# Investment Report

Costa Rica 2025

LOGAN

www.loganvaluation.com

CODI

ASOCIACIÓN CONSEJO DE DESARROLLO INMOBILIARIO

# Introduction

This report analyses the region's institutional real estate market from two perspectives: the value of Assets Under Management (AUM) of regulated vehicles and the results of surveys of General Partners (GPs) and Limited Partners (LPs). The information comes from public financial statements, managers' reports and annual surveys conducted by LOGAN, which ensures a reliable and updated analysis.

The document is aimed at managers, developers, brokers, consultants and institutional investors such as pension funds, insurance companies, financial institutions, family offices and non-profit institutions. Its purpose is to provide a strategic vision of market developments, facilitate comparison between countries, identify opportunities and support decision-making with a long-term approach.

# Methodology

- ***AUM (Assets Under Management):*** The information is based on public financial statements and managers' reports, which allows us to measure the size of the market and analyse the evolution of portfolios and strategies.
- ***GPs (General Partners):*** Annual survey addressed to professional managers, developers, real estate brokers and real estate consultants.
- ***LPs (Limited Partners):*** Annual survey addressed to institutional real estate investors such as Pension Funds, Insurance Companies, Financial Institutions, Family Offices and Non-Profit Institutions.

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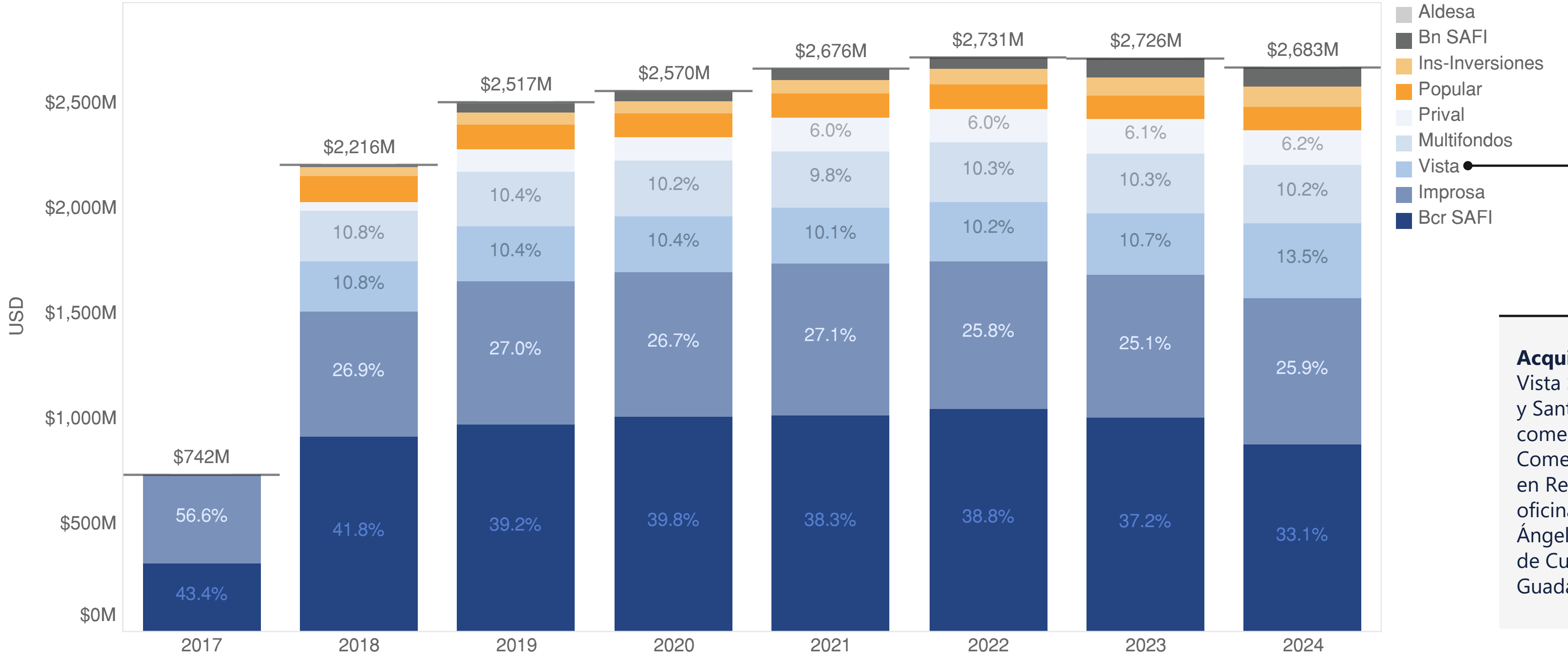
# Assets Under Management

In 2024, Costa Rica's assets under management (AUM) fell by 3%, likely due to asset sales by managers, including properties owned by BRC, BN, Improsa and Popular. These divestments form part of rebalancing and diversification strategies.



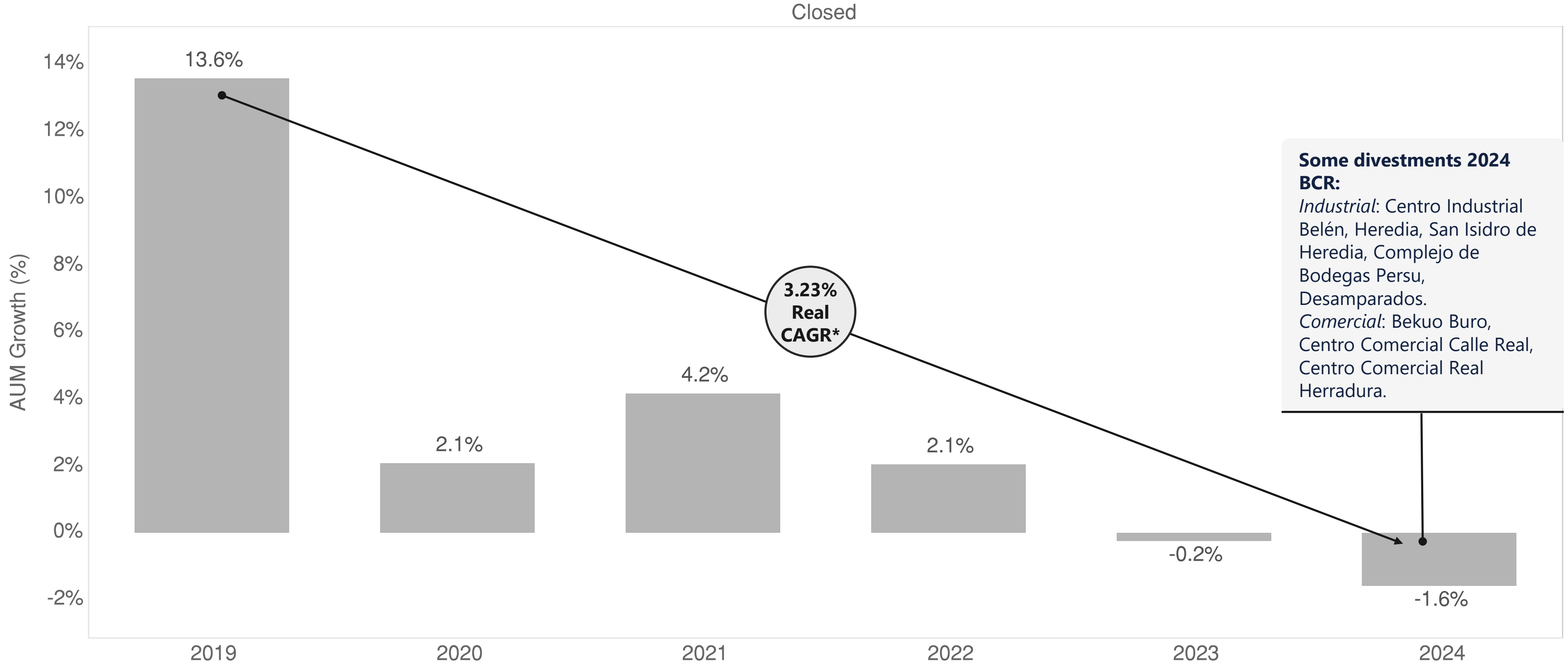

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| GPs | 2 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Vehicles | 3 | 15 | 15 | 16 | 17 | 18 | 19 | 19 |

**Acquisitions 2024:**
Vista SAFI: Bodegas Ipis y Santa Ana, locales comerciales en el Centro Comercial Calle Real y en Real Herradura y oficinas en el Edificio Ángeles del Mar, Coris de Curridabat, Kabat y Guadalupe.

