MARKETBEAT

BRAZIL

INVESTMENTS Q4 2024

CUSHMAN & WAKEFIELD

ECONOMIC INDICATORS

	YOY Chg	12-Mo Forecast
0.9% GDP (2024Q3- Quarterly Variation)	▲	▼
6.4% Unemployment Rate (2024Q3)	▼	▲
4.87% IPCA (12 months)	▲	▼
7.66% NTN-B 2035	▲	▲

Source: LCA

	YOY Chg	12-Mo Forecast
8.76% Average Cap Rate	▬	▬
4.18 Bn Total Volume (BRL)	▼	▲
21 Total Properties Sold	▼	▲
800 K Area (sq.m)	▲	▲

(all classes)

ECONOMIC SCENARIO

• GDP grew 0.9% in the third quarter. From the production perspective, the Services sector grew 0.9%, Industry 0.6%, while Agriculture fell 0.9%. From the expenditure perspective, Household Consumption grew 1.5%, and Government Consumption increased 0.8%. Gross Fixed Capital Formation (Investments) varied by 2.1%, while Exports of Goods and Services fell 0.6% and Imports of Goods and Services increased 1.0%. • The IPCA (Broad National Consumer Price Index) has accumulated an increase of 4.87% in 12 months, pressured mainly by the increase in prices in Food and Beverages and Transportation. • The labor market remains buoyant. According to the PNAD (Continuous National Household Sample Survey), unemployment was 6.1% in the quarter ending in November, reaching the lowest rate in the historical series that began in 2012. • The Brazilian economy's basic interest rate (Selic) is at 12.25% after an increase made this quarter by the Copom (Monetary Policy Committee). • In the US, the FED (Federal Reserve) announced a 25-basis point reduction in the interest rate, which is now between 4.25% and 4.5%.

MARKET OVERVIEW

In the fourth quarter of 2024, there were 21 transactions, totaling BRL 4,182,819,251 in financial volume and 800,067 sq.m of transacted area. The average capitalization rate was 8.76% per year. In comparison, in the same period of last year, 28 transactions were recorded, with a financial volume of BRL 4,969,224,530 and 663,830 sq.m of area transacted. Despite a lower number of transactions in the fourth quarter of 2024, the volume of area transacted was higher, reflecting more significant transactions in terms of spaces. In the accumulated total for 2024, 133 transactions were recorded, moving approximately BRL 22.19 billion and 4.07 million sq.m of area transacted. The industrial segment led both in financial volume, with BRL 8.97 billion, and in transacted area with 3.01 million sq.m. The retail segment ranked second, with BRL 7.59 billion and 790 thousand sq.m transacted, followed by office, with BRL 5.63 billion and 270 thousand sq.m transacted area.

MARKET STATISTICS

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE/SQ.M	CAP RATE
Retail	7	1,408,263,138	309,016	4,557	8.26%
Office	5	1,056,751,041	30,186	35,008	7.14%
Industrial	9	1,717,805,072	460,865	3,727	10.57%
Total	**21**	**4,182,819,251**	**800,067**	**5,228**	**8.76%**

Office

During this quarter, there were 5 transactions in the office market, totaling BRL 1,056,751,041 in 30,186 sq.m of area transacted. The assets are in São Paulo and Rio de Janeiro. The average cap rate of the transactions was 7.14% p.a. Highlighting transactions involving the buildings: Edifício Metropolitan, Edifício Platinum, and Birmann 32.

