

2Q'14

NAI Latin America
& The Caribbean

Global Locations

Latin America, & Caribbean



Argentina
Buenos Aires Capital
Buenos Aires North



Bahamas
Nassau



Brazil
São Paulo
Rio de Janeiro



Chile
Santiago



Costa Rica
San Jose



Jamaica
Kingston



Mexico
Tijuana
Ciudad Juarez
Guadalajara
Matamoros
Mexicali
Mexico City
Monterrey
Queretaro
Reynosa
San Luis Potosi



Panama
Panama City



Peru
Lima



Puerto Rico
San Juan



Venezuela
Caracas

NAI Argentina

Argentina 2Q14

Market Overview Report

The city of Buenos Aires is going through a time of recession with inflation, which however does not prevent sale and rental operations to perform, but at a slow pace. A medium term reactivation is foreseen.

The values have not changed much from our last report: USD25-28 /m2 for spaces Category A in prominent locations, and USD15-18 -/m2 for Category B.

Multinational companies analyze the purchase of their real estates given the prohibition of sending their profits abroad.



Buenos Aires

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Buenos Aires - Argentina
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www.cyw.com.ar

Overall Market Trends for 2Q14



Market Overview:

| Country Statistics | | Basic Leases | | Main Business Taxes | | Economy | |
|--------------------|--------------|------------------------|---------|-----------------------|------|------------------------------------|------------|
| Area | 2.4 Km2 | Term (Years) | 3-5 | Corporate Tax | 35% | Currency | Ar\$ Pesos |
| Population | 42 M | Rent Paid (u\$s) | monthly | Value Added Tax (VAT) | 21% | Conversion Rate (vs USD) | Ar\$ 8 |
| Capital | Buenos Aires | Rent Reviews | 1 year | Property Transfer Tax | 1.8% | Informal Conversion (Ar\$ vs. USD) | \$12 |
| Capital Population | 11M | Indexation (u\$s p.a.) | 5% | | | Inflation per annum | 25% |
| | | | | | | Interest Rate | 18% |
| | | | | | | Unemployment Rate | 8% |

Significant Lease/Sales

| Lease | Address | Size | Submarket |
|-----------------|----------------|----------|------------|
| Suizo Argentina | Monroe 800 | 4.000 m2 | Nuñez |
| LAN | Alem 500 | 1.600 m2 | Plaza Roma |
| Prouban | Libertador 400 | 1.200m2 | 9 de Julio |
| NEC (Lease) | Belgrano 955 | 3.500 m2 | 9 de Julio |

Bahamas 2Q14 Market Overview Report

Although the commercial real estate market in The Bahamas overall continues to remain flat there has been some movement in Class B properties and new interest is being shown in Class A properties although no significant leases have been signed. We have seen a 5.85% reduction in the vacancy rate in the Class B properties from 19.61% to 18.46%. Most of the office space leased during the first half of this year has been to various departments of The Bahamas Government. NAI Bahamas Realty Commercial has leased a total of just over 44,000 sq.ft. (4,087 m2) to the Bahamas Government in various buildings under its management.

During this last quarter there has been further consolidation in the Financial Services sector as this sector adapts to new FATCA and WTO induced regulations. Financial Services is The Bahamas number 2 industry after tourism. This has put pressure on the Class A & Class B office markets and will continue to do so for the foreseeable future. In respect to new construction, a new 61,368 sq.ft. (5,701m2) Class A office building will begin construction within the next few months. This building, to be known as the Deltec Financial Centre, is located at the western end of New Providence. It is being condominiumized and will be sold by floor priced at \$480.00 to \$834.00 per sq.ft.

Market Overview:



Bahamas

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Overall Market Trends for 2Q14



| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|--------------------|---------|------------------------------|---------------|--|-----|--------------------------|------------|
| Area - (Km2) | 13,940 | Term (Years) | 3-5 | Corporate Tax | 0% | Currency | B\$ |
| Population | 347,000 | Rent Paid | Mthly & Qtrly | Withholding Tax | 0% | Conversion Rate (vs USD) | 1:1 |
| Population Growth | 0.904% | Rent Reviews | 3-5 Yrs | Value Added Tax (VAT) | 0% | GDP (USD) | \$7,79B |
| Capital | Nassau | Indexation | % PA or CPI | Property Transfer Tax For Properties >B\$100,000 | 10% | GDP/Capita | US\$23,307 |
| Capital Population | 250,000 | Repairs & Maintenance | | | | Inflation | 2.76% |
| | | Landlord: Structural/Capital | | | | Interest Rate | 4.75% |
| | | Tenant: Maintenance | | | | Unemployment Rate | 14.7% |

Significant Lease Transactions:

| Tenant | Address | Size | Submarket |
|-------------------|-------------|-----------|-----------|
| Centerville House | Collins Ave | 23,994 SF | Central |

NAI Dworking

Brazil 2Q14

Market Overview Report

Net absorption in the 2nd quarter reached 34.286 sqm below market expectations. With economy showing strong signs of deceleration we expect net absorption to stay at 100.000 sqm in 2014 below the average of recent years.