**Source:** Financial statements publicly available on the websites of the Superintendencia General de Valores-Sugeval.

# Assets Under Management - Growth

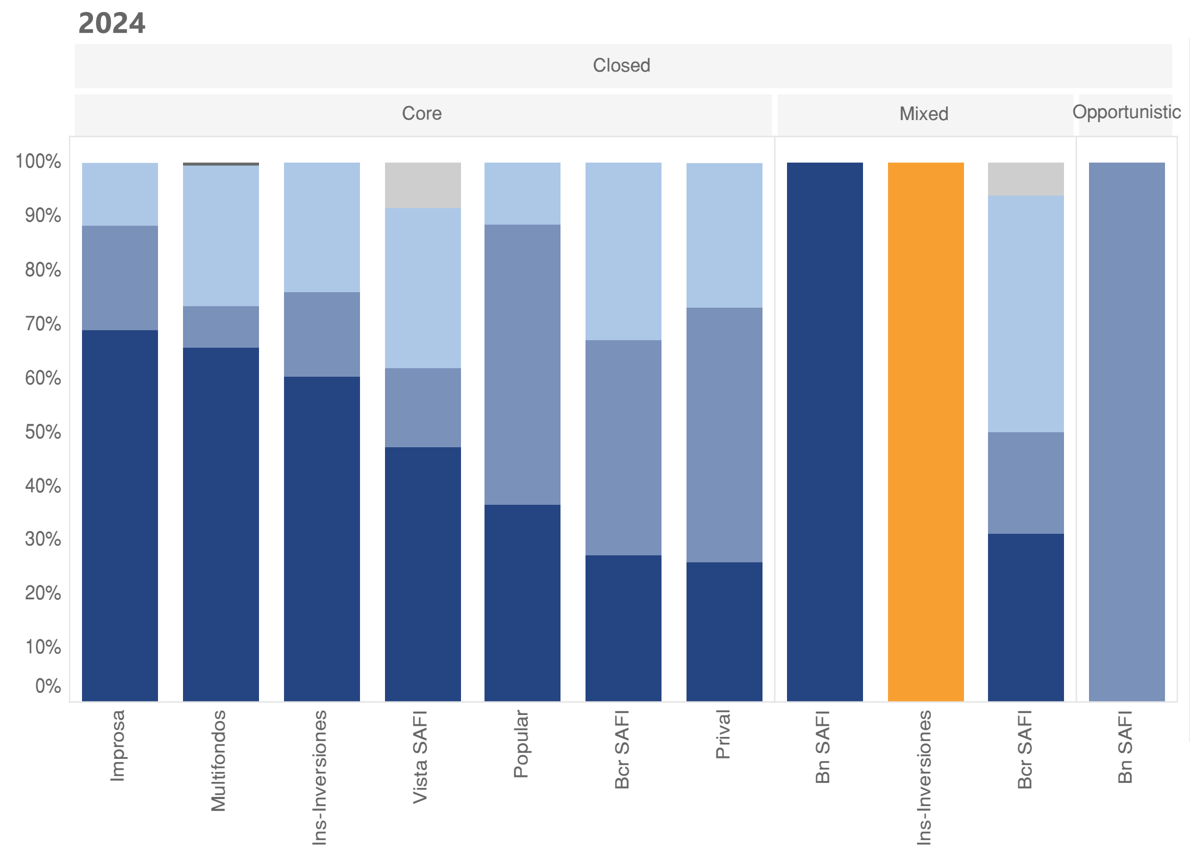
The slowdown of AUM in 2024 is explained by asset sales to reduce debt, strategic decisions of some funds and lower investor interest, in a context of lower liquidity in the SAFI market. A structural factor is the absence of vehicles dedicated exclusively to real estate development: in Costa Rica, projects are led by local private developers or SAFIs that develop on an ad hoc basis, reflecting a market that is still evolving and immature.



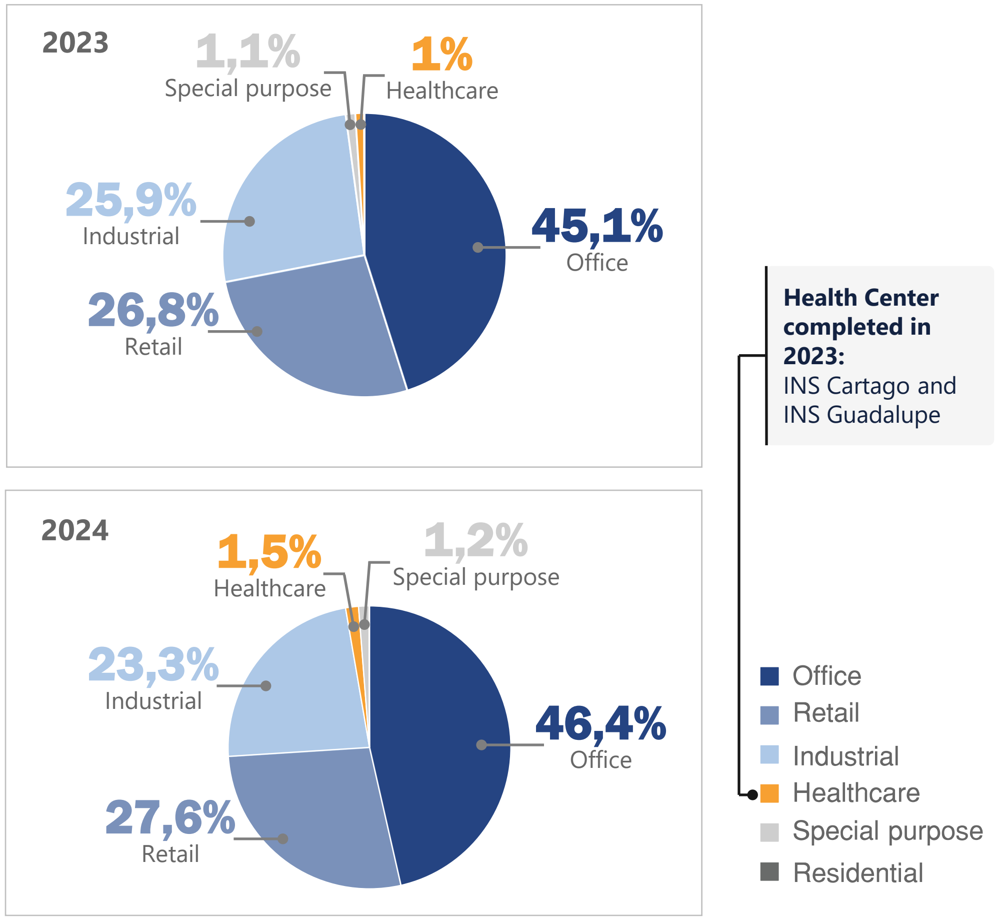

***Real CAGR:** CAGR (Compounded Annual Growth Rate) represents the cumulative average annual growth. In this case, it is calculated from $2,216M in 2018 to $2,683M in 2024 (see slide 4). Although the value varied each year, the CAGR of 3.23% reflects a constant equivalent growth over the entire period.

# Assets Under Management by Sector

Although the office sector continues to dominate real estate assets under management (AUM) in Costa Rica, there has been greater diversification towards other uses. One example of this is the INS Health Center in Cartago and Guadalupe, which were completed in 2023 and demonstrate investment in non-traditional sectors such as healthcare. These initiatives respond to new market needs and help to decentralize the development of San José, thereby boosting other regions of the country.