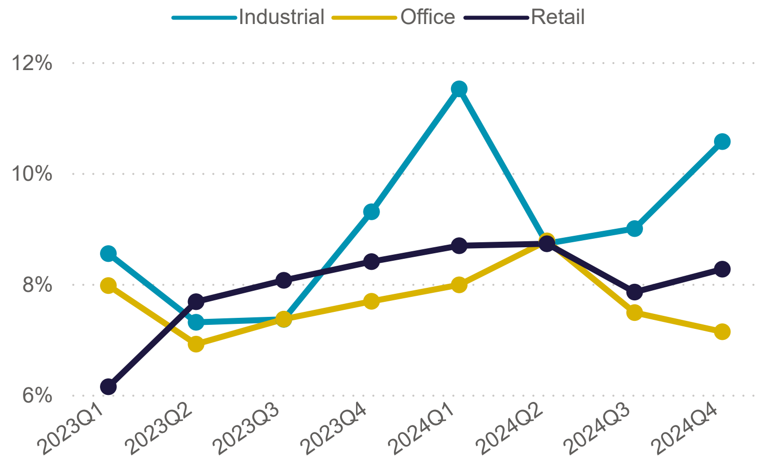
Industrial

The industrial market had 9 transactions this quarter, involving assets in São Paulo, Espírito Santo, Bahia, Rio de Janeiro, Minas Gerais, Ceará, and Pernambuco, totaling 460,865 sq.m transacted and a financial volume of BRL 1,717,805,072. The average cap rate was 10.57% p.a. Highlighting the transaction involving the acquisitions of BTLG Camaçari and BTLG Campinas by GGR Covepi Renda FII (GGRC11) for BRL 57,000,000, with an estimated average cap rate of 15.70% for the first year of operation.

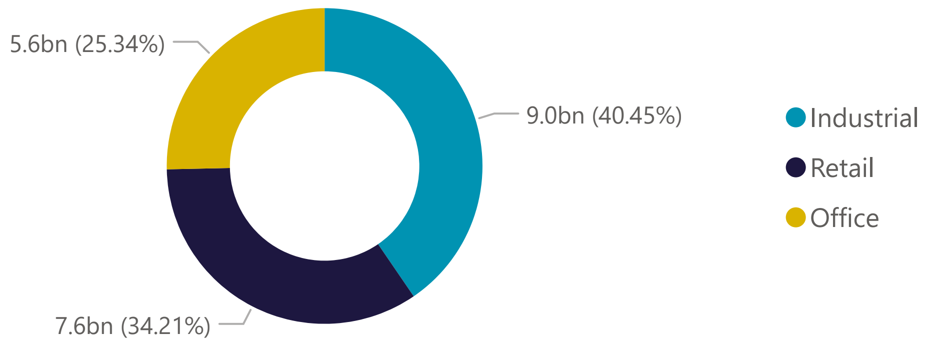
Retail

The retail segment totaled 7 transactions this quarter, amounting to 309,015 sq.m and BRL 1,408,263,138. The assets are in São Paulo, Minas Gerais, and Maranhão. The average cap rate was 8.26% p.a., with highlight to the acquisition of 25% of JundiaíShopping by XP Malls FII (XPML11) for BRL 253,213,906.

