BRAZIL

INVESTMENTS Q2 2025

CUSHMAN & WAKEFIELD

ECONOMIC INDICATORS

	YOY Chg	12-Mo Forecast
1.4% GDP (2025Q1- Quarterly Variation)	▲	▼
7.0% Unemployment Rate (2025Q1)	▼	▬
5.3% IPCA (12 months)	▲	▼
7.2% NTN-B 2035	▲	▼

Source: LCA

	YOY Chg	12-Mo Forecast
7.8% Average Cap Rate	▼	▬
5.7 Bn Total Volume (BRL)	▼	▲
28 Total Properties Sold	▼	▲
729 K Area (sq.m)	▼	▲

(all classes)

ECONOMIC SCENARIO

• In the first quarter of 2025, GDP grew by 1.4%, totaling BRL 3.0 trillion. From the production perspective, Agriculture posted the highest expansion, at 12.2%, followed by Services, at 0.3%, while Industry declined by 0.1%. From the expenditure perspective, Household Consumption grew by 1.0%, and Government Consumption increased by 0.1%. Gross Fixed Capital Formation (investment) rose by 3.1%, while Exports of Goods and Services grew by 2.9% and Imports of Goods and Services increased by 5.9%.

• The IPCA (Broad National Consumer Price Index) accumulated a 5.32% increase over the 12 months through May, remaining above the upper limit of the inflation target. Food, industrial goods, and services continue to show elevated price changes, although some recent moderation has been observed. Inflation remains under pressure due to resilient economic activity and a tight labor market, while expectations remain unanchored over longer horizons.

• The labor market remains tight, with the unemployment rate at 6.2% in the quarter ending in May, according to IBGE. The employment level remains high, driven by the growth of formal employment and the recovery of real wages. The wage bill continues to grow, sustaining domestic demand and contributing to persistent inflationary pressures.

• The benchmark interest rate (Selic) is at 15.00%, after a 0.25 percentage point increase in the latest Copom meeting in June. The decision was made in light of unanchored inflation expectations, with economic activity still resilient, a labor market under pressure, and an adverse external environment marked by uncertainties in U.S. economic policy and geopolitical tensions.

• In the United States, monetary policy remains restrictive, with the benchmark rate held between 4.25% and 4.50% at the latest FOMC meeting in June. The committee remains cautious given inflation still above target, in a context of solid economic activity and a tight labor market.

MARKET OVERVIEW

In the second quarter of 2025, a total of 28 transactions were recorded, amounting to BRL 5,660,271,774 in financial volume. The total transacted area reached 728,874 sq.m, with an average price of BRL 4,164/sq.m. The average capitalization rate of the transactions stood at 7.8% per year, influenced by the weight of retail operations. With absolute prominence in the period, the retail segment accounted for about two-thirds of the financial volume, driven by large transactions involving shopping malls, strip malls, and supermarkets. The industrial segment maintained a significant role in transacted area, with a higher cap rate, while the office segment stood out for the highest price per sq.m, despite having a more modest share of the total volume. Overall, the quarter showed an active market, with investment decisions focused on well-positioned assets, with solid fundamentals and good liquidity potential. The macroeconomic environment, still challenging, reinforces caution in asset pricing and in the reading of market conditions.

MARKET STATISTICS

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE/SQ.M	CAP RATE
Retail	9	3,732,409,698	185,226	6,194	7.7%
Office	11	281,004,743	39,442	7,124	9.6%
Industrial	8	1,646,857,333	504,206	3,187	11.7%
Total	**28**	**5,660,271,774**	**728,874**	**4,164**	**7.8%**

Note: The Price/sq.m considers only transactions with reported sq.m (> 0).

Office

During the second quarter of 2025, 11 transactions occurred in the office segment, totaling BRL 281,004,743 in financial volume and 39,442 sq.m of transacted area. The assets traded are located in São Paulo, Rio de Janeiro, Santos, and Salvador. The average cap rate of the transactions was 9.6% per year, with an average price of BRL 7,124/sq.m, the highest among the monitored segments. A highlight was the sale of the Edifício Rachid Saliba, located in São Paulo (SP), acquired for BRL 83,280,000 by a fund managed by Barzel Properties.