Vacancy rate remained at 15,3% at the same level of previous quarter. In the same quarter last year vacancy was 13,2%. We foresee vacancy will rise as a consequence of the new inventory of 270.000 sqm to be delivered until the end of this year.

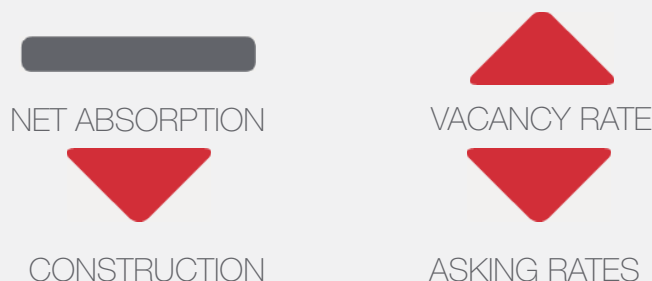
Continuing the oversupply scenario average prices dropped 3,5% coming to R\$ 117,00/sqm/month to R\$ 113,00/sqm/month.

Investors and tenants are cautious and plans for new investment are postponed until the economy shows signs of recovery which expected to start later next year.



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Overall Market Trends for 2Q14



Market Overview:

| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|--------------------|----------|-----------------------|---------|--------------------------|-------|--------------------------|-------------|
| Area - (Km2) | 8,5 | Term (Years) | 5 | Corporate Tax | 34.0% | Currency | Reais (BRL) |
| Population | 201.1 M | Rent Paid | Monthly | Withholding Tax | 15.0% | Conversion Rate (vs USD) | 0.45 |
| Population Growth | 1.7% | Rent Reviews | 3 years | Value Added Tax (VAT) | 15.0% | GDP (USD) | 2,239 |
| Capital | Brasília | Indexation | Annual | Property Transfer Tax | 5.0% | GDP/Capita | 10.7 |
| Capital Population | 2.7 M | | | | | GDP Growth | 1.7% |
| | | | | | | Inflation | 6.5 |
| | | | | | | Interest Rate | 11% |
| | | | | | | Unemployment Rate | 5% |



Prime Offices

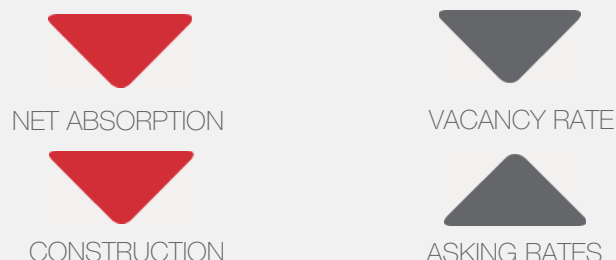
The second quarter 2014 is marked by the absence of relevant changes. Just like last quarter, the market for prime office buildings in Santiago de Chile continues with a quiet uniform scenario..

During 2Q/2014 there were no final receptions for prime office buildings (A/A+). However, there are several projects in their final stage of market entrance, which will have an impact on the office market scenario during the second half of this year. All in all, the total stock of prime office space maintained by to 1,344,188 m2. Furthermore the absorption was by 3.211 m2 (1Q/14: 7.429 m2), resulting in a slightly decreased average vacancy rate of 4.5% (1Q/14: 4.8%).

For 2014 we are estimating a slowdown in the development of new prime office buildings. Two of the principal reasons are a increasing vacancy rate due to the finalization of some of the most emblematic office buildings here in Santiago (e.g. Gran Torre Costanera), as well as the lack of adequate land sites in the prime submarkets of Santiago (El Golf & Nueva Las Condes), dedicated to the construction of further prime office buildings.

