

Peru 1Q14

Market Overview Report

Peru will continue to improve its investment environment and will remain as one of the top destinations in Latin America for foreign private capital. The investment will keep among the best in Latin America over the next few years. Peru has stable and good macroeconomic conditions for it and is doing some necessary improvements to optimize it.

The prime office market continues its growing development. The total Prime Office Stock is about 600,000 square meters. During 2014 to 2018 are expected to be built and delivered about 577,000 square meter, due the entry of new prime office buildings that are currently under construction or pre construction. Vacancy continues growing, 3.7%, and in terms of price. we can see that are stabilizing around \$20 to \$23.

We observe a marked trend to use LEED certifications in the future constructions of Primes offices Buildings in Peru. Nowadays 4 buildings exist with certifications Silver and Gold, in 2015 more than 10 % of the total of Primes Office Buildings will have certifications of the Green Building Council. It is expected that in 2017 approximately 40 % of all the Buildings will have some LEED certification. This trend also is relevant in other sectors of the economy, like industry, commercial, hotel, educational, etc. Nowadays more than 88 projects exist in other main cities, like Cusco, Cajamarca, Arequipa and Ica.



Lima

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Overall Market Trends for 1Q14



Market Overview:

Country Statistics		Principal Lease Terms		Principal Business Taxes		Economy	
Area - (Km2)	1.285.216	Term (Years)	5 Years	Corporate Tax	30%	Currency	Peruvian Nuevo Sol
Population	30,475,144	Rent Paid x m2	\$20 - \$23	Withholding Tax	30%	Conversion Rate	2.82
Population Growth	1.13%	Rent Reviews	Negotiable	Value Added Tax (VAT)	18%	GDP (USD)	\$368 billion
Capital	Lima	Indexation		Property Transfer Tax	3%	GDP/Capita	\$11,735
Capital Population	8,693,387	Landlord Work		Interest Rate	4%	GDP Growth	5.9%
						Inflation	2.5%