LATIN TRADE

WTCA

PRIME OFFICE INDEX LATAM DEC 2024

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WORLD TRADE CENTERS ASSOCIATION

PHOTO "WTC MEXICO CITY"

UNLOCKING POTENTIAL WITH THE **WORLD TRADE CENTER** BRAND

The real estate sector in Latin America offers a dynamic and evolving landscape, brimming with opportunities amid volatility. While economic and political complexities pose challenges, they also create fertile ground for growth, innovation, and resilience. In this context, global brands like the World Trade Center (WTC) are uniquely positioned to act as catalysts for progress, offering a foundation of trust, connectivity, and global prestige.

Latin America continues to be a region of immense potential. Rapid urbanization and a growing demand for modern infrastructure have created an unprecedented need for innovative real estate solutions. Many cities are not only economic powerhouses but also cultural and technological hubs. They attract businesses, investors, and professionals eager to participate in a rapidly modernizing ecosystem.

Technology is revolutionizing the real estate sector, providing tools that streamline processes, enhance user experiences, and increase efficiency. From PropTech applications to blockchain solutions, these innovations are reshaping how properties are developed, managed, and marketed. Latin America is well-positioned to embrace these technologies, and WTC-branded developments stand at the forefront of this transformation.

Moreover, the region's integration into global markets offers a significant opportunity. Businesses and investors are increasingly looking for properties that align with international standards and provide access to worldwide networks. This is where the World Trade Center brand excels, bridging local developments with global aspirations.

The WTC brand embodies strength, resilience, and connectivity. It is more than just a name; it is a gateway to a global network that spans over 90 countries. WTC properties are recognized as hubs for innovation, business excellence, and collaboration, making them an aspirational choice for multinational corporations and regional enterprises alike.

In volatile markets, the WTC brand instills confidence, making it a trusted partner for investors, tenants, and other stakeholders. Aligning with the WTC brand provides developers with access to a proven formula for success: a combination of global standards, universal brand recognition, strategic partnerships, and a reputation for excellence.

WTC-branded properties in Latin America are prime examples of how the brand creates value. These developments not only attract high-caliber tenants but also drive economic growth and innovation in their respective regions. They serve as benchmarks for architectural excellence and operational efficiency while fostering vibrant business ecosystems.

The WTC brand's focus on sustainability and innovation aligns perfectly with the region's priorities. By promoting green building practices and integrating cutting-edge technologies, WTC developments set the standard for future-ready infrastructure.

In a rapidly changing real estate landscape, the World Trade Center brand stands as a symbol of opportunity and resilience. For developers and investors in Latin America, aligning with the WTC brand offers a unique chance to leverage a world-famous brand and participate in a globally connected network while driving local progress.

The real estate sector in Latin America is poised for growth, and the WTC brand is leading the way. By leveraging the strength and reach of this iconic brand, stakeholders can unlock new opportunities, create lasting impact, and shape the future of the region.

In an interconnected world, the World Trade Center brand is more than a name—it's a commitment to success, resilience, and boundless potential.