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Overall Market Trends for 2Q14



Market Overview:

| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|---------------------------|-----------|-----------------------|-------------|--------------------------|--------|-------------------|--------------|
| Area - (Km ²) | 756,102 | Term (Years) | 3 – 10 yrs | Corporate Tax | 20.0 % | Currency | Chilean Peso |
| Population | 17.2 mln | Rent Paid | Monthly | Withholding Tax | 35.0 % | Conversion Rate | 556 CLP |
| Population Growth | 0.91% | Rent Review | End of Term | Value Added Tax | 19.0 % | GDP (USD) | 338 mln |
| Capital | Santiago | Indexation | Annual/CPI | Property Transfer Tax | 00.0 % | GDP/Capita | US\$ 19.474 |
| Capital Population | 5,428,590 | Landlord Work | Structural | | | GDP Growth | 3.2 % |
| | | | | | | Inflation | 2.6 % |
| | | | | | | Interest Rate | 4.0 % |
| | | | | | | Unemployment Rate | 6.5 % |

Significant Lease Transactions:

| Tenant | Address | Size | Submarket |
|---|---------------------|----------------------|------------------|
| LAN Airlines S.A. | Rosario Norte 407 | 1.100 m ² | Nueva Las Condes |
| Transbank | Apoquindo 5400 | 800 m ² | Nueva Las Condes |
| Pixis | Cerro El Plomo 6000 | 700 m ² | Nueva Las Condes |
| General Treasury of the Republic of Chile | Cerro El Plomo 6000 | 500 m ² | Nueva Las Condes |

For the second quarter, the office market showed a 2% increase in vacancy rate and is now positioned at 16%; this availability rate is considered high but not bad as there is a lot of Class C buildings in the mix that affect this average. It is important to highlight that this happened because of the entrance of new projects to the marketplace and not because of big new vacancies. The absorption for the second quarter was good and average prices stand at \$17,30m2.

The industrial market had positive absorptions as well and improved 1% and now stands at 17% availability. Prices went a little downward and now stand at \$7,14m2. Once again the biggest attractor is the “ofi-bodega” which is a mix between a warehouse and an office space. One Important factor that will surely help the costarican industrial market will be the lowering of electric services in the country, this is a task that has been marked as a big priority by the actual government. Once this is achieved, the market will have very interesting positive moves.

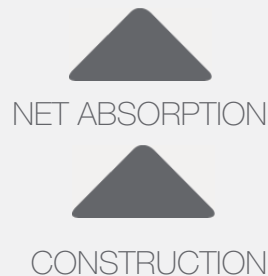
The commercial market which is very active for international franchises expanding in Costa Rica has been good but a bit slower that past quarters. Big companies such as McDonald's have continued to open new locations but at a slower pace than years before, probably because good market coverage has been achieved. The availability rate went from 6,83% to 7,60% and the average price is now \$16,07. New franchises such as Juan Valdez coffee are expected to be introduced, and other franchises are expected to continue expansions.



San José

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Overall Market Trends for 2Q14



Market Overview:

| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|--------------------|-----------|-----------------------|---------|--------------------------|-------|--------------------------|-----------|
| Area - (Km2) | 51,100 | Term (Years) | 3 years | Corporate Tax | 30% | Currency | CRC |
| Population | 4,615,500 | | | Withholding Tax | XX.0% | Conversion Rate (vs USD) | 545 |
| Population Growth | 1,4% | | | Value Added Tax (VAT) | 13% | GDP (USD) | \$49.295B |
| Capital | San José | | | Property Transfer Tax | 1.5% | GDP/Capita | \$11400 |
| Capital Population | 1,700,000 | | | | | Inflation | 5% |
| | | | | | | Interest Rate | 7% |
| | | | | | | Unemployment Rate | 9,7% |



Kingston and Montego Bay are the main commercial centers, with other towns - Ocho Rios, May Pen and Mandeville being secondary, but these towns reflect the Montego Bay market levels.

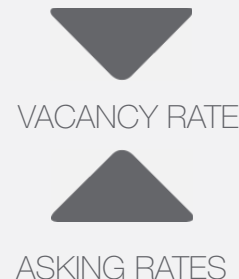
A number of large **industrial/warehouse** buildings are being Built-to-Suit for owner-occupiers. Due to a fairly tight supply, rent rates are firm in areas deemed desirable for occupation in Kingston. In other areas values can be 50% lower. Hardware merchants report fair business, signifying slow construction activity.

The retail sector remains fair as landlords succeed at holding the current rental levels. Although there is pressure on retail profitability, the sector has not yet seen any significant increase in vacancies. In Kingston, main rental levels are in the US\$15.00 - \$25.00 psf pa level.

