

MarketView

Office Market– Caracas

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1st Quarter 2011

Quick Stats (Class A)

Changes from last

Current Qtr. Sem.

Vacancy	10.7%	↑	↑
Lease Rate	Bs. 299	↓	↓
Sale Price	Bs 34,049	↑	↑
New Supply	12.9 K m ²	↓	↓

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value."

New Development



Torre Financiera Caracas (Class A office building), located at La Castellana, hit the market this quarter.

Starting the 1st. Quarter of 2011, the official BsF/US\$ exchange rate was modified, disregarding the exchange rate of 2.60 Bs / US \$ to a single exchange of 4.30 Bs / US \$ for all activities and items that have access to preferential use of dollars.

The new National Assembly is installed in a climate of political tension. The university sector starts nationwide protests in opposition to the Decree Law for the Universities approved within the frame of the special powers granted to the President, which was subsequently vetoed by himself.

This is a period featured by strikes and hunger strikes in different sectors of society for political reasons fight for salaries improvement and for human rights. The intervention of financial entities and invasions to the private property continue

Moreover, in February there was a new issue of bonds denominated PDVSA 2022, what appears to have become a government's mechanism to absorb excess liquidity of the companies that do not have opportune access to the supply of foreign currency through the government institutions

Same as in the previous quarter, the people affected by rain floods continue to occupy public buildings and private properties. The legislation activity decreased, approving 7 laws, including the Special Law for decent shelter, the Organic Emergency Law on Land and Housing and the approval of the draft to law for the lease of urban and suburban properties that are intended for housing.

Under this situation, the market for office buildings Class A and Class B, has shown no substantial changes during the 1st. Quarter of 2011. The sales prices of Class A space increased by 5.2% and rents decreased by 4.5%. As for Class B buildings, both selling prices as rents fell only 2.4% and 1.9% respectively.

The distribution of supply in Class A buildings changed the trend of recent quarters, is now leaning toward the Sale (54%) vs. Lease (46%).

The vacancy rate continues to increase in Class A buildings reaching 10.7%, which means an increase of 23.8% over the previous quarter. Referring to Class B buildings the vacancy stood at 5.4%, representing a decrease of 8.1% over the previous period. These vacancy rates are still considered low for the local office market in general.

The behavior of the sale prices for buildings Class A (+) and Class B (-) and the incorporation of new developments have impacted the vacancy rate variations of each class. Additionally, the concept of private property that is being managed by the government continues to generate uncertainty among owners of real estate assets, nevertheless national and foreign companies are still considered a as potential investors in real estate due to their need of making hedge.

Regarding new developments, during this 1st. quarter the Caracas Financial Tower is now included in the Class A inventory, providing 12.900 m² of office to the market, from which circa 70% has been already traded.

Development Pipeline

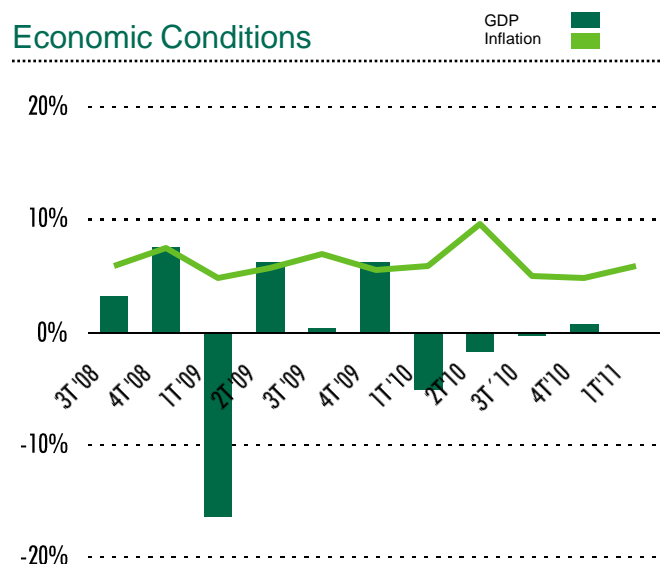
Submarket	Building	Usable Area m ²	Available Area m ²	Completion
La Castellana	Recreo La Castellana	6,000	6,000	2nd Sem. 2013
La Castellana	Paseo La Castellana	20,000	20,000	2nd Sem 2013
	Total	26,000	26,000	

Caracas – Class A Office Market

Submarket	Leasable Area (m ²)	Vacancy Rate	Construction (m ²)	Av. Asking Lease Rate (BsF/m ² /month)*
El Rosal	164,903	11.7%	—	Bs 336
Campo Alegre	17,021	—	—	—
La Castellana	129,191	11.1%	26,000	Bs 257
Los Palos Grandes / Altamira	71,275	10.6%	—	Bs 277
Total	382,390	10.7%	26,000	Bs 299

* In Venezuela, foreign exchange is government-controlled at a single fixed exchange rate of VEF 4.3/USD (from January 2nd, 2011).