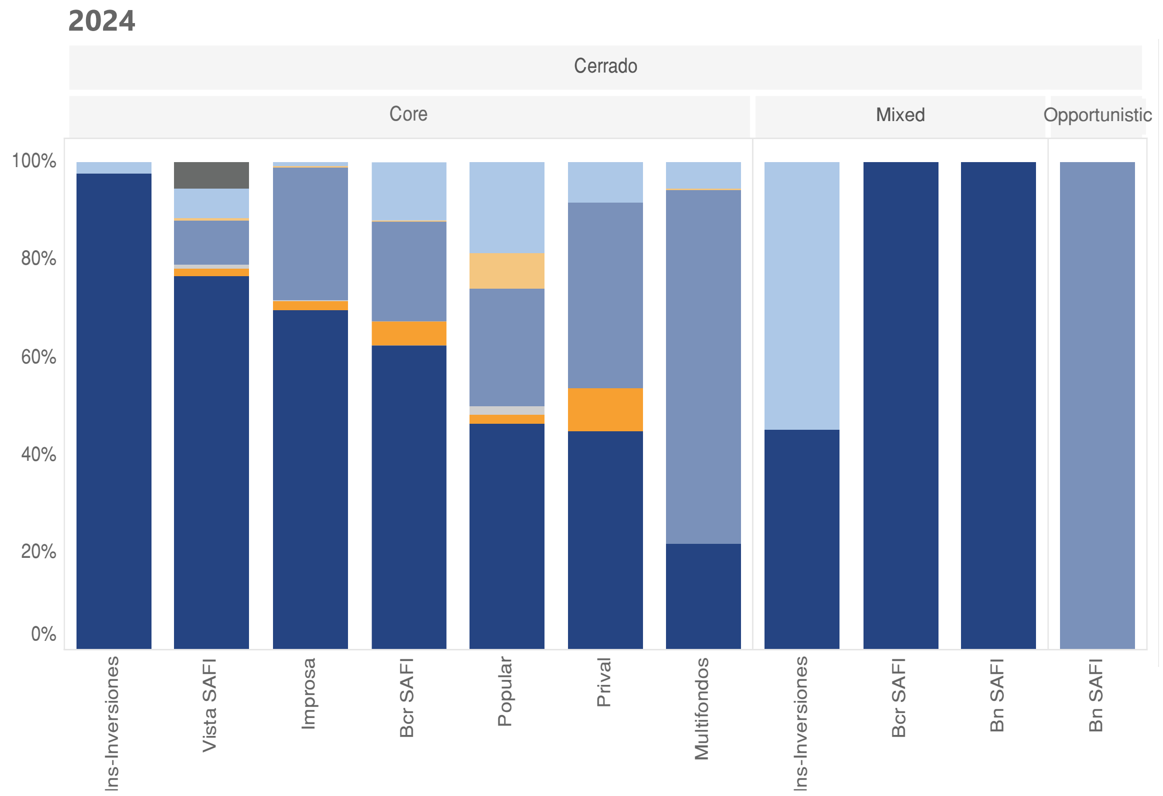



**Core Real Estate Investment Vehicle:** An investment structure that focuses on acquiring stabilized, high-quality real estate assets in established areas with low-risk tenants and long-term leases.
**Mixed Real Estate Investment Vehicle:** This structure combines investments in core assets with higher-risk assets that offer higher expected returns, such as value-add projects requiring improvements or real estate developments.



# Assets Under Management by Geographic Location

Geographic location is closely related to asset type. According to AUM distribution, the office sector predominates in Costa Rica. The capital city of San Jose functions as a financial and administrative hub. Most offices are in the central canton of Escazu and the district of Santa Ana, where the largest supply of corporate space, as well as universities, technical training centers, and specialized services, is concentrated. This reinforces San José's role as an economic hub within the Greater Metropolitan Area (GMA).




**Core Real Estate Investment Vehicle:** An investment structure that focuses on acquiring stabilized, high-quality real estate assets in established areas with low-risk tenants and long-term leases.
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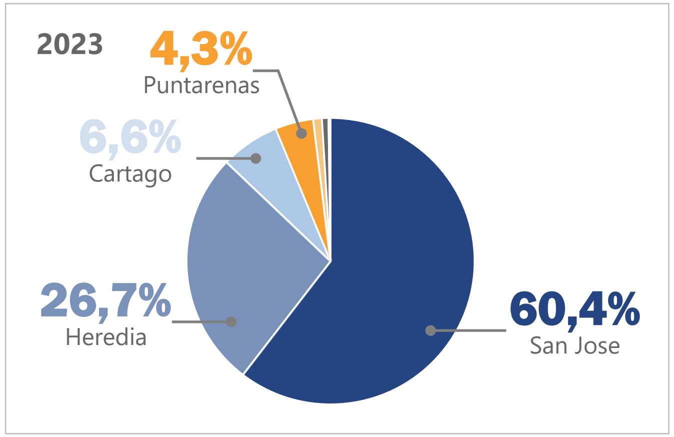
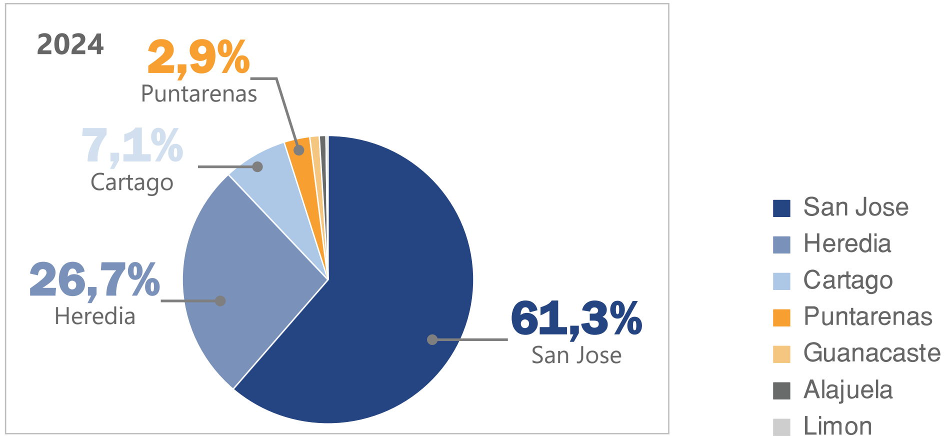
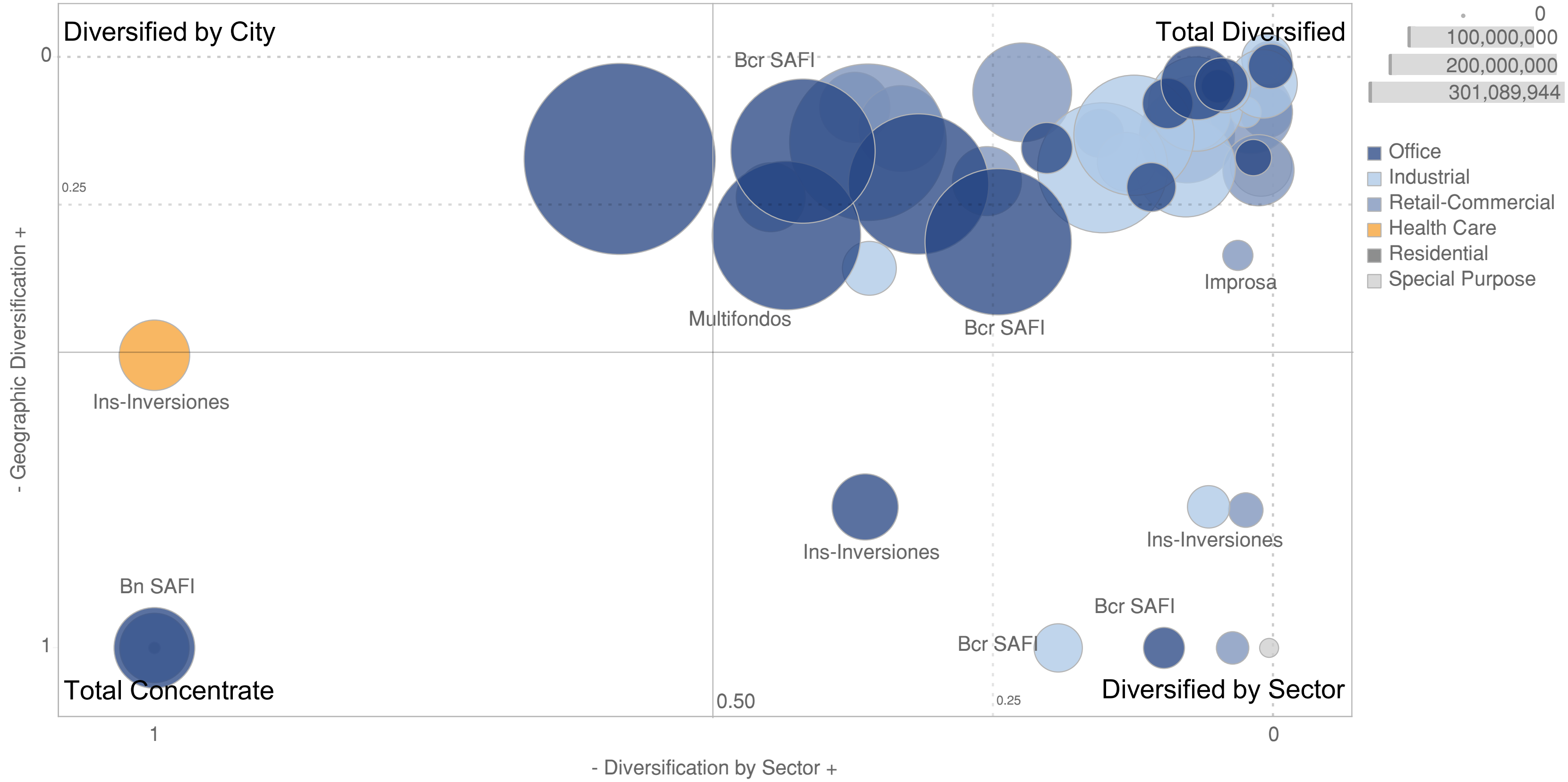



