



San Juan, PR OFFICE MARKETBEAT

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1Q09 REPORT

ECONOMY

Since early 2006 the Puerto Rican economy has been in a downward spiral. The Government of Puerto Rico employs approximately 30% of the labor force. It announced in this first quarter a definitive decrease in its payroll in order to alleviate the economic burden of said bureaucracy.

Jobs creators in the Service, Finance, Insurance and Real Estate as well as Information sectors, all declined their payroll on a year over year basis by over 4.0 %.

Class A Space Overview

Property Concepts Commercial has been tracking vacancy rates for Class A office buildings since 2006. San Juan's Class A market consists of 65 buildings in 4 Sub markets. Class A office buildings are categorized and selected by our professionals according to a set of criteria.

Vacancy rates reflect only direct spaces and as such the sublease market is unaccounted. It is known that there is a substantial amount of sublease space which, if accounted, would reflect a dimmer though more precise picture on the Class A Office Market.

For the first quarter of 2009, San Juan Class A vacancy rose to 8.26% from the previous quarter of 7.6%. Most revealing of the inability of the economy to create jobs, is the fact that the amount of vacant class A space increased 19% from Q1 2008 to Q1 2009.



ECONOMIC INDICATORS

Year over Year Change

CONSTRUCTION PERMIT VALUE (thds\$) INDUSTRIAL & COMMERCIAL

Oct-08	Oct-07	% CHANGE
10,566	33,849	(70.38%)

CEMENT DATA (thds\$)

Total Sales (94 lb. bag & bulk)

Jan-09	Jan-08	% CHANGE
1,885	2,760	(31.70%)

ECONOMIC ACTIVITY INDEX

(1992=100)

Jun-07	May-07	Jun-06
134.7	135.0	138.6

Source: PR Government Development Bank

MARKET FORECAST

Sales Activity

Vacancy Rate



San Juan Market, Class A Office Vacancy Trend