Robin van Puyenbroeck

Executive Director-Business Development, WTCA

¿WHAT DOES COLLIERS THINK ABOUT BRAND STRENGTH? CLICK TO SEE THE VIDEO ›

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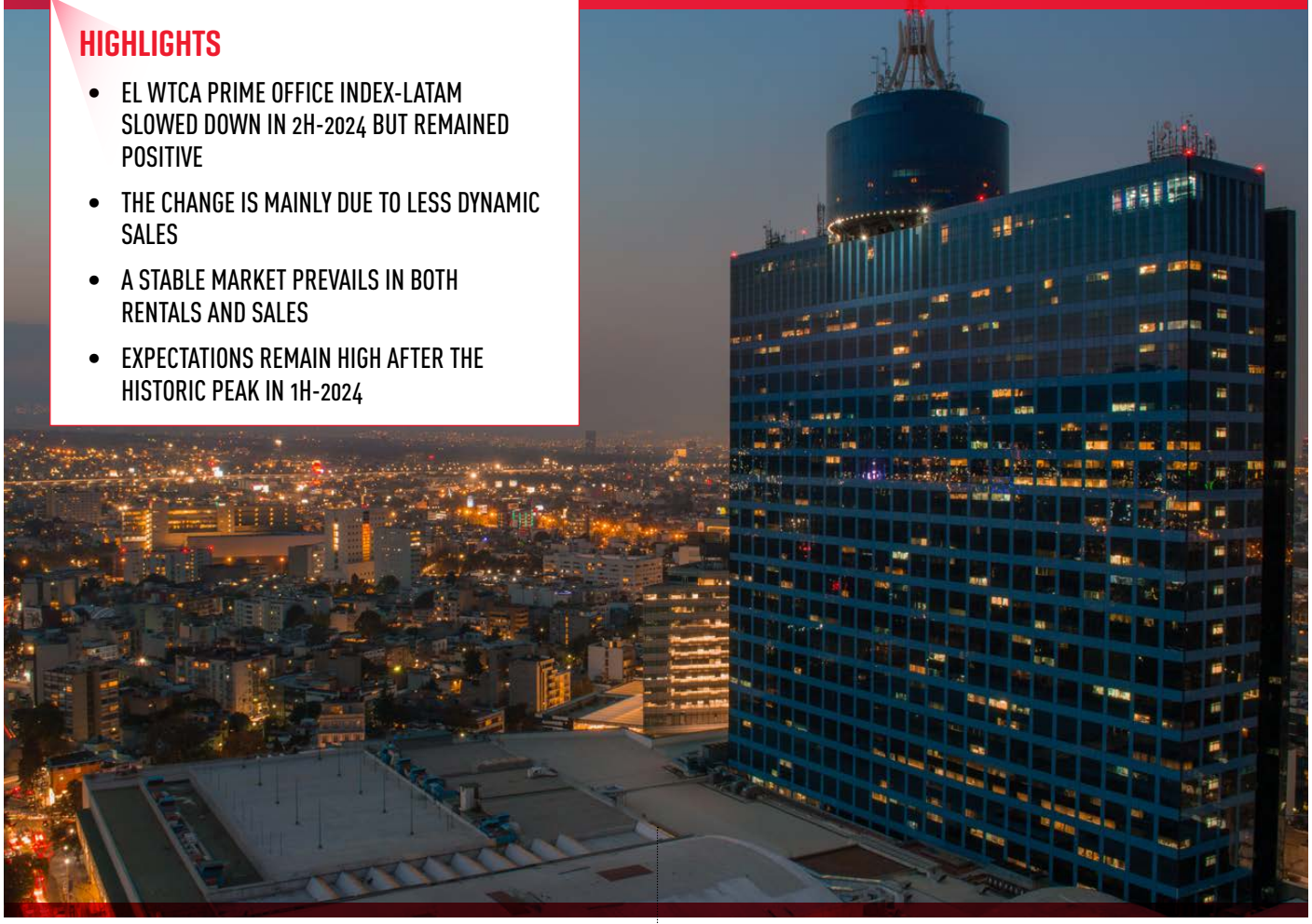
• *Executive Director* : Santiago Gutiérrez
• *Research and Edit* : David Ramiréz
• *Design* : Camilo Jaramillo • studiovisual.co • *Photos:* WTC / Canva • **www.latintrade.com**

WTCA PRIME OFFICE INDEX-LATAM DECEMBER 2024

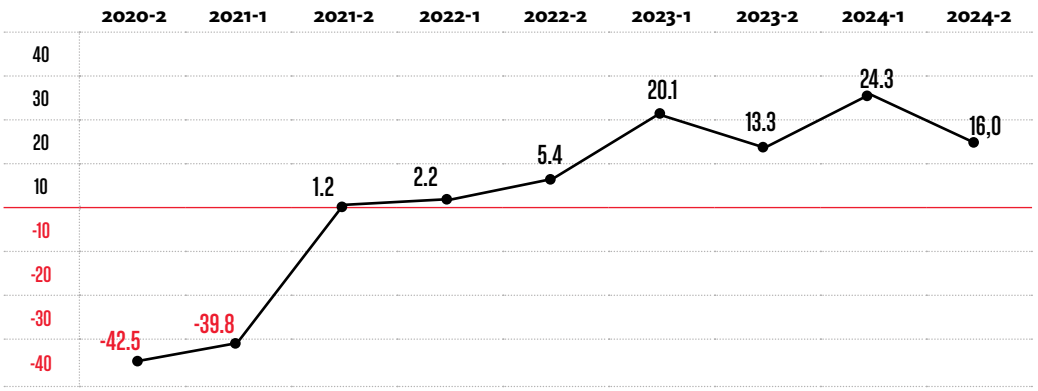
HIGHLIGHTS

- EL WTCA PRIME OFFICE INDEX-LATAM SLOWED DOWN IN 2H-2024 BUT REMAINED POSITIVE
- THE CHANGE IS MAINLY DUE TO LESS DYNAMIC SALES
- A STABLE MARKET PREVAILS IN BOTH RENTALS AND SALES
- EXPECTATIONS REMAIN HIGH AFTER THE HISTORIC PEAK IN 1H-2024



The **WTCA PRIME OFFICE INDEX – LATAM**, a benchmark for Class A office market trends in Latin America, remained in positive territory during the second half of 2024, reflecting the continued recovery of the industry following the severe impacts of the COVID-19 pandemic. Specifically, in its ninth edition, the index recorded a value of 16.0 in July-December 2024, slightly higher than the value estimated for the same period a year ago, and lower than during the first half of 2024 (24.3), as shown in the graph.

WTCA PRIME OFFICE INDEX- LATAM HISTORIC TREND



SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

In the recent past, the regional Class A office market has been primarily driven by strong GDP growth in Latin America and the Caribbean (LAC) during 2022-23. By the same token, the slowdown experienced by the region in 2024 may explain the less favorable trend shown by the **WTCA PRIME OFFICE INDEX - LATAM** during the second half of the same year.