**Change in management:** In 2024, 'Fondo Renta y Plusvalía No Diversificado' underwent a management transition from BCR to Vista.

# Diversification by Vehicle

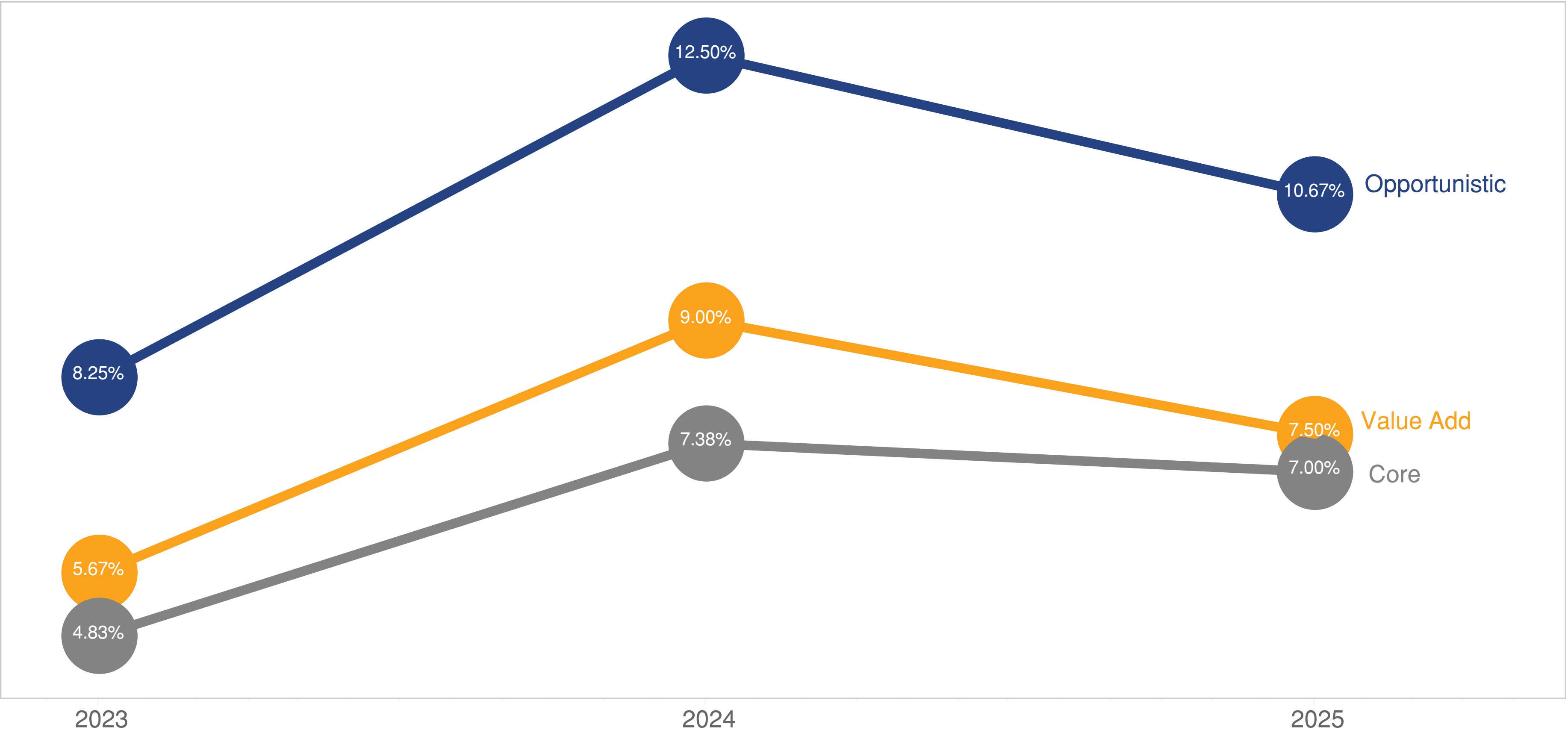
In recent years, new real estate investment vehicles have been created in Costa Rica. In 2024, Multifondos introduced the 'Fondo de Inversion para el Desarrollo de Proyectos Multifondos Secret Escalante', which currently includes a residential development: the 'Secrt Escalante Building'. This Project offers a range of amenities and is responding to the growing demand for housing, which is being driven by improved access conditions such as more competitive interest rates and more flexible financing programmes.




**Note:** The information is disaggregated by each real estate vehicle; however, the captions refer to the name of the real estate manager.

# Annual Return Expectations - IRR

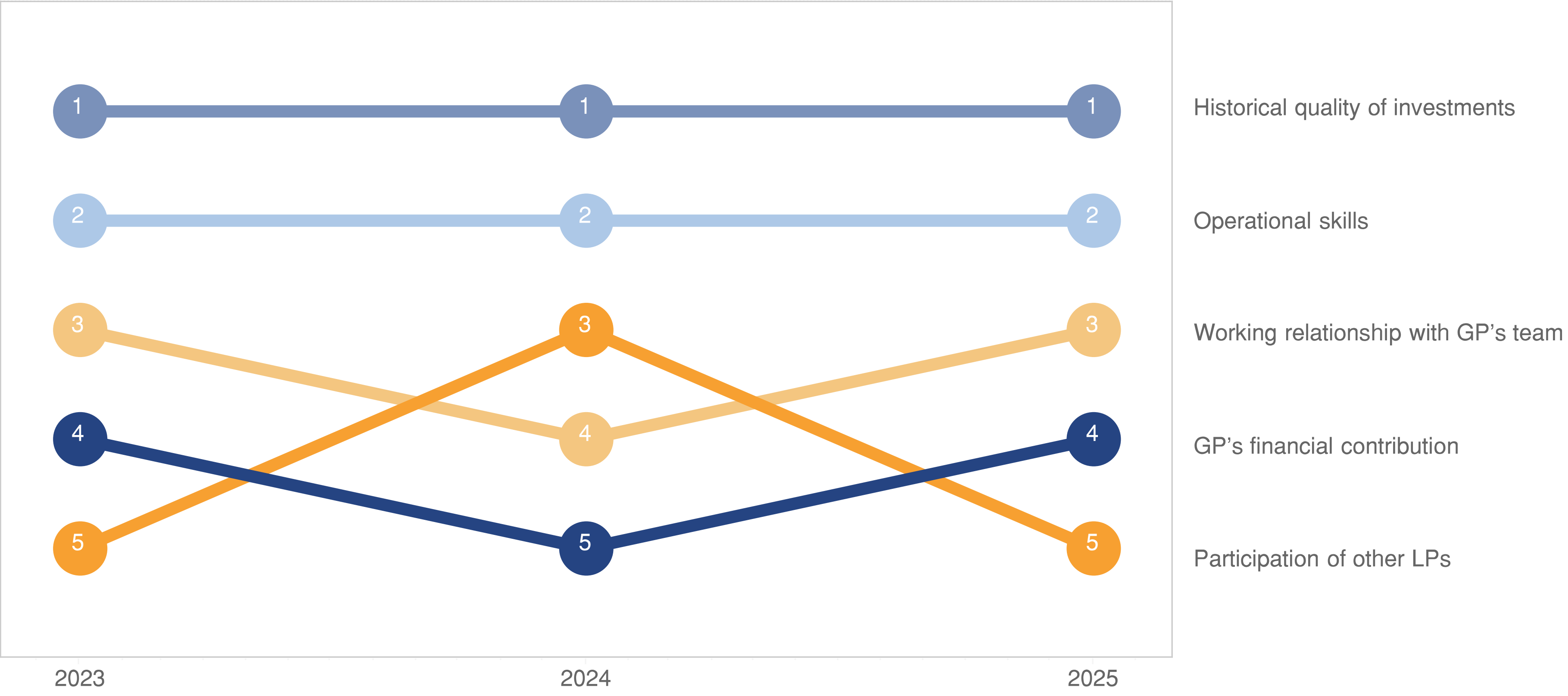
In 2025, return expectations in Costa Rica indicate a market normalization: Opportunistic and value-added strategies have fallen compared to 2024, reflecting a lower perception of risk and an adjustment following the strong rebound of the previous year. Meanwhile, the core strategy remains relatively stable, suggesting that investors favour security and steady cash flows over riskier projects.