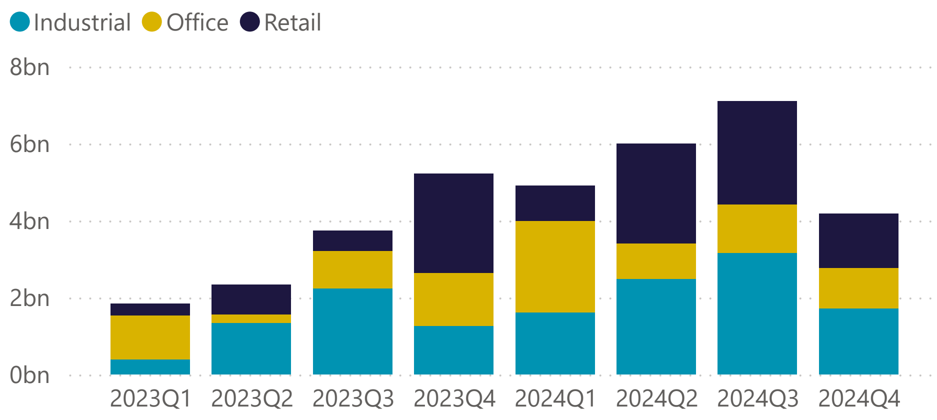
CAP RATE TRENDS BY SECTOR



2024 YTD CAPITAL VOLUME BY PROPERTY TYPE



CAPITAL VOLUME (BRL) BY PROPERTY TYPE



MAIN TRANSACTIONS

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
15 Lojas Atacadão	Retail	Guardian Real Estate FII (GARE11)	GRUPO CARREFOUR BRASIL	264,000	725,047,555	2,746	-
JundiaíShopping	Retail	XP Malls FII (XPML11)	Multiplan Empreendimentos Imobiliários S.A. (MULT3)	9,118	253,213,906	27,770	Jundiaí
Loja São José do Rio Pardo	Retail	-	Pátria Renda Urbana FII (HGRU11)	1,170	8,500,000	7,264	São José do Rio Pardo
Parque Shopping Barueri	Retail	General Shopping e Outlets do Brasil FII (GSFI11)	SEND EMPREENDIMENTOS E PARTICIPAÇÕES LTDA	3,775	40,000,000	10,595	Barueri
Rio Anil Shopping	Retail	Genial Malls FII (MALL11)	-	17,784	172,234,000	9,685	São Luís
Shopping Jaraguá Araraquara	Retail	Hedge Brasil Shopping FII (HGBS11)	-	5,275	63,027,677	11,949	Araraquara
Shopping Uberaba	Retail	-	HSI Malls FII (HSML11)	7,894	146,240,000	18,526	Uberaba
Barra Private & Neolink	Office	Multi Renda Urbana FII (VVMR11)	Tjk Renda Imobiliária FII (TJKB11)	5,450	51,594,520	9,467	Rio de Janeiro
Birmann 32	Office	BGR B32 FII (BGRB11)	BIRMANN (Rafael Birmann)	6,870	340,820,494	49,613	São Paulo
Edifício Brasilinterpart (Conjunto 61)	Office	-	Pátria Escritórios FII (HGRE11)	308	1,949,087	6,326	São Paulo
Edifício Metropolitan e do Edifício Platinum	Office	RBR TOP OFFICES FUNDO DE INVESTIMENTO IMOBILIÁRIO RESPONSABILIDADE LIMITADA ("Classe Única")	Pátria Prime Offices FII (HGPO11)	12,736	620,386,940	48,711	São Paulo
Imóvel Antônio das Chagas	Office	-	Pátria Escritórios FII (HGRE11)	4,822	42,000,000	8,709	São Paulo

MAIN TRANSACTIONS

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
6 Ativos	Industrial	GGR Covepi Renda FII (GGRC11)	Suno Log FII (SNLG11)	89,621	299,000,000	3,336	Pirituba, Resende, Vinhedo, Rio de Janeiro, Santa Luzia
BRF VISA	Industrial	-	Guardian Real Estate FII (GARE11)	30,694	273,442,170	8,909	Vitória de Santo Antão
BTLG – SLB Cajamar	Industrial	BTG Pactual Logística FII (BTLG11)	-	51,110	165,000,000	3,228	Cajamar
BTLG Camaçari e BTLG Campinas	Industrial	GGR Covepi Renda FII (GGRC11)	BTG Pactual Logística FII (BTLG11)	6,414	57,000,000	8,887	Campinas e Camaçari
Condomínio Logístico CLCRLog (2 Galpões)	Industrial	Pátria Log FII (HGLG11)	-	41,739	161,170,000	3,861	Cariacica
Imóvel Espírito Santo do Pinhal (APTIV)	Industrial	GGR Covepi Renda FII (GGRC11)	Alianza Trust Renda Imobiliária FII (ALZR11)	19,192	47,500,006	2,475	Espírito Santo do Pinhal
Imóvel Piracicaba	Industrial	XP Log FII (XPLOG11)	CÉLULA EMPREENDIMENTOS E ADMINISTRAÇÃO DE BENS S.A	67,988	201,365,104	2,962	Piracicaba
LOG Fortaleza III & LOG Viana II	Industrial	BTG Pactual LOG CP – FII (BTLC11)	LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.	149,603	492,527,792	3,292	Itaitinga e Viana
Parque Logístico Osasco	Industrial	Rossi Supermercados	Vinci Logística FII (VILG11)	4,504	20,800,000	4,618	Osasco