Indeed, the Index lost momentum compared to its January-June value, mainly due to the marked slowdown in the "Market Performance Subindex," which fell by 12 points, although it remained in positive territory (see table.) This decline responded largely to unfavorable trends in the sales segment, as will be explained below. However, both the sales and rental segments are operating under stable conditions in most of the Latin American cities included in the analysis, and details of this will also be provided further below in the report.

Meanwhile, the "Expectations Subindex" has been posting high values for the past four quarters and, in this context, it has demonstrated some effectiveness in predicting overall market behavior over the next six months.

Consequently, it is expected that given the value recorded by the Subindex in July-December, the market will perform favorably, or at least stable, during the first half of 2025, although possibly showing slightly less dynamism that in the preceding semester.

	2020-2	2021-1	2021-2	2022-1	2022-2	2023-1	2023-2	2024-1	2024-2
SUBINDEX PERFORMANCE	-53.2	-60.4	-11.2	0.8	-0.2	17.6	7.6	22.6	10.6
SUBINDEX EXPECTATIONS	-31.7	-19.1	13.6	3.5	11	22.5	18.9	26.1	21.4
WTCA PRIME OFFICE INDEX - LATAM	**-42.5**	**-39.8**	**1.2**	**2.2**	**5.4**	**20.1**	**13.3**	**24.3**	**16.0**

SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

RENTALS 2H-2024—STABILITY AFTER THE BOOM

The "Rental Performance Subindex" remained in positive territory and at a high level during the second half of 2024, at 28.4, but it fell by almost 10 points compared to the first semester of the same year. This was mainly explained by statistical effects on the indicators called property vacancy rate and time it took to rent a property. However, most respondents reported stability for these variables.

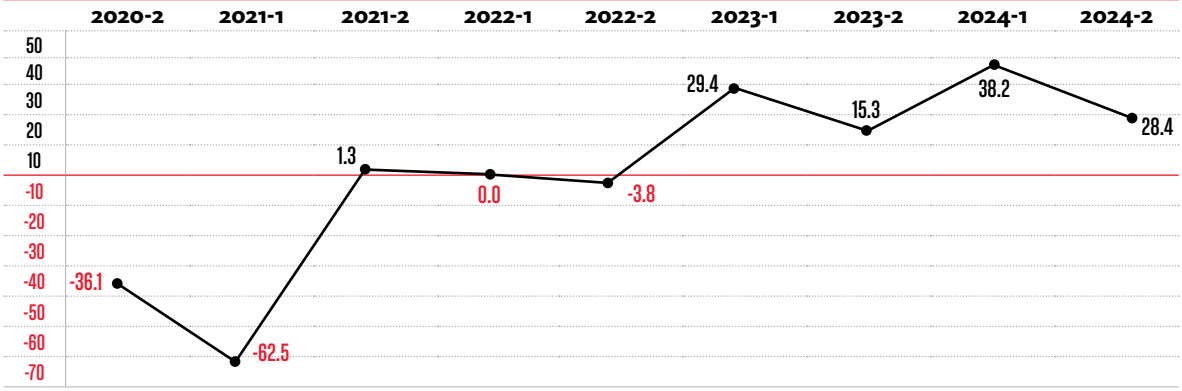
In fact, the data on which the **WTCA PRIME OFFICE INDEX - LATAM** is based shows that while no single city reported increases in the vacancy rate in January-June 2024, this percentage went to 14% in the second half of the year, thus creating a statistical effect. (Notice that the indicators that make up the sub-indices, and ultimately the overall index, are based on positive and negative responses. In this case, a decrease in the vacancy rate is recorded as positive, while an increase as negative).

HIGHLIGHTS

- THE RENTAL SUBINDEX LOST IMPETUS IN 2H-2024 DUE TO STATISTICAL EFFECTS ON THE VACANCY RATE AND THE TIME TO CLOSE A RENTAL CONTRACT.
- HOWEVER, THE VACANCY RATE REMAINED STABLE AND LOW (10%-15%), AND THE TIME TO CLOSE A RENTAL CONTRACT REMAINED BELOW 6 MONTHS IN MOST CASES.
- RENTAL PRICES SHOWED LITTLE VARIATION IN 2H-2024.

Actually, the share of cities that reported stability (that is, neither increases nor decreases) in the vacancy rate remained high in July-December 2024, at 55%, although slightly lower than the share recorded in the previous six months.