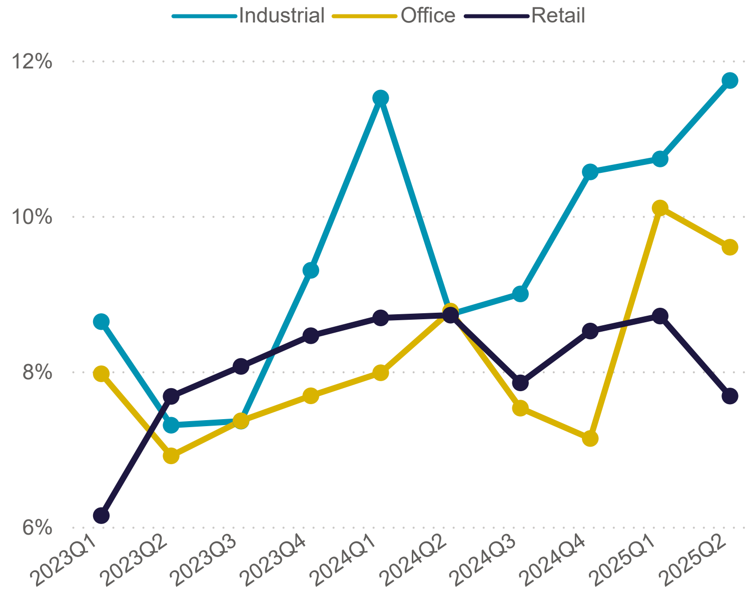
Industrial

In the second quarter of 2025, 8 transactions were recorded in the industrial segment, totaling BRL 1,646,857,333 in financial volume and 504,205 sq.m of transacted area. The average cap rate of the transactions was 11.7% per year, the highest among the monitored segments, reflecting the risk-return profile associated with logistics assets. The average price was BRL 3,187/sq.m. The highlight of the quarter in the industrial segment was the acquisition, by the XP Logístico Prime Yield Fund (XPLP FII), of the logistics portfolio comprising the developments Distribution Park Manaus I and II (AM), Distribution Park Cajamar (SP), and Distribution Park Rio (RJ). The transaction amounted to BRL 1,112,258,826.

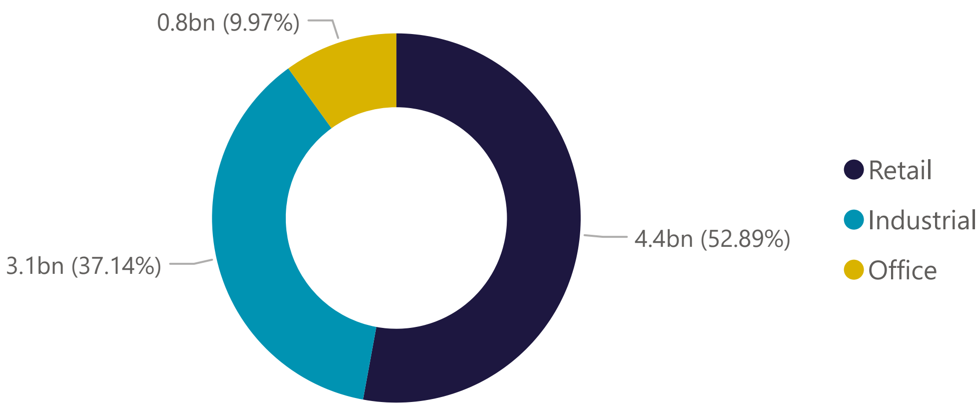
Retail

In the retail segment, 9 transactions were recorded in the second quarter of 2025, totaling BRL 3,732,409,698 in financial volume and 185,226 sq.m of transacted area. The assets are distributed across São Paulo, Rio de Janeiro, Minas Gerais, Goiás, and Alagoas. The average cap rate was 7.7% per year, with an average price of BRL 6,194/sq.m. The highlight of the quarter was the transaction involving the Pátio Higienópolis and Pátio Paulista shopping malls, located in São Paulo. Brookfield sold its stake in the developments for BRL 2,585,119,000 to a consortium formed by Iguatemi S.A (IGTI11), BB Premium Malls FII (BBIG11), Shopping Pátio Paulista FII (SHPP11), XP Malls FII (XPML11), and Braz Participações LTDA. With a cap rate of 7.4% per year, the deal stood out as the largest transaction of the quarter across in financial terms in all monitored segments.