**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Manager Selection Criteria Ranking

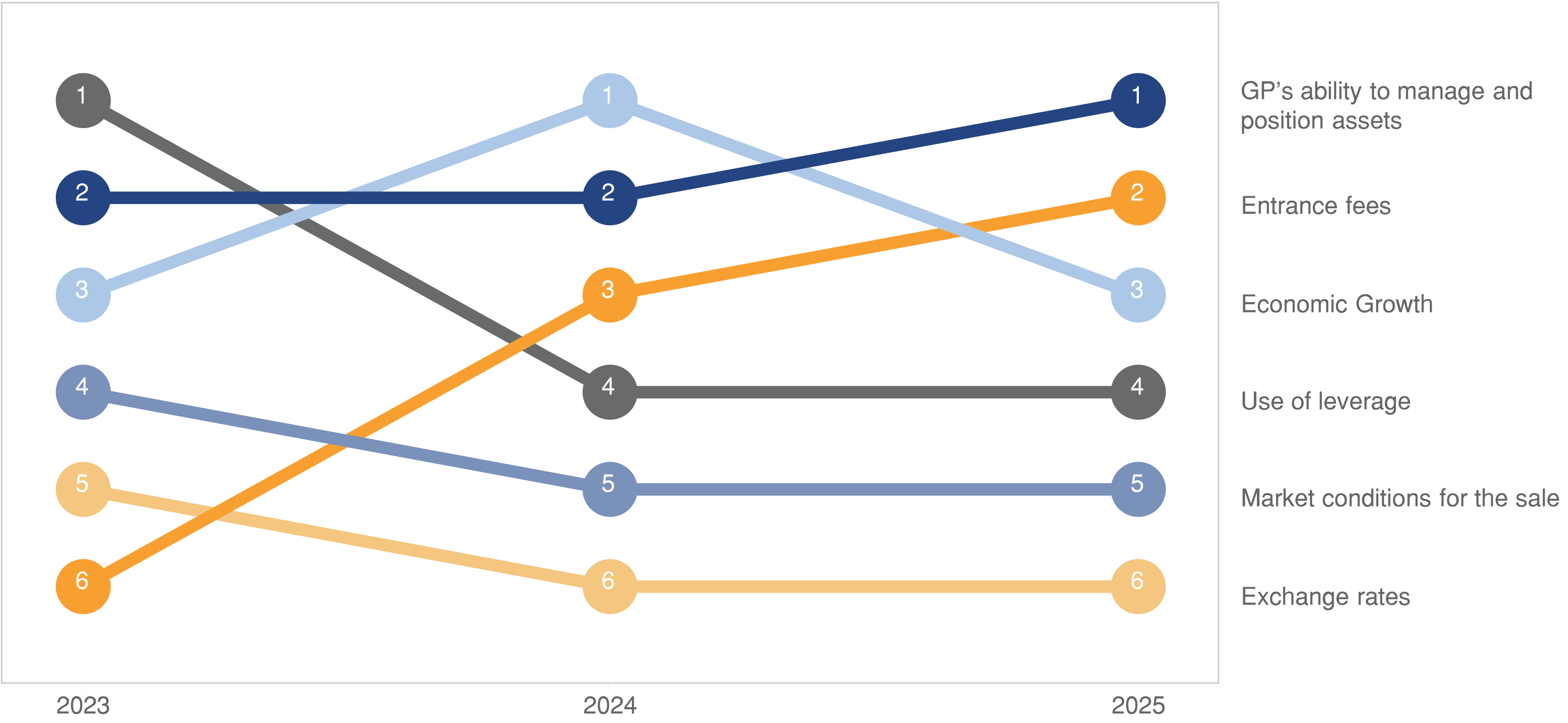
In Costa Rica, investors prioritize the historical quality of investments and the operational skills of managers, reflecting a desire for security in a context of high interest rates and limited financing options. While the participation of other investors gained relevance as a backup in an uncertain environment in 2024, the financial contribution of the manager itself gained weight by 2025, showing that commitment of capital and execution capacity are key to attracting confidence in a market that is moving towards greater stability.




**Note:** The source of information comes from an annual survey conducted by LOGAN for institutional investors.

# Drivers of Funds Performance Ranking

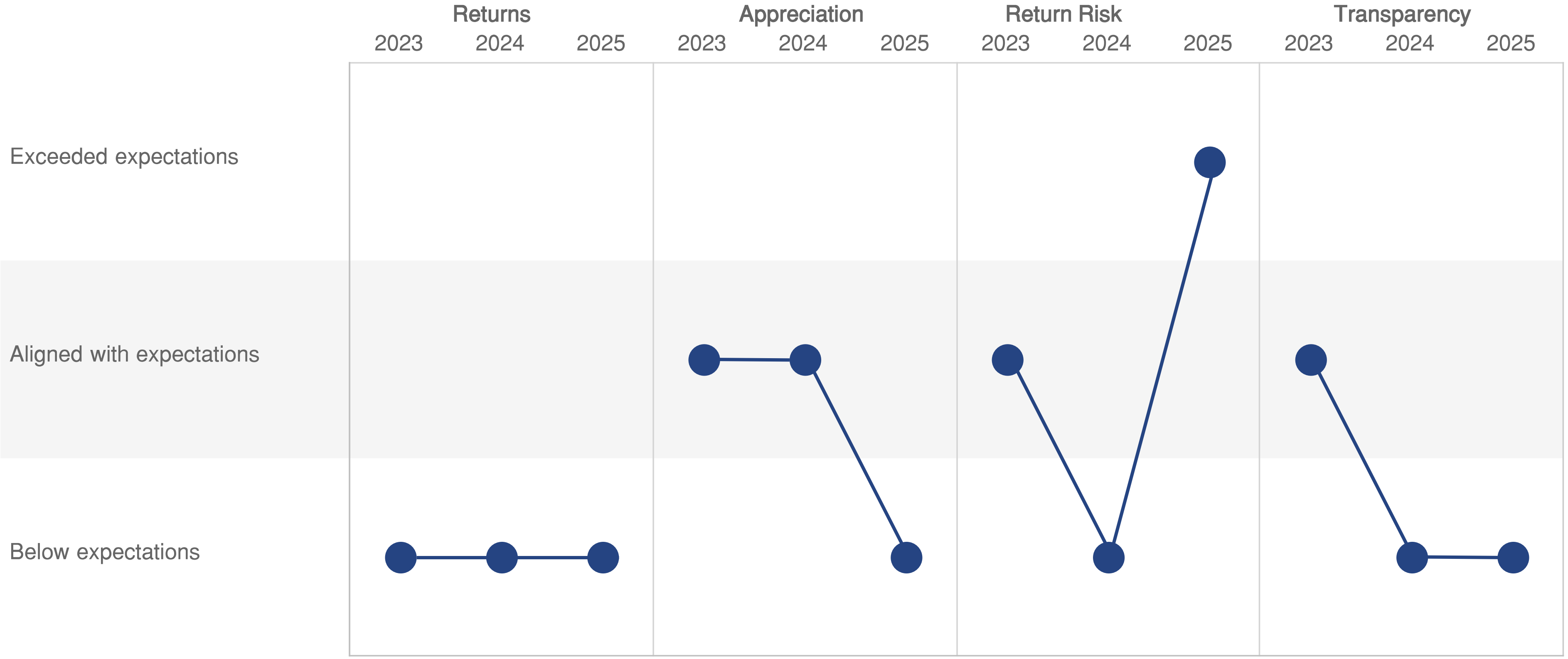
In Costa Rica, investment priorities changed between 2023 and 2025. While economic growth and leverage were initially the main focus, by 2025, investors were placing greater emphasis on managers' ability to manage and position assets, as well as entry prices. This reflects a more demanding market, where professional management and discipline in acquisitions carry more weight than external factors, such as sales conditions or exchange rates.