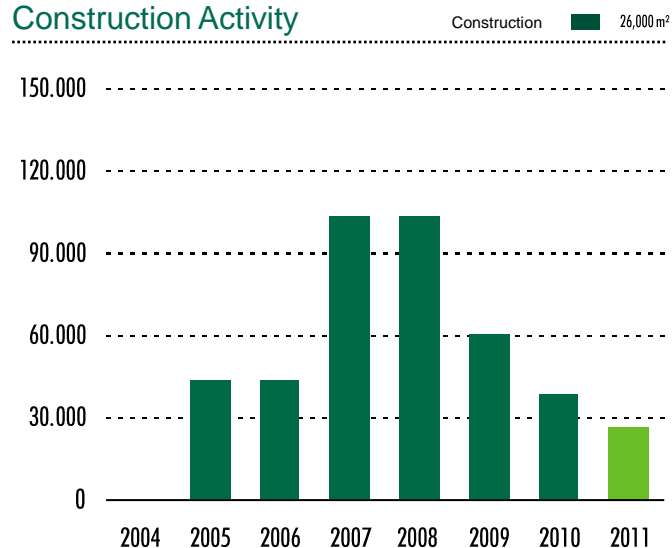
Economic Conditions



The accumulated rate of inflation during the 1st. Quarter was 5.8%, which means an increase of 20% compared to end the 4th Quarter of 2010.

By the time of releasing this report, the GDP data for the 1st Quarter of 2011 had not been published by the Central Bank of Venezuela.

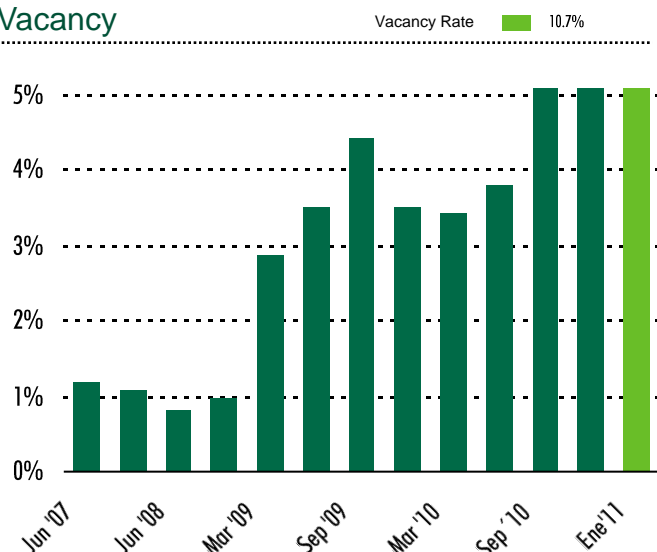
Construction Activity



In the 1st Quarter, the Financial Tower Caracas formally entered the market offers, incorporating 12.900 m² of offices, from which approximately 4.680 m² are available.

The two other major developments are under construction, is estimated to be completed in 2013.

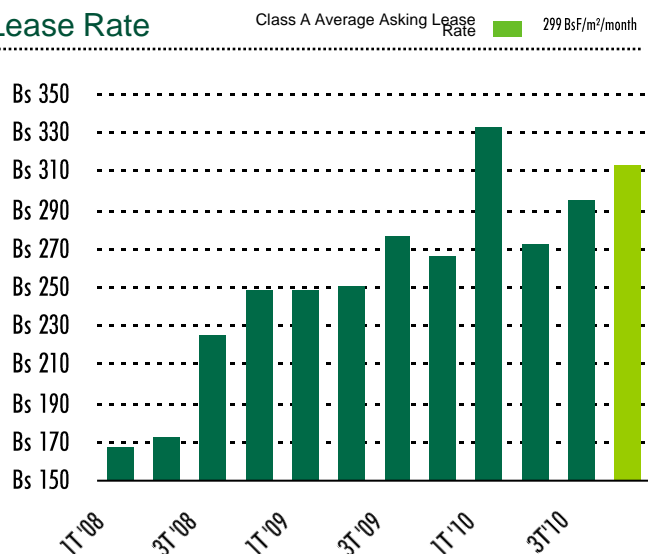
Vacancy



The vacancy rate in Class A buildings continued its trend upwards, reaching 10.08%, which represents an increase of 23.8% over the previous quarter's rate, when it stood at 8.1%. However, these rates are still considered low for this market.

On the other hand, the vacancy for Class B buildings decreased to 5.4%, representing a decline of 8.1% compared to 5.9% rate obtained in the 4th. Quarter of 2010.