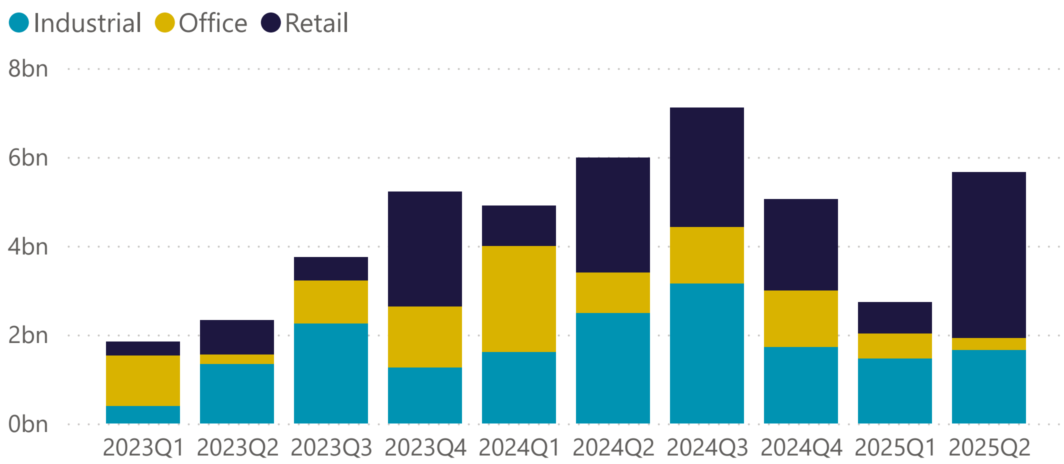
CAP RATE TRENDS BY SECTOR



2025 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
13 IMÓVEIS (PÃO DE AÇÚCAR, EXTRA, ASSAI ATACADISTA, DELBONI e COOP)	Retail	TRX Real Estate FII (TRXF11)	-	93,744	543,477,694	5,797	São Paulo, Diadema, Atibaia e Cotia
18 Imóveis (14 centros de conveniência e 4 lojas de rua)	Retail	TG Renda Urbana Master FII (TGRU11)	Best Center Empreendimentos e Participações S.A.	42,072	291,860,000	6,937	São Paulo
Assaí Caldas Novas - GO	Retail	TRX Real Estate FII (TRXF11)	Grupo R1 Engenharia	13,987	47,127,272	3,369	Caldas Novas
Assaí Ipatinga-MG	Retail	Capitânia HBC Renda Urbana FII (CPUR11)	TRX Real Estate FII (TRXF11) e TR3 Empreendimentos Imobiliários Ltda.	15,213	107,675,732	7,078	Ipatinga
Ativo GPA Santo André/SP	Retail	-	TRX Real Estate FII (TRXF11) e TR2 Empreendimentos Imobiliários Ltda.	4,816	31,150,000	6,468	Santo André
Loja Conde de Bonfim	Retail	-	HSI Renda Imobiliaria FII (HSRE11)	5,649	55,000,000	9,736	Rio de Janeiro
Lojas Americanas - Maceió	Retail	-	Max Retail FII (MAXR11)	6,873	8,000,000	1,164	Maceió
Pátio Higienópolis e do Pátio Paulista	Retail	Iguatemi S.A (IGTI11), BB Premium Malls FII (BBIG11), Shopping Pátio Paulista FII (SHPP11), XP Malls FII (XPML11) e Braz Participacões LTDA .	Brookfield		2,585,119,000		São Paulo
Shopping Jardim Sul	Retail	-	Hedge Brasil Shopping FII (HGBS11)	2,872	63,000,000	21,935	São Paulo
Berrini One (conjuntos n.º 281, 291, 321 e 331)	Office	-	Pátria Escritórios FII (HGRE11)	2,963	68,138,190	23,000	São Paulo
Centro Empresarial Barra Shopping - Bloco 6 - Edifício Baltimore	Office	CY Capital	H.I.G Capital	5,603	37,000,000	6,604	Rio de Janeiro
Centro Empresarial Transatlântico (conjunto nº 64)	Office	-	Pátria Escritórios FII (HGRE11)	526	3,300,000	6,272	São Paulo