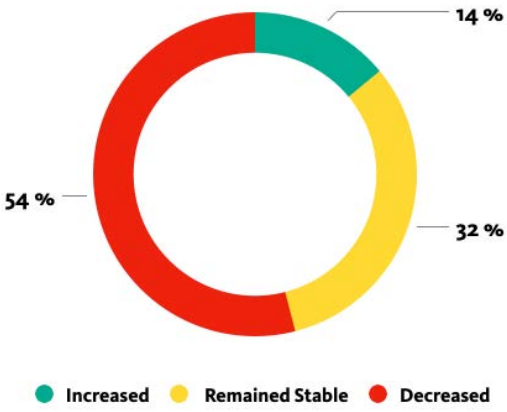
RENTAL PERFORMANCE SUBINDEX



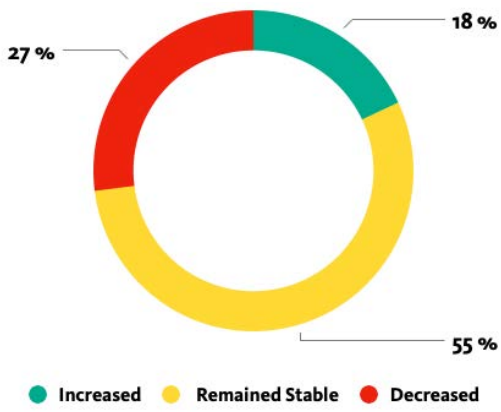
SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

Similarly, another statistical effect of sorts impacted the *time it took to rent an office* component of the "Rental Performance Subindex". Indeed, the share of cities that reported decreases (this is, it took less time to rent) to 27% in the second half of 2024, compared to a historic record of 42% in the first. That said, more than half of the cities surveyed reported stability in this indicator (that is, times did not vary), and only 18% indicated that the *time it took to rent an office* actually increased in the second half of the year.

ON AVERAGE, THE VACANCY RATE...



ON AVERAGE, THE TIME IT TOOK TO RENT AN OFFICE

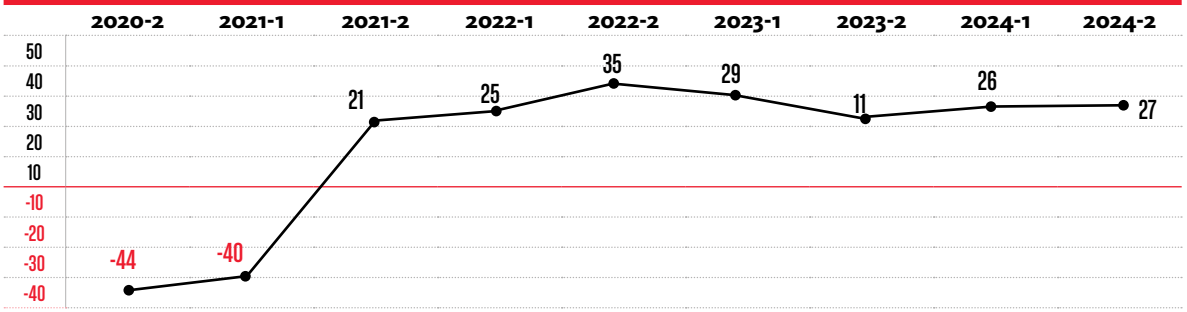


These statistical effects allow to conclude that the key word is stability after a period of boom. In fact, the time it took to rent a property remained between 3 and 6 months for more than two-thirds of the cities surveyed, while the vacancy rate remained between 10% and 15% for more than half, representing highly favorable figures for the sector.

That said, some cities continue to experience a boom. The vacancy rate was below 10% for a third of the urban areas included in this study, including Buenos Aires, Asunción, Montevideo, and San Salvador, among others.

Meanwhile, the rental prices indicator remained unchanged in the second half of 2024. This is because the share of cities that experienced higher rental prices increased in the same proportion that those reporting lower prices (see rental price balance graph). The median (the most common value) rental price for the 22 cities that are part of this edition of the WTCA PRIME OFFICE INDEX - LATAM, remained in the US$12-14 per square meter range in July-December, following a trend that started soon after the market began a recovery.

BALANCE OF RESPONSES – AVERAGE RENTAL PRICE



Balance of responses: positive (increased) and negative (decreased).

SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

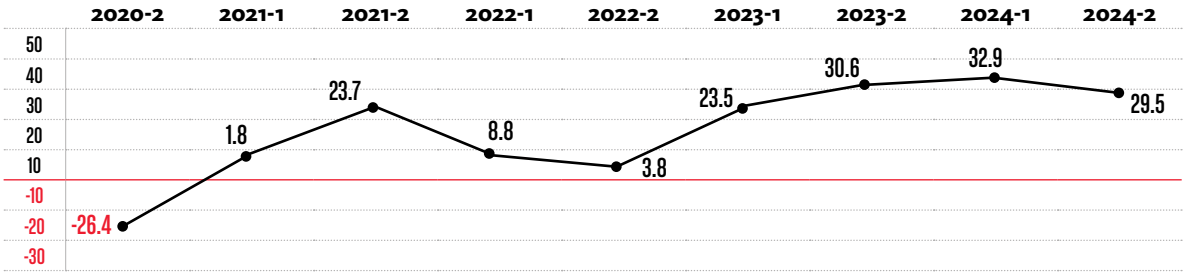
THE ECONOMIC ENVIRONMENT WILL CONTINUE TO SUPPORT RENTS IN 1H-2025

The "Rental Expectations Subindex" remained at historically high levels in the December 2024 measurement, in practice predicting favorable performance of the rental activity during the next six months—the first half of 2025. However, the Subindex falls compared to the previous measurement (to 29.5, from 32.9) as both the share of market participants expecting relative increases in the vacancy rate and those expecting lower rental prices increased.