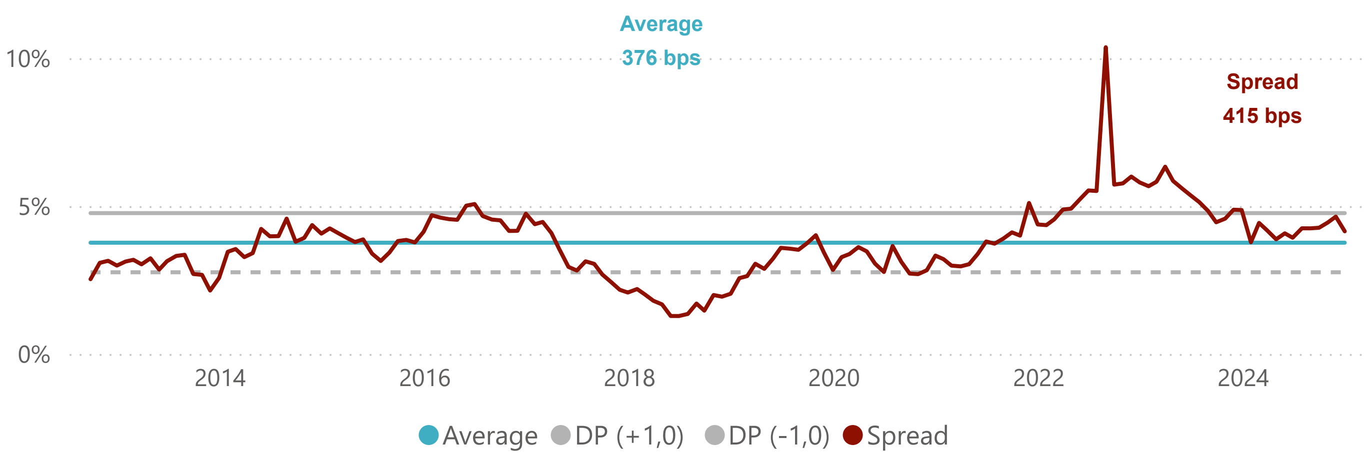
PROJECTIONS AND TRENDS

The Brazilian economy has shown resilience due to the dynamism of the labor market and the expansion of credit, which support the consumption of goods and services and drive more cyclical economic sectors. These pillars have been crucial for the stronger growth projected for 2024 (3.5%). However, the outlook for 2025 indicates a more moderate pace, with a more challenging scenario due to the continuation of restrictive monetary policies, lower fiscal stimulus, and the impact of fiscal uncertainties on prices and domestic consumption. Thus, the GDP growth projection for 2025 is 2.26%. Even with an economic slowdown, 2025 is expected to be a year marked by a gradual disinflation trajectory, with persistent inflationary pressures in certain sectors, such as services and food, balanced by moderating effects from the contractionary monetary policy and a contained global growth environment, along with relative stability in commodity prices. In this context, the inflation projection for the end of the year is 4.73%, still above the center of the target. Regarding monetary policy, it is expected that the tightening cycle initiated in September will continue throughout 2025, with the Selic rate ending the year at 15.00% per year. The exchange rate should remain volatile, with the dollar projected to close 2025 at USD/BRL 5.70. The main factors behind this projection are the interest rate differential, which tends to strengthen the real, and fiscal risk, which may prevent a more significant appreciation of the Brazilian currency. In the fiscal field, challenges will be significant, with the primary deficit forecast at -0.3% of GDP in 2024 and -0.4% in 2025. Moreover, the nominal deficit is expected to rise from 6.8% to 9.3% of GDP, driven by the increase in nominal interest rates, which will rise from 6.4% to 8.9% of GDP. Meanwhile, the General Government Gross Debt (GGGD) is expected to increase from 77.0% to 82.3% of GDP, while the Net Public Sector Debt (NPSD) will also rise, from 61.3% to 68.7% during the same period. This fiscal outlook underscores the need for structural reforms and consistent adjustments to ensure the country's economic sustainability in the medium and long term. Finally, in relation to the real estate market, the expectation is that the sector will remain resilient in 2025, offering good opportunities for investors. Well-located shopping centers continue to attract consumer flow, while logistics warehouses remain valued due to the growing demand from e-commerce. In the office segment, modern and strategic assets remain in demand. These investments offer stable income generation, protection against inflation, and potential for appreciation, even in a challenging economic scenario.