MAIN TRANSACTIONS

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
Edifício Nações Unidas 20.000 Corporate (conjuntos n.º 03 e 04)	Office	-	Multigestão Renda Comercial FII (DRIT11B)	947	5,080,000	5,364	São Paulo
Edifício Rachid Saliba	Office	FII Proponente (gestão da Barzel Properties)	Hedge Office Income FII (HOFC11)	12,358	83,280,000	6,739	São Paulo
Edifício Suarez Trade	Office	-	NewPort Renda Urbana FII (NEWU11)	4,620	24,717,000	5,350	Salvador
iTower - Complexo Iguatemi Alphaville (conjunto nº 1602)	Office	-	V2 Prime Properties (VPPR11)	380	3,400,000	8,952	Barueri
Latitude Rio de Janeiro	Office	CIX Retrofit FII	São Carlos Empreendimentos e Participações	2,332	2,289,553	982	Rio de Janeiro
Loja – Edifício Torre Sul	Office	-	Tellus Properties FII (TEPP)	381	7,800,000	20,464	São Paulo
Parque Ana Costa - Torre A	Office	PSS Participações Societárias	H.I.G Capital	1,067	5,257,650	4,929	Santos
Parque Ana Costa - Torre B	Office	PSS Participações Societárias	H.I.G Capital	8,266	40,742,350	4,929	Santos
Atento Brasil S/A	Industrial	BLUE LOG FII (BLMG11)	-	12,257	37,500,000	3,059	Salvador
CENTRO DE DISTRIBUIÇÃO MARTIN BROWER CURITIBA	Industrial	GGR Covepi FII (GGRC11)	-	6,593	35,475,000	5,381	Curitiba
Distribution Park Manaus I (“DPM I”), Distribution Park Manaus II (“DPM II”), Distribution Park Cajamar (“DPC”) e Distribution Park Rio (“DPR”)	Industrial	XP LOGÍSTICO PRIME YIELD FUNDO DE INVESTIMENTO IMOBILIÁRIO - RESPONSABILIDADE LIMITADA (XPLP FII)	Manaus do Brasil Projetos Imobiliários Ltda., a Manaus II do Brasil Projetos Imobiliários Ltda., a Jordanésia Empreendimentos Imobiliários Ltda. e a Rio Dutra Projetos Imobiliários Ltda	328,449	1,112,258,826	3,386	Manaus/Cajamar/Rio de Janeiro
Imóvel Mairiporã	Industrial	RIZA EQUITUS REAL ESTATE FUNDO DE INVESTIMENTO IMOBILIÁRIO RESPONSABILIDADE LIMITADA	KASPART PARTICIPAÇÕES LTDA	11,982	27,000,000	2,253	Mairiporã

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LOG Hortolândia	Industrial	Inter Oportunidade Imobiliária FII (INOI11)	HORTOLÂNDIA INCORPORAÇÃO SPE LTDA.	53,698	145,000,000	2,700	Hortolândia
LOG SJPII	Industrial	Inter Oportunidade Imobiliária FII (INOI11)	LOG SÃO JOSÉ DOS PINHAIS II SPE LTDA.	41,118	116,000,000	2,821	São José dos Pinhais
REC LOG Queimados, REC LOG Contagem, REC LOG Cotia e REC LOG Extrema	Industrial	GGR Covepi FII (GGRC11)	REC Logística FII (RELG11)	50,109	133,456,200	2,663	Contagem/ Cotia/ Extrema/ Queimados
Unidade Autônoma 01 do Condomínio Business Park Jandira	Industrial	-	BLUE LOG FII (BLMG11)		40,167,306		Jandira