HIGHLIGHTS

- EXPECTATIONS FOR RENTALS IN 1H-2025 REMAIN FAVORABLE
- RENT PRICES AND THE VACANCY RATE ARE EXPECTED TO MAINTAIN A NORMALIZATION PROCESS
- THE ECONOMIC ENVIRONMENT WILL BE STABLE FOR REAL ESTATE BUSINESS IN 1H-2025

RENTAL BEHAVIOR SUBINDEX



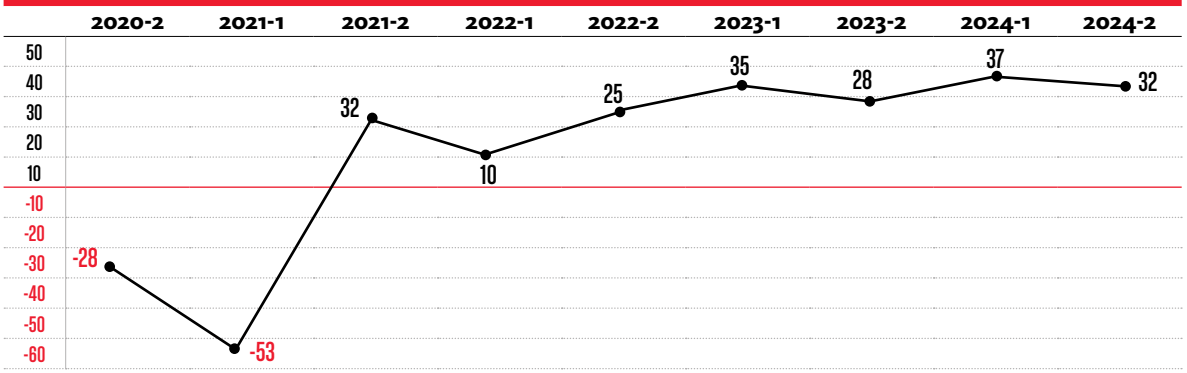
SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

In terms of the *vacancy rate*, specifically, the percentage of respondents who expect it to increase reached 9% in December 2024, a still low level, although higher than the 5% reported in June. Likewise, the proportion of cities that expect declines in the average *rental price* indicator increased by five percentage points, to 14% in December 2024. In any case, the vast majority of respondents anticipate that rent prices and vacancy to remain stable or even favorable during the first half of 2025.

Similarly, the vast majority of market players project stability in the *time to rent an office*. Only one-fifth consider that it will take more than 6 months, reaffirming the continuity of a relatively solid market in January-June 2025. On the other hand, following the recent trends, the median (the most common value) of the *rental price* should remain in the US$12-US$18 per square meter range.

Respondents expect the short-term economic environment to continue to support the office rental market. While the proportion of cities that project a deterioration in economic conditions during the first half of 2025 increased, still a staggering 86% expect it to improve or remain stable (see graph of economic expectations balance). Some of the respondents to the WTCA survey mentioned the unfavorable effect of political conditions on the business environment, particularly in countries that will hold presidential elections in 2025, such as Chile and Bolivia.

BALANCE OF ECONOMIC EXPECTATIONS FOR RENTALS



Balance of responses: positive (increased) and negative (decreased).

SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

THE SALES SUBINDEX DROPPED SHARPLY IN 2H- 2024

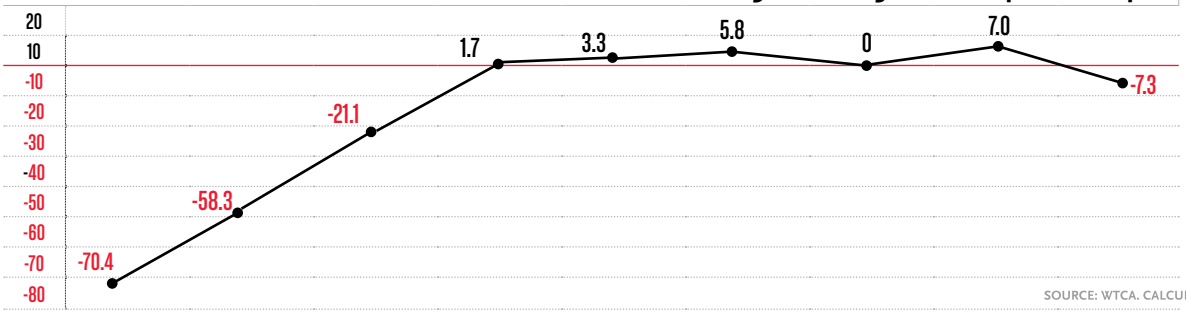
The WTCA "Sales Performance Subindex" returned to negative territory during the second half of 2024, for the first time in six semesters. At -7.3, the Subindex reflects principally unfavorable changes in the *average sales price* and the *average time it took to close a sale* indicators. Each deteriorated by about 15 percentage points compared to the first half of the year. Specifically, the share of respondents reporting declines in sale prices rose to 26%, while those perceiving longer timeframes to close a sale rose to 36%.