**Note:** The source of information comes from an annual survey conducted by LOGAN for institutional investors.

# Investment Experience with Real Estate Managers

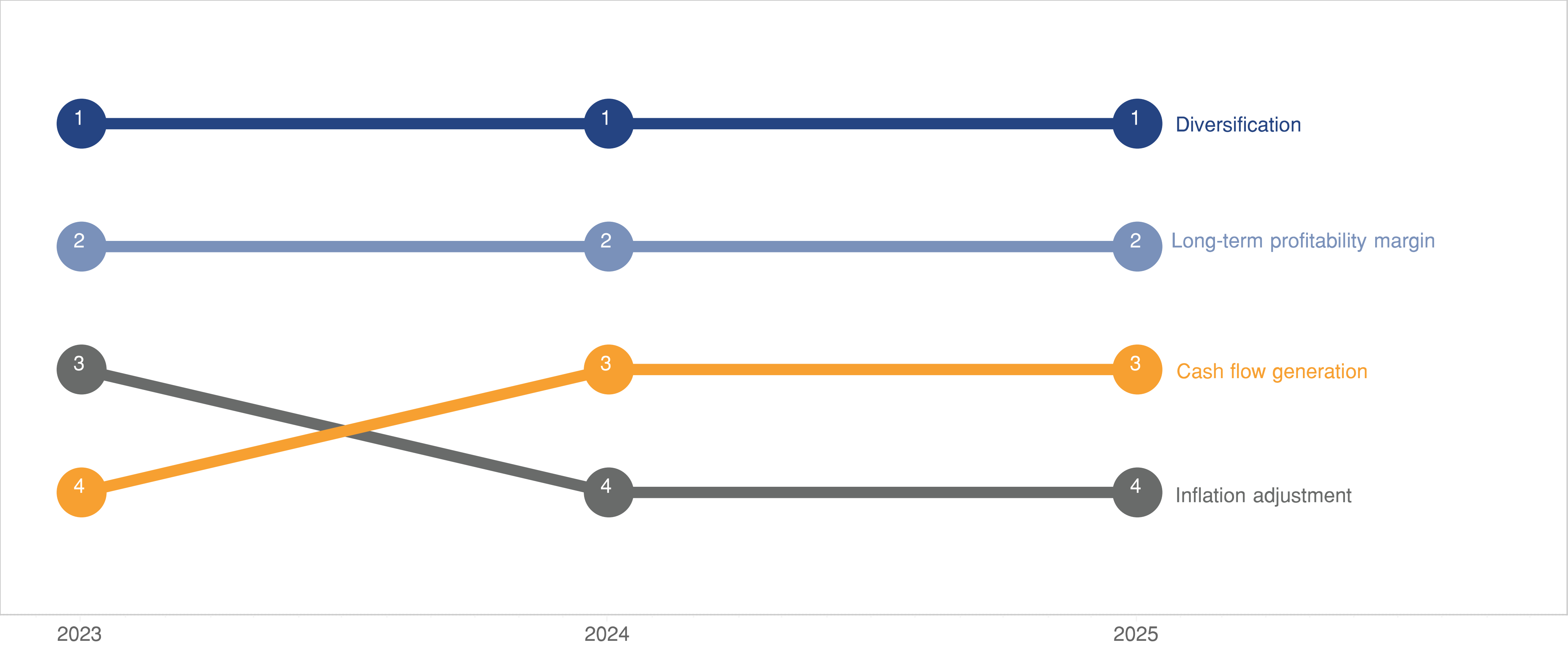
In Costa Rica, returns consistently fell  short of expectations between 2023 and 2025, while valuation and transparency remained largely in line with expectations. In contrast, return risk moved from being in line with expectations in 2023 to exceeding them in 2025. This reflects the fact that investors recognize better risk management and greater soundness in investment structuring, despite lower financial results.




**Note:** The source of information comes from an annual survey conducted by LOGAN for institutional investors.

# Real Estate Investments Motivations Ranking

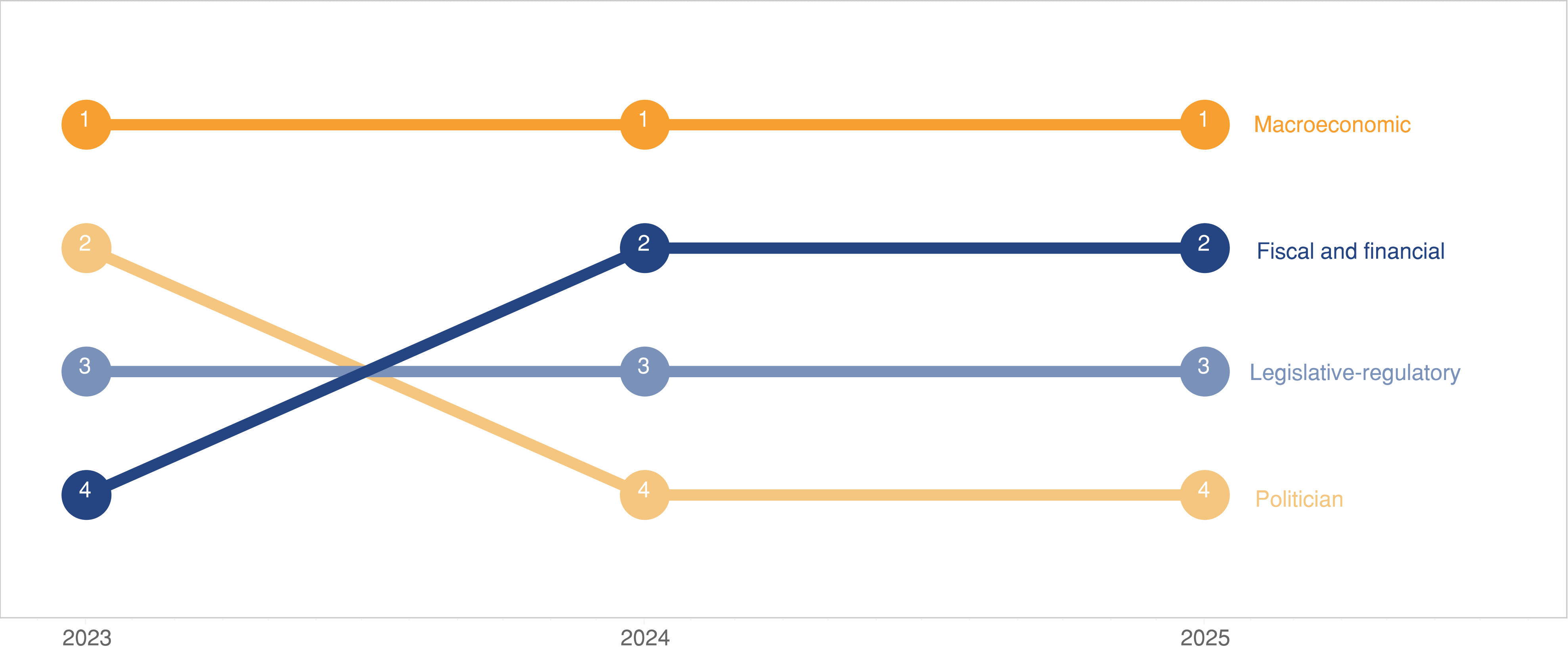
Between 2023 and 2025, investors in Costa Rica prioritized diversification and long-term profitability margins, while the relevance of cash flow generation increased, surpassing the importance of inflation adjustment. This reflects a more strategic approach to achieving stability and sustained growth without neglecting immediate liquidity.




