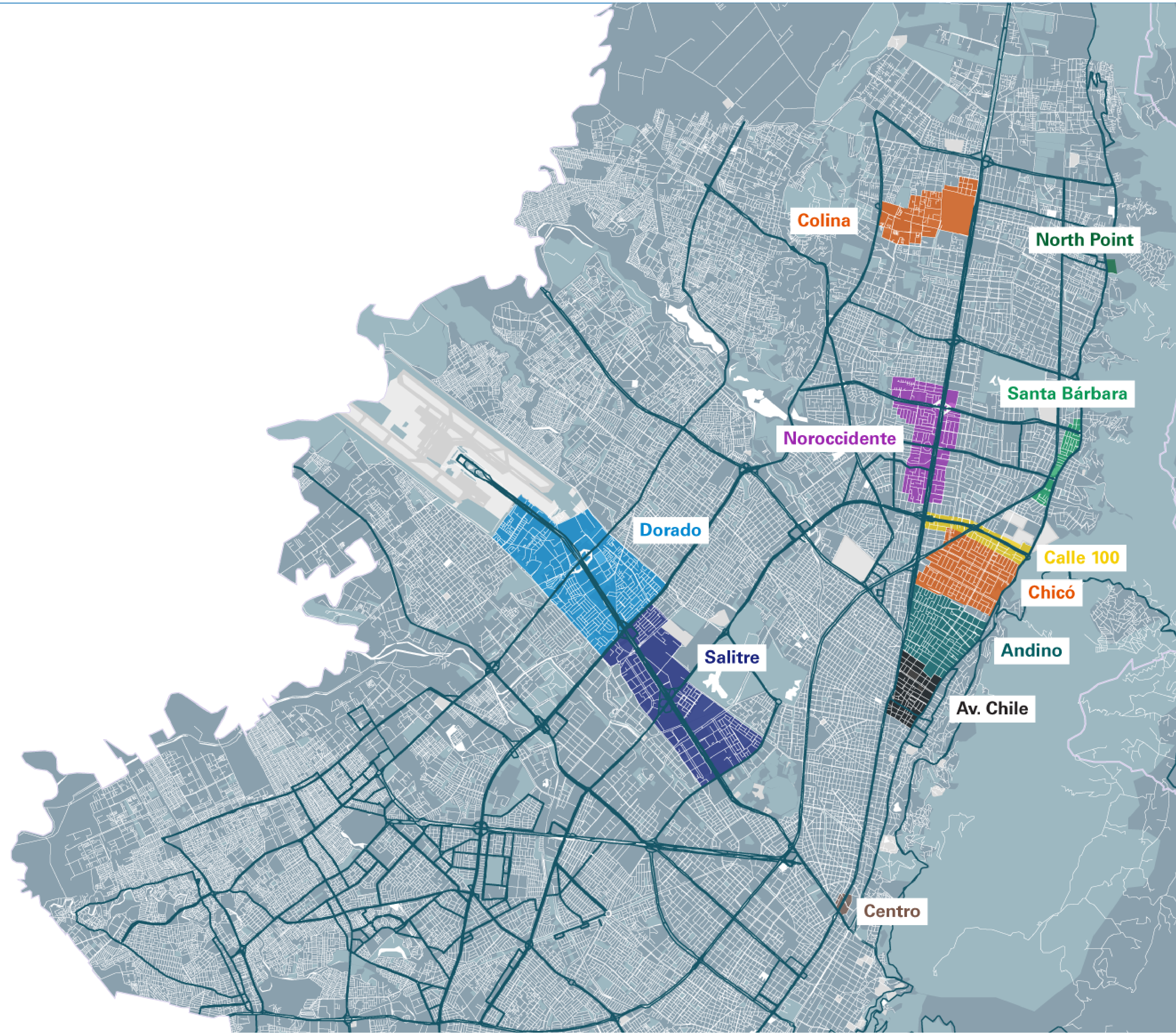

NOTA ACLARATORIA:

Newmark ha implementado una base de datos propia y la metodología de seguimiento ha sido revisada. Con esta expansión y refinamiento en nuestros datos, puede haber ajustes en las estadísticas históricas, incluyendo la disponibilidad, precios de renta, absorción y rentas efectivas. Nuestros reportes de mercado se encuentran disponibles en https://nmrk.lat/reportes-de-mercado/

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