

# MARKETBEAT

## SAN JUAN PUERTO RICO OFFICE REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q10

### AT A GLANCE

- During the first half of the year the market continued to experience the effects of our decelerating economy.
- Vacancy rates at class A office buildings in the San Juan metropolitan area declined a bit while pressure on rents continued.
- Less demand for space, cost cutting measures and increased efficiencies have diminished demand.
- During April, the FDIC closed and sold three local banks to Banco Popular, Scotiabank and Oriental Bank.
- In general, it is expected that these transactions will act as a first step towards easing the credit squeeze.

### MARKET HIGHLIGHTS

SIGNIFICANT 1Q10 NEW LEASE TRANSACTIONS			
BUILDING	TENANT	SF	BUILDING CLASS
Montehiedra	L'oreal	17,182	A

SIGNIFICANT 1Q10 SALE TRANSACTIONS			
BUILDING	BUYER	SF	PURCHASE PRICE
None			

SIGNIFICANT 1Q10 CONSTRUCTION COMPLETIONS			
BUILDING	MAJOR TENANT	SF	COMPLETION DATE
None			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION			
BUILDING	MAJOR TENANT	SF	COMPLETION DATE
None			

PUERTO RICO ECONOMIC INDICATORS		
Consumer Price Index	Dic 08 - Dic 09	4.3%
Total Retail Sales	Dic 08 - Dic 09	-0.4%
Total Value of Conctruction Permits	Dic 08 - Dic 09	-27.0%
Unemployment Rate	Nov-09	14.3%
Total Exports	Dic 08 - Nov 09	-6.3%

Source: Progreso Económico 2009

MARKET STATISTICS		
MARKET	INVENTORY	OVERALL VACANCY
San Juan Central	3,997,458	12.4%
San Juan South	1,379,303	8.2%
San Juan North	419,196	3.8%
Guaynabo	3,174,974	6.1%
<b>Total</b>	<b>8,970,931</b>	<b>7.6%</b>

### BEAT ON THE STREET

“Downward pressure on office rents continues throughout the market. The best class A properties are differentiating themselves with their amenities and leaving the balance of the properties to compete as commodities.”

–Fernando Toro, PCC President



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\*Market terms & definitions based on BOMA and NAIOP standards.

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