**Note:** The source of information comes from an annual survey conducted by LOGAN for institutional investors.

# Real Estate Investment Risk Classification

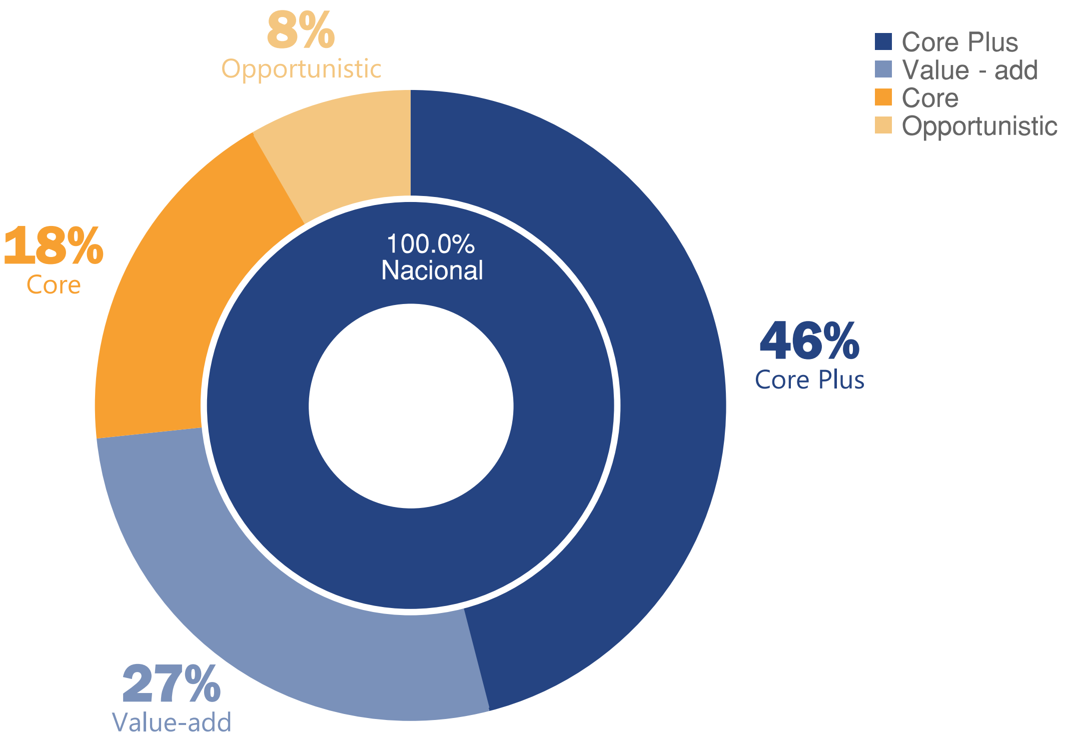
Between 2023 and 2025, macroeconomic aspects continued to be the main influence on the real estate sector in Costa Rica, while fiscal and financial components gained significant relevance, rising from last place to second. Conversely, the political dimension has lost importance, while the legislative-regulatory dimension has remained stable. This reflects an environment in which investors prioritize economic stability and clear financial rules over the political situation.




**Note:** The source of information comes from an annual survey conducted by LOGAN for institutional investors.

# Real Estate Investments

The fact that 100% of domestic real estate investment is concentrated in Costa Rica highlights the centralization to the market and the lack of internationalization of local portfolios. Most of this investment is geared towards core plus strategies, indicating that investors are seeking assets with relatively stable cash flows, but with potential for value creation through management. By contrast, riskier investments, such as opportunistic ones, have a smaller share, confirming that, in a small market with limited exit opportunities, the priority is to preserve capital and generate returns through operational improvements.




**Note:** The source of information comes from an annual survey conducted by LOGAN for institutional investors.

# Net Capitalization Rate

The industrial market is experiencing slight excess demand, with rents remaining stable and supply focused on bespoke projects. Financing for new projects has been limited, which restricts the availability of capital for building new industrial warehouses. Could real estate investment funds play a more significant role in the future by providing financing and promoting the expansion of the available inventory?

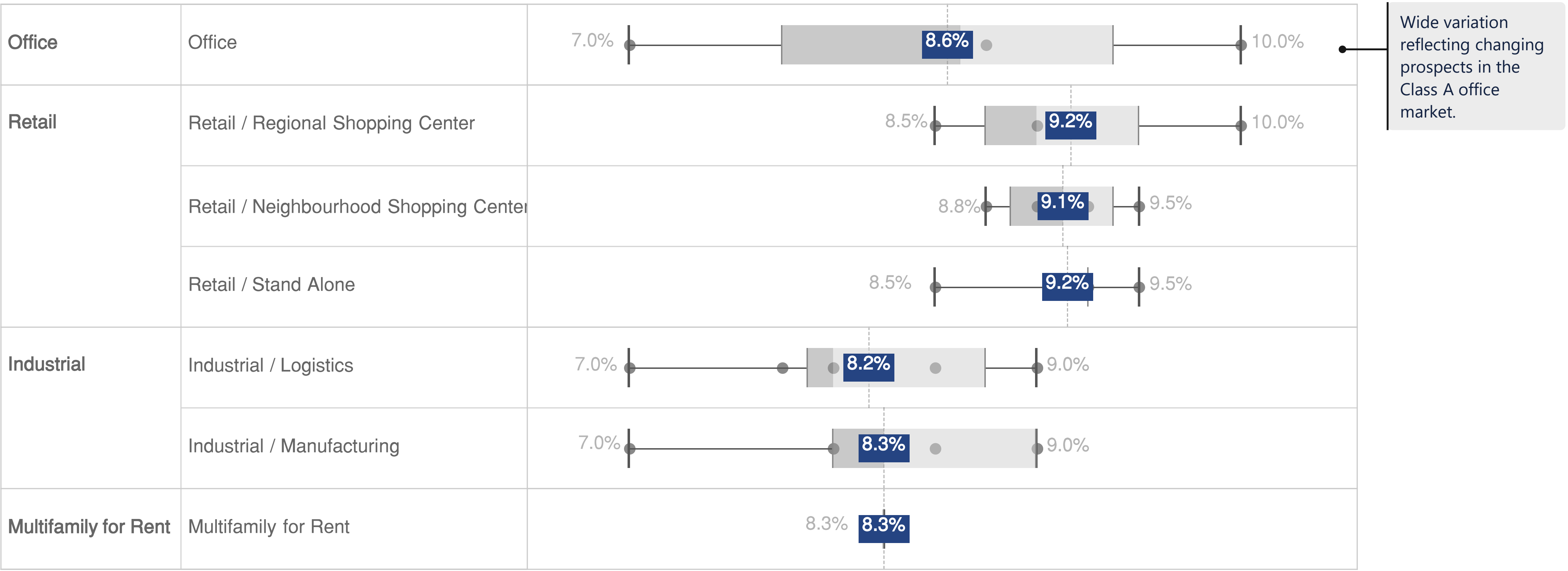
| | 2021 | 2022 | 2023 | 2024 | 2025 | Forecast |
|---|---|---|---|---|---|---|
| Office | 8.6% | 9.1% | 9.0% | 9.4% | 8.6% | |
| Retail | 9.0% | 10.0% | 9.5% | 9.3% | 9.1% | |
| Industrial | 8.7% | 8.6% | 8.2% | 8.4% | 8.2% | |
| Lodging & Hospitality | 10.1% | 9.6% | 10.4% | 8.2% | 9.2% | |
| Multifamily for Rent | 9.0% | 9.0% | 11.0% | 8.3% | 8.3% | |

The industrial **market has a naturally limited** supply due to the lack of funds with the capacity to build new warehouses.