PROJECTIONS AND TRENDS

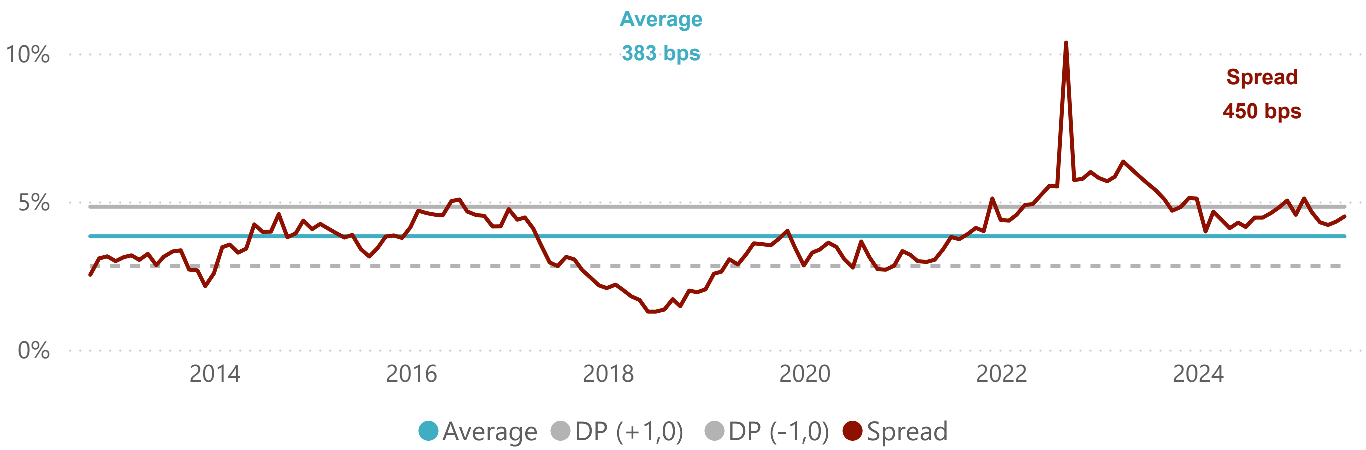
- Economic activity is expected to continue expanding in 2025, with projected GDP growth of 2.2%. Growth should continue to be driven by agriculture, with a projected increase of 6.7%, reflecting expectations of favorable harvests. Industry and services are also expected to maintain positive performance, with projected growth of 2.0% and 1.8%, respectively. From the demand perspective, household consumption is expected to grow by 2.1%, supported by a still resilient labor market and by recent measures that expanded access to payroll-deductible credit in the private sector. Government consumption is projected to grow by 1.7%, while gross fixed capital formation (GFCF) is expected to increase by 3.9%. Exports are expected to grow by 3.7%, and imports by 6.4%. Despite the favorable outlook for the year, a certain moderation in activity is projected for the second half, influenced by the maintenance of high interest rates and the gradual slowdown of agriculture over the course of the year, following the strong performance in the first quarter.
- Regarding credit, the projection is that balances with free resources will grow modestly, ending the year at 31.5% of GDP – a drop of 0.6 percentage points compared to 2024. The decline is mainly driven by the corporate segment, with a decrease of 0.4 percentage points, while household credit is expected to fall by 0.2 percentage points during the period. The labor market is expected to maintain favorable performance in 2025, with the unemployment rate projected at 6.2% for December and a 1.6% increase in the employed population compared to 2024, totaling 105.5 million people. On the other hand, real average earnings are expected to grow at a more moderate pace.
- The inflation outlook remains marked by unanchored expectations, resilient economic activity, and a tight labor market. The IPCA is projected to end 2025 at 5.3%, above the upper limit of the inflation target. In this context, the expectation is that the Copom will maintain monetary policy in contractionary territory, although without further increases, and that the Selic rate will end the year at 15.0% per year.
- In 2025, the real has benefited from the global depreciation of the dollar, driven by uncertainties surrounding the new U.S. trade policy and by investors' loss of confidence in U.S. assets. In the domestic scenario, although the high interest rate differential continues to support the currency, concerns about fiscal sustainability continue to pressure local assets. The exchange rate is expected to end the year at BRL 5.70.
- The fiscal outlook remains one of the main points of concern for the Brazilian economy. For 2025, a primary deficit of 0.5% of GDP is projected, accompanied by nominal interest of 8.6%, which will result in a high nominal deficit of 9.1% of GDP. In this context, the General Government Gross Debt (GGGD) is expected to reach 80.9% of GDP, while the Net Public Sector Debt (NPSD) is expected to rise to 66.5%, reflecting the continuation of an upward trajectory in public indebtedness.
- Regarding the external accounts, the current account deficit is expected to remain high in 2025, reflecting the historically high level of imports. The projected negative balance is USD 56.7 billion (equivalent to 2.5% of GDP), with financing guaranteed by robust FDI inflows (USD 77.5 billion). The trade balance is expected to remain positive, with an estimated surplus of USD 74.5 billion, while international reserves are expected to remain at a comfortable level — USD 338.6 billion (equivalent to 14.8% of GDP).
- Finally, for the second half of 2025, the real estate market is expected to continue offering attractive opportunities for capital allocation, especially in well-positioned assets. In the logistics and industrial segment, demand for developments is expected to remain high, driven by e-commerce and demand for operational solutions in strategic regions. In the corporate sector, modern and well-located developments tend to remain preferred targets for investors. In retail, consolidated assets — such as shopping malls and strip malls located in high-traffic areas — continue to perform well and are expected to remain attractive.