The Jamaican dollar has continued to fall against the benchmark US\$ despite the support for the Government of Jamaica by the IMF. Many investors are holding off plans for development. The IMF refers to Jamaica as being a "prime example" of how to follow their policy successfully. For safety, many currency holders are selling Jamaican dollars for the US\$. Banks and businesses are having difficulty acquiring foreign exchange for their usual needs.

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Overall Market Trends for 2Q14



Market Overview:

Economy

| | |
|----------------------------|--------------|
| Current Currency | Ja Dolls |
| GDP | US\$ 12,3442 |
| GDP/Capita | US\$ 4,400 |
| GDP Growth (forecast 2009) | -3% |
| Inflation | 8.0% |
| Interest Rate 3 Month | 6.5% |
| Unemployment Rate | 13% |

Principal Business Taxes

| | |
|--------------------------------|-------------------|
| Corporate Tax | 33.33% |
| Withholding Tax | 25% |
| VAT (GCT in Jamaica) | 16.5% |
| Transfer Tax (Property) | 5% |
| Stamp Duty (on Property sales) | 4% |
| Exchange Rate | US\$1.00 = J\$112 |

Significant Trends:

| Office | | | | Retail | | | Industrial/Warehouse | | |
|-------------|-----------|-----------|-------|-----------|-----------|-------|----------------------|-----------|-------|
| Location | Ja\$/M2/m | US\$/M2/m | Trend | Ja\$/M2/m | US\$/M2/m | Trend | Ja\$/M2/m | US\$/M2/m | Trend |
| Kingston | 1,586 | 15.25 | - | 1,679 | 16.15 | - | 840 | 8.07 | - |
| Montego Bay | 1,256 | 12.20 | - | 1,511 | 14.53 | - | 756 | 7.27 | - |

Industrial: Mexico and its surrounding sub-markets have an inventory of usable industrial facilities in excess of 140.6 million sf, more than 3.8 million sf underconstruction and 1.60 million sf completed during 2014.

Retail: Markets in Mexico are expanding at a slower pace; latest inventory reflects slightly over 160 million sf of modern shopping centers, serving an ever expanding population.

Office: The office market is still growing at a higher rate than the last two years, the Central Business District (CBD) showing the largest increase.

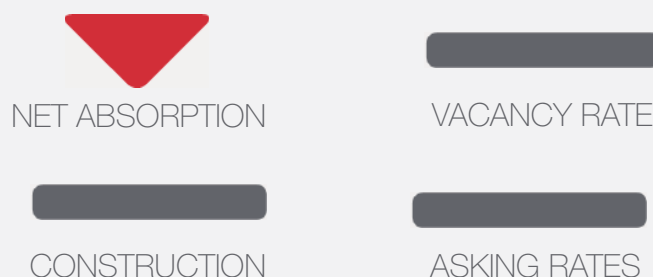
The outlook for Mexico, fairly positive despite world economic conditions, depends to a large extent on the United States economy. Employment is up slightly over the last year, incomes are increasing, inflation is under control at approximately 3.8% and international reserves are at an all time high.



Mexico

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Overall Market Trends for 2Q14



Market Overview:

| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|--------------------|-------------|-----------------------|-------------|--------------------------|-----|--------------------------|-----------------|
| Area - (Km2) | 1,964,375 | Term (Years) | 3-5 Years | Corporate Tax | 30% | Currency | Mexican Peso |
| Population | 112,336,538 | Rent Paid | Monthly | Withholding Tax | 28% | Conversion Rate (vs USO) | 13 to \$1US |
| Population Growth | 1% | Rent Review | End of Term | Value Added Tax (VAT) | 16% | GDP (USO) | \$1.081 Billion |
| Capital | Mexico City | Indexation | Annual/CPI | Property Transfer Tax | 6% | GDP/Capita | \$10,689/yr |
| Capital Population | 23M | Landlord | Structural | | | GDP Growth | 3% |
| | | | | | | Inflation | 5% |
| | | | | | | Interest Rate | 3.25% |
| | | | | | | Unemployment Rate | 5.2% |

Significant Lease Transactions:

| Building | Address | Size | Submarket |
|----------------|---------|-------------|-----------------|
| KUEHNE & NAGEL | | 259 ,000 SF | Toluca, MX |
| WALMART | | 200,000 SF | Tepotzotlan, MX |
| PROVA | | 180,000 SF | Cuautitlan, MX |
| SAMSUNG | | 100,000 SF | Polanco, MX |

Panama 2Q14

Market Overview Report

The office market for the second quarter of 2014 behaved in a similar way as 1st Quarter 2014, but the market felt more confident to proceed with transactions after the presidential elections. 67,251 m2 of new, mostly vacant inventory entered the market, thereby increasing the total vacancy by 30,730 m2.