That said, more than half of the surveyed sample reported stability in the *average time required to complete a sale,* with the most common value (the median) being between three and six months, in line with the historical behavior of the **WTCA PRIME OFFICE INDEX – LATAM.** Moreover, the number of cities reporting that a sale took more than six months remained unchanged during the two semesters analyzed, although at a relatively high percentage (40%).

HIGHLIGHTS

- FOLLOWING THE POST-PANDEMIC BOOM, THE SALES MARKET APPEARS TO BE ADJUSTING: PRICES FELL AND SALES TIMES INCREASED IN SOME MARKETS.
- HOWEVER, THE MAJORITY OF CITIES SURVEYED REPORTED STABILITY DURING 2H-2024.
- AN OVERALL ECONOMIC SLOWDOWN IN THE REGION IMPACTED THE SALES SEGMENT TO SOME EXTENT
- THE POLITICAL ENVIRONMENT AFFECTED SOME MARKETS NEGATIVELY, INCLUDING BOLIVIA, COLOMBIA, AND MEXICO.

SALES PERFORMANCE SUBINDEX



SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

Although to a lesser degree, the deterioration of the *economic environment* also had an impact on the "Sales Performance Subindex." The share of cities experiencing an adverse economic environment increased throughout 2024, rising from 16% in the first half to 27% in the second. Political uncertainty also hampered some markets, such as Bolivia and even Colombia, as well as parts of Mexico, where the general elections in that country and in the US brought about some uncertainty. By contrast, El Salvador stands out as an example of improved economic and political conditions that combined meant a more favorable environment for prime office sales.

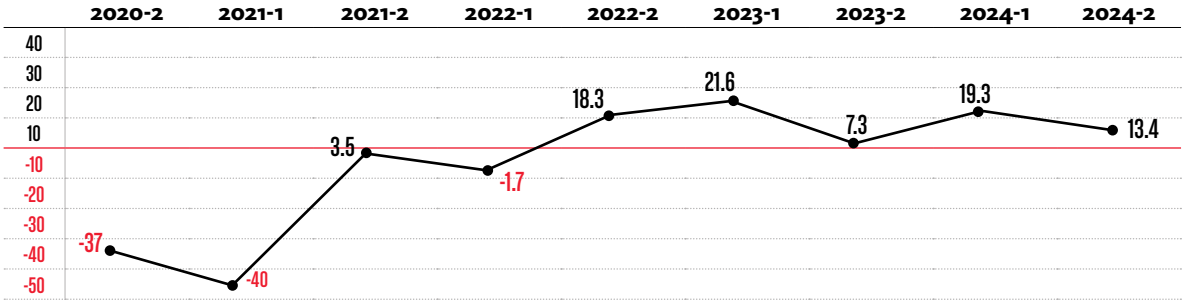
MODERATE SALES EXPECTATIONS FOR 1H-2025 AMID OVERALL STABILITY

The "Sales Expectations Subindex" for the region's prime office market during the first half of 2025 registers a positive value, at 13.4 points (see expectations graph). However, this is lower than the one recorded six months before, primarily responding to an increase in the share of respondents projecting that the *timeframe to complete a sale* will increase (a trend already shown by the "Sales Performance Subindex" during 2024-1H). Moreover, for the first time in several semesters since the **WTCA PRIME OFFICE INDEX – LATAM** is calculated, the share of cities expecting longer times to complete a sale exceeds the share of those expecting shorter timeframes.

HIGHLIGHTS

- SALES EXPECTATIONS FOR 1H-2025 ARE MORE MODERATE THAN BEFORE, BUT REMAIN IN POSITIVE TERRITORY.
- STABILITY IS EXPECTED, ALTHOUGH SALE PRICES COULD RISE IN SOME DYNAMIC MARKETS LIKE BUENOS AIRES.
- A REBOUND OF GDP GROWTH WILL BECOME THE MAIN DRIVER FOR CLASS A OFFICE ACTIVITY IN 2025.