REAL ESTATE INVESTMENT TRUST

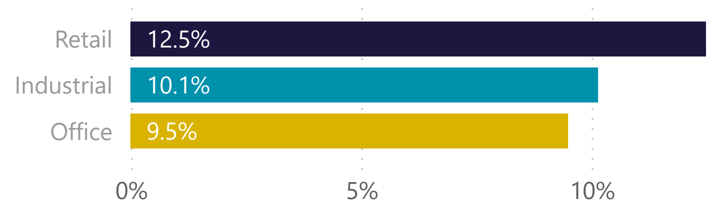
According to data from B3, the accumulated variation of the IFIX (Real Estate Investment Funds Index) in the second quarter of 2025 was +2.1%. On a monthly basis, the index posted a variation of 3.0% in April, followed by +1.4% in May and +0.6% in June. The average dividend yield of the IFIX reached 11.7% at the end of June. Compared to long-term real interest rates, represented by the NTN-B 2035, a risk premium of approximately 450 basis points is observed. Compared to March, there was an increase of 20 bps in the spread, remaining above the recent historical average of 383 bps.

Regarding the indexation of the contracts of the monitored REITs, based on data from the first quarter of 2025, the IGP-DI is the most relevant indexer, being used as a reference in 27.7% of the contracts, followed by the IGP-M, used in 24.5%. As for the maturity term of the contracts, 63.6% have a maturity of more than 36 months, that is, starting from the second quarter of 2028 onwards.

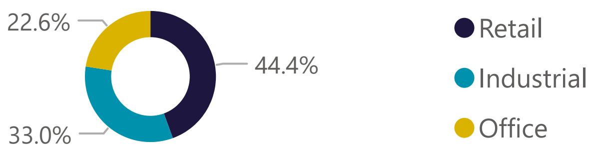
Spread NTN-B 2035 & Dividend Yield IFIX



Dividend Yield by sector

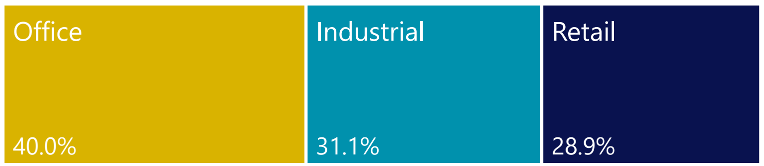


Market Cap by sector



	YOY Chg
2.8% Average 3 months DY (2025Q2)	▲
11.1% Average 12 months DY(2025Q2)	▲
0.8 MC/Net Worth (2025Q2)	▼
8.3% Average profitability (2025Q2)	▲

REITs by sector



Note: This report considers 152 REITs classified as either brick-and-mortar or multi-strategy.

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