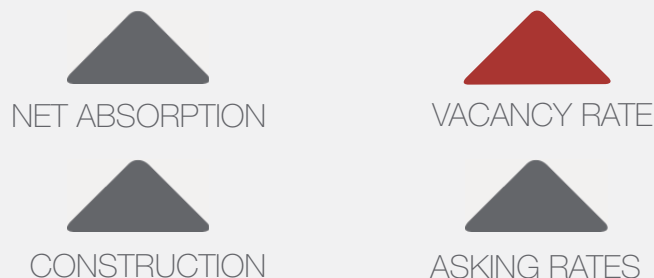
Although vacancy rates rose by 1.04% since 1Q14, reaching a value of 23.35% (350,806 m2 of unoccupied office space vs. 1,502,167 m2 of office inventory), rental prices remained strong and steady and maintenance costs remaining steady as well.

Healthy absorption levels are expected for the 3rd Quarter 2014 as users begin to occupy the vast amount of m2 entering the market the first half of 2014, especially for Class A+, A, and B+ offices, which maintain high quality standards business owners are demanding.



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Overall Market Trends for 2Q14



Market Overview:

Country Statistics

| | |
|--------------------|------------------------|
| Area | 75.517 km ² |
| Population | 3,8 M |
| Population Growth | 1.6 % |
| Capital | Panama City |
| Capital Population | 1.8 M |

Principal Lease Terms

| | |
|--------------|-----|
| Term (Years) | 3-5 |
| Rent Paid | Mo |

Principal Business Taxes

| | |
|-----------------------|-------|
| Corporate Tax | 25.0% |
| Withholding Tax | 10.0% |
| Value Added Tax (VAT) | 7.0 % |
| Property Transfer Tax | 5.0% |

Economy

| | |
|--------------------------|--------------------|
| Currency | US Dollar (Balboa) |
| Conversion Rate (vs USD) | 1:1 |
| GDP (USD) | \$36,591MM |
| GDP/ Capita | \$16,329.39 |
| GDP Growth (2013) | 8.4 % |
| Inflation 2013 | 4.0 % |
| Interest Rate | 6% |
| Unemployment Rate | 4.1% |

NET ABSORPTION

VACANCY RATE

CONSTRUCTION

ASKING RATES

Puerto Rico 2Q14

Market Overview Report

Puerto Rico is classified as a high income country by the World Bank. Its economy is mainly driven by: the biopharmaceutical industry, manufacturing, especially pharmaceuticals, and the service industry, primarily finance, insurance, real estate, and tourism.

The total annual inventory is 12.9 million square feet of Class A and B office buildings distributed between Hato Rey and Guaynabo. The Class A vacancy rate currently sits at an estimated 7%. Vacancies for Class A office product in the CBD has remained very subdued due to the limited amount of new developments due, in part, to the limited amount of land available for development in the area.

Facts:

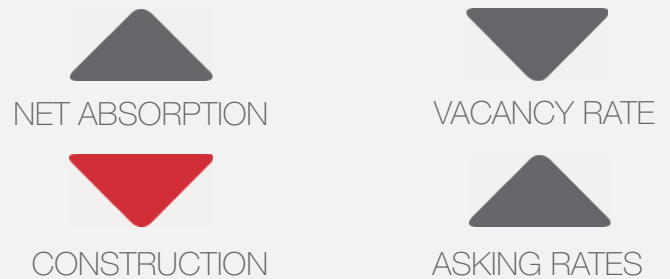
- The average cost of doing business in Puerto Rico is 10% lower than in the rest of the US.
- US territory with bilingual inhabitants.
- Health care costs in Puerto Rico are roughly 40% less than in the US.
- Highly competitive wages.