SALES EXPECTATIONS SUBINDEX



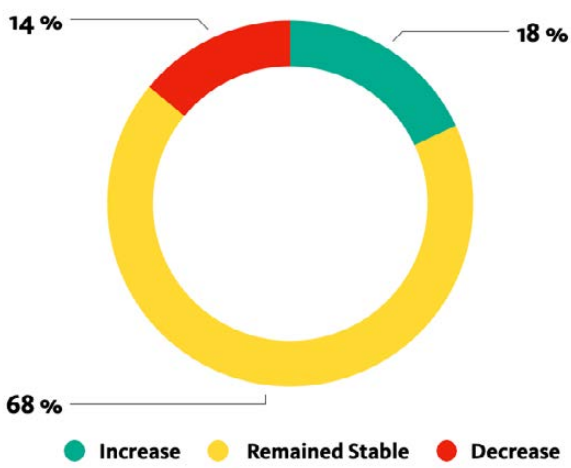
SOURCE: WTCA. CALCULATIONS AND GRAPH: LATIN TRADE.

In all, the majority of respondents (68%) foresee stability in the *average time (months) it will take to sell an office* (see pie chart). The median time is between three and six months, a measure that suggests that activity will remain basically dynamic. Buenos Aires stands out in this regard. WTCA respondents in that city believe that sales times will be three months or less, given the market boom driven by improved political and economic conditions.

Meanwhile, the majority of participants in the **WTCA PRIME OFFICE INDEX – LATAM** research expect sale prices per square meter to remain stable in the short term. Even so, the share of cities forecasting increases (36%) is higher than those expecting decreases (5%). Yet again, Buenos Aires stands out as a booming market where sale prices should rise in the short term due to a dynamic economy. Colombian cities like Bogotá, Medellín, and Cali, are also expected to experience higher sales prices per square meter. Although Colombian economic growth will not be as stellar as in Argentina, limited supply will underpin prices.

The economic environment for Class A office activity is expected to remain favorable in the first half of 2025, according to respondents to the **WTCA PRIME OFFICE INDEX – LATAM.** According to the World Bank (WB), the region will grow by 2.7% in 2025, after a slowdown that brought GDP growth to 1.6% in 2024. However, political factors could affect the business environment in specific cases like Chile and Bolivia, where presidential elections are scheduled for the end of 2025. Likewise, uncertainty related to trade issues with the United States could affect sales in some cities in Mexico, particularly those located in the border with their northern neighbor.

AVERAGE TIME (MONTHS) TO SELL AN OFFICE



The **WTCA PRIME OFFICE INDEX - LATAM** *fluctuates between -100 and 100, respectively indicating negative or positive perceptions of past behavior and expectations related to the Class A office market in Latin America. The December 2024 Index surveyed experts in 22 cities in the region: Buenos Aires (Argentina); Cochabamba, La Paz, and Santa Cruz de la Sierra (Bolivia); Curitiba and São Paulo (Brazil); Santiago de Chile (Chile); Bogotá, Medellín, and Cali (Colombia); San Salvador (El Salvador); Mexico City, Guadalajara, Monterrey, Nuevo Laredo, Querétaro, and San Miguel de Allende (Mexico); Lima (Peru); Panama City (Panama); Asunción (Paraguay); Santo Domingo (Dominican Republic); and Montevideo (Uruguay).*

FREE TRADE ZONES AND SPECIAL ECONOMIC ZONES

Guy Tozzoli, founder of the WTCA, used to say that a WTC is a building with a purpose, and that purpose is to support the expansion of international trade and business. Just as ports serve as infrastructure for goods, WTCs are infrastructure for services. That said, a fundamental infrastructure for the new world trade and international business scenario was necessary and this is provided by free trade zones or special economic zones around the world.

Indeed, aiming to promote the production of goods and services for the international market and the logistics necessary for new trade modalities, nations have designated zones with favorable economic conditions to harbor factories and service operators of all kinds to supply international clients. These centers can be office buildings hosting companies offering various services, from BPO to more sophisticated tasks, or industrial parks that are true production clusters, or logistic distribution centers from which the great business of e-commerce operates.

Without a clear policy to incorporate these activities into the vast network of businesses that are WTCs, the clear value they generate by belonging to our organization has increasingly led the Association to incorporate members operating this type of infrastructure. To mention a few cases, the WTC FTZ Montevideo or the WTC Dubai are buildings offering special regime services worldwide. Similarly, there is the World Trade Center Industrial in San Luís Potosí, Mexico, an industrial park operating with a special regime, and the operations of the WTCs in Guadalajara and Puebla, which operate as logistics centers in these cities, serving Asian markets.

This reality led the WTCA board of directors to pursue a policy of attracting the best special economic zones and FTZs, through an alliance with the firm Araujo Ibarra and with the support of the World Free Zone Association and regional FTZ associations. This way, the Association seeks to expand its presence in the world of foreign trade and international business, continuing its purpose of consolidating WTCA as the leading global private sector network in international business. Welcome to the Free Trade Zones.

Carlos Ronderos
Director WTCA Latina America.

THE OFFICE OF THE 2030s

To answer the question, Latin Trade conducted a special survey with the experts participating in the WTCA PRIME OFFICE INDEX – LATAM.