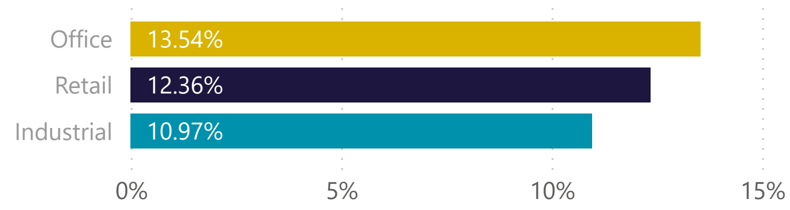
REAL ESTATE INVESTMENT TRUST

According to B3 data, the accumulated variation of the IFIX index in the fourth quarter of 2024 was -5.64%. On a monthly comparison, in October, the index recorded a variation of -3.06%, followed by -2.11% in November and -0.67% in December. For the year, the IFIX posted a variation of -5.89%. The average dividend yield of the IFIX reached 11.81% at the end of the year. Compared to long-term real interest rates, represented by the NTN-B 2035, the risk premium was approximately 415 bps. Since September, the spread between the IFIX dividend yield and the NTN-B 2035 decreased by 12 bps, moving closer to the historical average of 376 bps, now 39 bps away. Regarding the indexation of contracts of the monitored FIIs, according to data for the third quarter of this year, the IPCA is the most relevant index, being used as a reference in 56.46% of contracts, followed by the IGP-M, used in 36.53%. As for contract maturity terms, 76.40% have a maturity period of over 36 months, that is, starting from the fourth quarter of 2027 onwards.

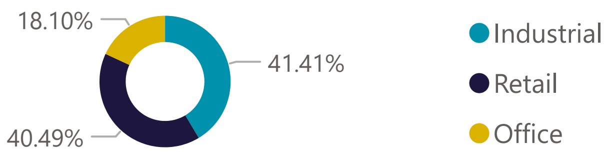
Spread NTN-B 2035 & Dividend Yield IFIX



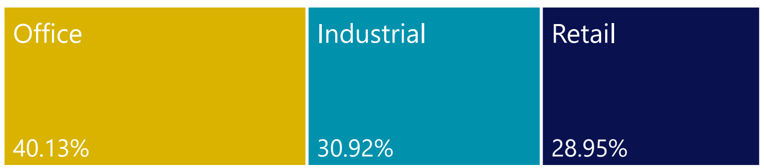
Dividend Yield by sector



Market Cap by sector



REITs by sector



	YOY Chg
3.97% Average 3 months DY (2024Q4)	▲
12.63% Average 12 months DY(2024Q4)	▲
0.78 MC/Net Worth (2024Q4)	▼
6.56% Average profitability (2024Q4)	▲

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Note: 321 brick REITs were considered in this report