**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Net Capitalization Rate by Subsector

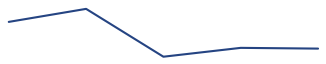
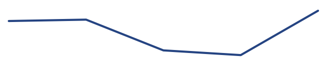
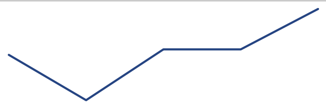
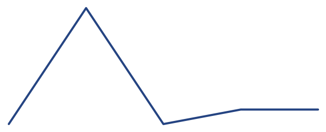
Capitalization rates in the office sector have shown a slight decrease, in a context where the prime office market is transitioning from a state of oversupply to a more stable equilibrium. The current vacancy rate is 14%, compared to 18% last year. In the retail segment, the Costa Rican market remains lowly standardized, with recent rent increases driven by colon appreciation and a limited pool of high-quality tenants.




**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Internal Rate of Return

The reduction in debt costs, driven by lower interest rates in the United States, has enabled some investors to keep their expected IRR stable. Additionally, it is still expected that SUGEVAL will authorize certain funds to increase their maximum debt level above the current limit of 50%, which could put further downward pressure on rates.

| | | 2021 | 2022 | 2023 | 2024 | 2025 | Forecast |
|---|---|---|---|---|---|---|---|
| Office |  | 10.8% | 11.0% | 9.5% | 11.5% | 10.8% | |
| Retail |  | 11.3% | 11.8% | 10.1% | 10.4% | 10.4% | |
| Industrial |  | 10.9% | 11.0% | 9.9% | 9.8% | 11.3% | |
| Lodging & Hospitality |  | 12.6% | 11.0% | 12.8% | 12.8% | 14.1% | |
| Multifamily for Rent |  | 10.0% | 14.0% | 10.0% | 10.5% | 10.5% | |

Lodging & Hospitality investment depends mainly on private capital; little participation of SAFIs in Costa Rica.

**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Internal Rate of Return by Subsector

The manufacturing segment tends to have long-term tenants with AAA credit ratings. This contributes to a lower risk perception, adjusted for return, than in the logistics segment.

| | | |
|---|---|---|
| Office | Office | 10.0% 10.8% 12.5% |
| Retail | Retail / Regional Shopping Center | 9.0% 10.0% 11.0% |
| | Retail / Neighbourhood Shopping Center | 9.3% 10.4% 12.0% |
| | Retail / Stand Alone | 9.8% 10.6% 12.0% |
| Industrial | Industrial / Logistics | 8.3% 11.5% 14.0% |
| | Industrial / Manufacturing | 8.3% 11.0% 14.0% |
| Multifamily for Rent | Multifamily for Rent | 10.5% 10.5% |

Demand in the **industrial sector**, particularly in Class A logistics, remains high, driven by e-commerce and interest from international companies.

**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Real Market Rent Growth

The trade sector has benefited from the appreciation of the colón, which has increased the affordability of imports and boosted their competitiveness. Domestic consumption remains strong too, bolstered by increased consumer confidence. These two factors reinforce the positive short-term outlook for trade.

| | | 2021 | 2022 | 2023 | 2024 | 2025 | Forecast |
|---|---|---|---|---|---|---|---|
| Office | | 0.9% | 0.1% | 0.7% | -0.2% | 0.6% | → |
| Retail | | 0.9% | 0.2% | 0.6% | 0.8% | 0.9% | → |
| Industrial | | 1.4% | 1.0% | 1.1% | 0.9% | 0.4% | ↑ |
| Lodging & Hospitality | | 1.0% | 0.0% | 2.3% | 2.3% | 2.3% | → |
| Multifamily for Rent | | 0.5% | 1.5% | 0.0% | 0.0% | 0.0% | → |

The shortage of warehouses in the GMA means that owners have greater bargaining power, which will result in sustained increases in **industrial sector** rents.

**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Real Market Rent Growth by Subsector

The Class A office market continues to move from a stage of oversupply toward a more stable equilibrium, reflected in declining vacancy rates. In the retail segment, rents have risen, driven by a shortage of standard Class A projects and the strengthening of the colon.

| | | |
|---|---|---|
| Office | Office | 0.0% **0.6%** 1.0% |
| Retail<br><br>**Low supply of Class A retail;** rents on the rise | Retail / Regional Shopping Center | 1.0% **1.3%** 2.0% |
| | Retail / Neighbourhood Shopping Center | 0.0% **0.8%** 1.0% |
| | Retail / Stand Alone | 0.0% **0.8%** 1.0% |
| Industrial | Industrial / Logistics | 0.0% **0.5%** 1.0% |
| | Industrial / Manufacturing | 0.0% **0.3%** 1.0% |
| Multifamily for Rent | Multifamily for Rent | **0.0%** 0.0% |

**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Development Internal Rate of Return

Development returns continue to reflect the risk inherent in the construction stage, although slight reductions are observed in the retail segment due to greater certainty in demand, and greater stability in the industrial sector due to more predictable costs.

| | | 2021 | 2022 | 2023 | 2024 | 2025 | Forecast |
|---|---|---|---|---|---|---|---|
| Office | | 15.4% | 16.8% | 15.0% | 15.0% | 15.0% | → |
| Retail | | 18.0% | 19.8% | 18.0% | 18.0% | 18.0% | ↓ |
| Industrial | | 12.4% | 14.9% | 14.2% | 14.5% | 14.6% | → |
| Lodging & Hospitality | | 19.0% | 19.0% | 19.0% | 20.4% | 18.4% | → |
| Multifamily for Rent | | 14.0% | 15.0% | 15.0% | 15.0% | 15.0% | → |

**Note:** The source of information comes from an annual survey, conducted by LOGAN, aimed at professional real estate managers and developers.

# Glossary

**AUM (Assets Under Management):**
This corresponds to the gross value of assets, taken from the Financial Statements under the heading Investment Properties.

**Market Rent Growth:**
Percentage that measures the average annual increase in rental prices of a property or sector, based on market values, over inflation for the next 5 years.

**Core Strategy:**
The Core real estate strategy focuses on stable, well-located assets with long-term leases, prioritizing security and steady cash flows over high returns.

**Core Plus Strategy:**
It is an investment strategy that focuses on high-quality properties in well-established markets, which generate a stable income. However, they carry an additional risk compared to core properties because they require improvements in management, maintenance or repositioning to increase their profitability.

**Opportunistic Strategy:**
An opportunistic real estate strategy seeks to generate high returns by investing in developments, distressed assets or properties in dire need of transformation, which carry a greater risk.

**Value Add Strategy:**
In real estate, the value-added strategy focuses on assets that already generate income, but which require improvements such as renovations or changes in management to increase their value and profitability.

**Herfindahl-Hirschman Index (HHI):**
This is a measure of market concentration, obtained by adding the squares of each player's market share. A high value indicates greater concentration and less competition.

**Nearshoring:**
The strategy involves relocating production processes to countries close to the end consumer market. This increases the demand for industrial and logistics assets.

**Risk Prime:**
The percentage difference representing the additional return expected from investing in a riskier asset or project compared to a lower-risk one. In real estate, for example, it can be measured as the difference between the IRR of development and that of a stabilized asset.

**Net Capitalization Rate (Cap Rate):**
Percentage that measures the annual return on a property, calculated by dividing its Net Operating Income (NOI) by its market value or purchase price.

**Internal rate of development (Development IRR):**
This percentage measures the average annual return on a real estate project from development to sale or stabilization, taking into account all cash flows and the initial investment.

**Internal Rate of Return (IRR):**
This is the percentage that measures the average annual return on an investment when all future cash flows and their initial value are considered, and the net present value is equal to zero.

LOGAN Valuation is a valuation and consulting firm specializing in institutional real estate assets in Latin America. With a presence in six countries and a certified team (MAI, RICS), we offer rigorous technical analysis, market research, and strategic advice for investment decisions. Our work covers multiple asset classes and combines regional reach with in-depth knowledge of each local market.



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