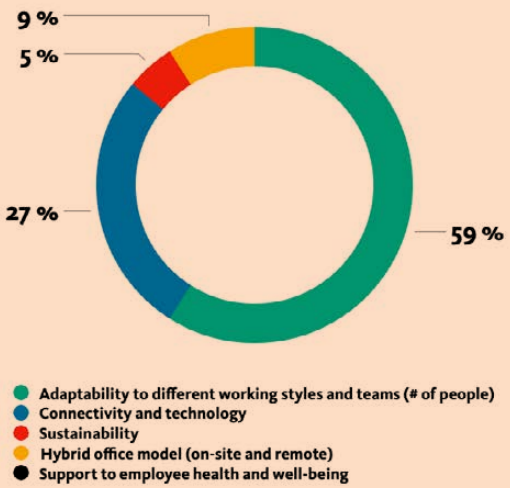
Starting with the consensus, an overwhelming majority (91%) believes that workspaces will maintain the current *open office model*, which is considered to promote communication and flexibility. Similarly, another area where there is broad consensus is sustainability: 90% of experts believe that in order to have *sustainable offices* in five years, today's efforts should focus more on technological factors, such as light and water systems, rather than on design.

Opinions begin to diverge slightly from here on. Still, a significant majority (72%) considers that *employee health and well-being* in the future will depend more on corporate programs than on workplace infrastructure (including ergonomic equipment and spaces for exercise or socialization). Regarding *office technology*, 63% of experts believe that by 2030 the most important aspect will be smart office equipment, compared to 36% who think the most relevant will be Artificial Intelligence and its impact on office tasks.

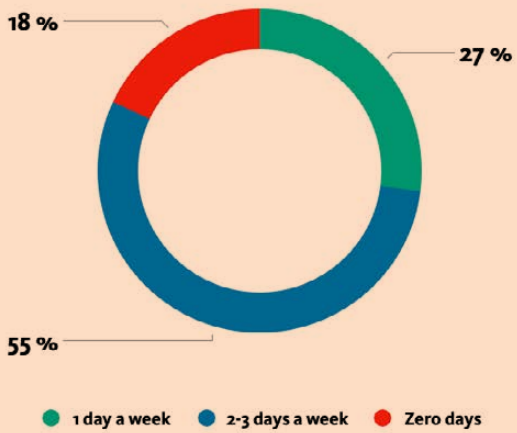
The last two questions in the survey offered more options and, therefore, generated more divided responses (see pie charts). On the one hand, regarding *the two most important attributes of the office of 2030*, respondents mostly considered adaptability to different work styles and teams, and, secondly, connectivity and technology.

Last, regarding the future of *remote work*, a little more than half of the respondents believe that it will be limited to about two or three days a week by 2030, a third think it will only be one day, and almost 20% believe it will disappear. It is interesting to note that three years ago, Latin Trade asked a group of experts associated with the WTCA about the future of remote work. Back then, nearly two-thirds believed it would represent between 20% and 30% of the workweek, very much in line with what they now project for the end of this decade.

WHAT WILL BE THE MOST IMPORTANT ATTRIBUTES OF THE OFFICE IN 2030?



HOW MANY DAYS A WEEK WILL BE REMOTE BY 2030?



WTC CALI: A SYMBOL OF URBAN DEVELOPMENT

This high-impact urban project, both in terms of its size (the second tallest tower in the city) and its strategic mix of uses and location, became a major revitalizer of the emblematic area known as Chipichape (north of Cali, Colombia). It increased traffic to the zone and to the second level of the Chipichape Shopping Center, while spurring the development of several housing projects in the neighborhood.

GRUPO CIVISCORP, under the general direction of Architect Carlos H. ValldeRuten, conceived, designed, and together with other invited companies, promoted and developed the project with an area of 60,000 square meters, comprising the following mix of uses and exclusive experiences:

- A large commercial platform with four double levels, hosting important international and national brands such as a large 12,000 square meter Falabella store, seven modern Cinemark movie theaters, and a Victoria's Secret store, among others.
- This platform is connected to the large Chipichape Shopping Center and the 500-room Spiwak Hotel via a wide and long pedestrian bridge included in the project design. It was built with a metallic structure and equipped with airport-style moving walkways.
- Above this platform, a slender tower was designed and built for a medical center, with laboratories and service centers of the international brands Quirón Salud (from Spain/Germany) and Keralty-Sanitas (from Spain), plus specialist medical offices up to the 12th floor.
- The WTC CALI business center was built from the 13th to the 23rd floors, housing well-known international and national companies, including the Santo Domingo Group, sugar conglomerates, international insurers, multinational logistics companies, and a consulate, among others.
- Above these floors, reaching the equivalent of a 30-story height, are the tower's finishing structure and air conditioning equipment and antennas.
- The complex includes three levels for 700 parking spaces.
- This project was designed and built in reinforced concrete, complying with the respective seismic resistance and safety standards, as well as its evacuation, fire protection, and other systems to ensure the safety and comfort of its users.