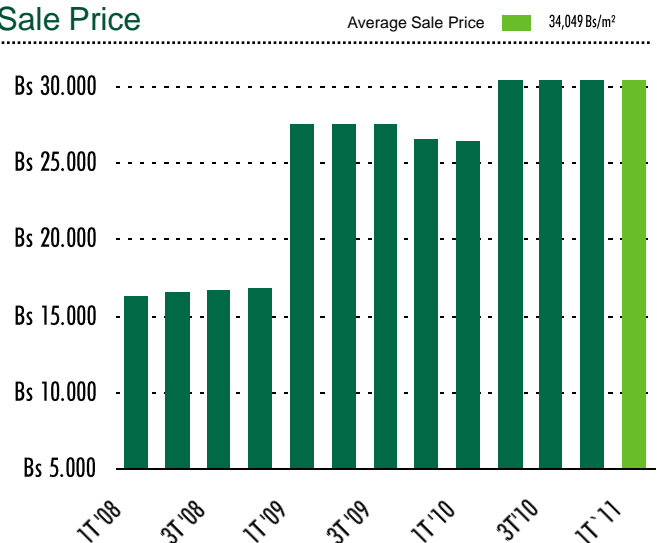
Lease Rate



By the end of the 1st Quarter, the asking lease rate in Class A buildings fell to an average of 299 Bs/m²/month, about 4.5% below that the one registered in the previous quarter.

Moreover, the asking lease rate in Class B buildings, went down very slightly moving from 226,25 to 222.1 Bs/m²/month.

Sale Price



The average sale price of the 1st. Quarter for Class A buildings stands at 34,049 Bs/m², representing an increase of 5.2% compared to 4th Quarter 2010.

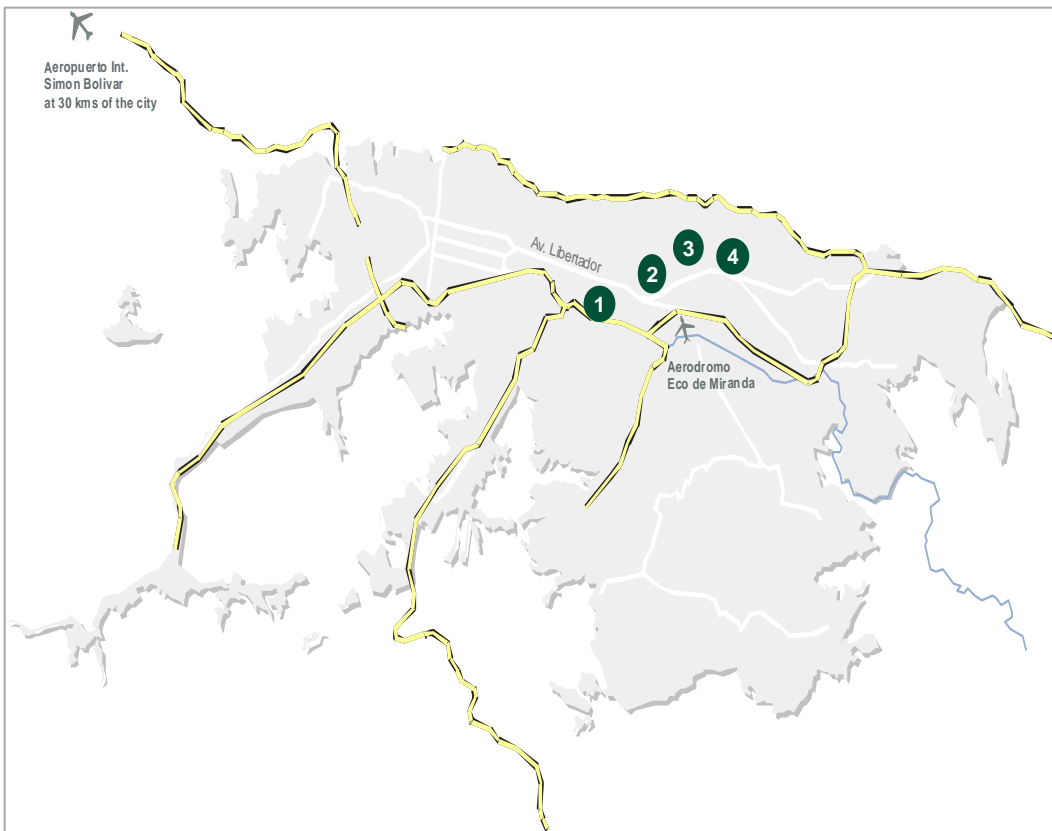
However, a different behavior occurred for Class B, where prices went down 2,4% from last quarter, now standing at 22.455 Bs/m²

MarketView Caracas, Venezuela

Submarket Stats (Class A)

Submarket	Total m ²	Market Share
1. El Rosal	164,903	43.1%
2. Campo Alegre	17,021	4.5%
3. La Castellana	129,191	33.8%
4. Los Palos Grandes / Altamira	71,275	18.6%
Total Class A	382,390	

Caracas Office Submarkets



Average Asking Lease Rate Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Market Coverage

Includes all competitive buildings.

Net Absorption

The change in occupied area from one period to the next..

Net Rentable Area

The gross building area minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Area

Building area not considered vacant.

Under Construction

Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Area

Available Building Area which is either physically vacant or occupied.

Availability Rate

Available Area divided by the Net Rentable Area.

Vacant Area

Existing Building Area which is physically vacant or immediately available.

Vacancy Rate

Vacant Building Area divided by the Net Rentable Area.

Normalization

Due to a reclassification of the market, the base, number and area of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

Venezuela

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