Market Overview:



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Overall Market Trends for 2Q14



| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|--------------------|-----------|-----------------------|----------------------|--------------------------|------|------------|------------------|
| Area - (Km2) | 8,870 | Term (Years) | 5 Years | Corporate Tax | 4% | Currency | USD |
| Population | 3,620,897 | Rent Paid | \$29-38 Full Service | Withholding Tax | 7% | GDP (USD) | \$101.5B |
| Population Growth | -0,3 | Rent Reviews | Negotiable | Value Added Tax (VAT) | 7% | GDP/Capita | 27,451 (2012) |
| Capital | San Juan | CAM | \$7-\$11 SF | Property Transfer Tax | 10% | GDP Growth | +1.26%(Fed 2012) |
| Capital Population | 395,326 | Landlord Work | \$15-\$25 SF | Interest Rate | 5-7% | | |

Significant Lease Transactions:

| Tenant | Address | Size | Submarket |
|-------------------|-------------------------------|-----------|-------------|
| Axesa | Americo Miranda Ave. San Juan | 12,000 SF | Rio Piedras |
| Seguros Multiples | Americo Miranda Ave. San Juan | 12,500 SF | Rio Piedras |
| Lamar | RD 165, Guaynabo | 10,700 SF | Guaynabo |
| Longo & Tech | Palmas Industrial, RD 869 | 16,000 SF | Cataño |

Venezuela 2Q14

Market Report Overview



Venezuela

The office and industrial markets in Caracas and other important cities, offer very narrow availability; however, in the Caracas major submarkets the overall vacancy rate stands at 10%. Of this amount, there are no large blocks of spaces and the majorities are "bits and pieces" spread out over many buildings. Sales prices and rents have increased due to low inventories and continued demand, and they are not expected to decrease over the foreseeable future. Class-A office rents average 1400 Bs. per m2. Landlords calculate their rates with the real US\$ to Bs. value – US\$ 20 to Bs.1. Class-A sales values are on average Bs. 250.000 per/m2. Although new construction is underway, it will not be completed until late 2015 or later. Permitting in Caracas has now become problematical, but about 83,000 m2 of office space from Class-A to Class-C are under construction and its completion is uncertain. Demand for office space has also increased due to the entry of new players in the economic activity for to international diplomatic relations that Venezuela has developed in recent years. (Chinese companies, Iranians, etc.).

In addition, Venezuela is member of Mercosur, a Latin American trading area that includes Argentina, Brazil, Uruguay, Paraguay and Chile. This has already led to and will further stimulate trade between Venezuela and the country members in coming years.

From the standpoint of exchange rate, the local currency is the Bolivar that technically has now four values in dollar terms: 1) The Official exchange rate is U.S. \$ 1 = BS. 6, 30 (only for a very restricted list of imported products and services); 2) The official exchange rate THE SICAD (Dollar Options) is U.S. \$ 1 = Bs 11, 00 approximately (this exchange rate is controlled by the Central Bank); 3) The Official exchange rate THE SICAD II (dollar options) is U.S. \$ 1 = Bs 49,00 (this exchange rate is controlled by the Central Bank); and 4) "street exchange rate" U.S. \$ 1 = Bs 70,00 approximately (this is an illegal exchange rate but is commonly use by owners to calculate rental fees and sale prices). In spite of the Venezuelan Government efforts to push down the parity, local consultants believe that these efforts shall only provide temporary gains due to persistent macro economic imbalances in the Venezuelan economy.

Officially reported domestic inflation was 27.9% in 2011, 20.1% in 2012 and 56% in 2013. Standard rent increases are tied of course to inflation rates; this brings uncertainty to the real estate market since owners establish prices reflecting the exchange rate in the higher band ("street rate") or alternately with the expected inflation rate.

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Overall Market Trends for 2Q14

▲
NET ABSORPTION

▼
VACANCY RATE

▲
CONSTRUCTION

▲
ASKING RATES

Market Overview:

| Country Statistics | | Principal Lease Terms | | Principal Business Taxes | | Economy | |
|--------------------|------------|-----------------------|---------------|--------------------------|-------|--------------------------|----------------------|
| Population | 30,102,382 | Rent Paid | Monthly | Withholding Tax | 5.0% | Conversion Rate (vs USD) | US\$49,96 (sicad II) |
| Population Growth | 3% | Rent Reviews | End of term | Value Added Tax (VAT) | 12.0% | GDP (USD) | 373,7 |
| Capital | Caracas | Indexation | Annual / INPC | Property Transfer Tax | 5.0% | GDP/Capita | US\$ 12.400 |
| Capital Population | 5.8 | Landlord Work | Structural | | | GDP Growth | 4% |
| | | | | | | Inflation | 16.90% |
| | | | | | | Interest Rate | 16.56% |
| | | | | | | Unemployment Rate | 7.9% |

2Q'14

Latin America & The Caribbean Market Report

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