



New Technologies and Innovation for Real Estate Decisions

Industrial Real Estate Market

Due to COVID-19, in March 2020, social, preventive and compulsory isolation (ASPO) was decreed in Argentina; as it has for some months, the national vaccination plan continues to advance.

Currently, including new age groups, the reactivation of activities currently limited by health regulations will depend on the speed of vaccination, thus promoting the recovery of industrial activities in the country.

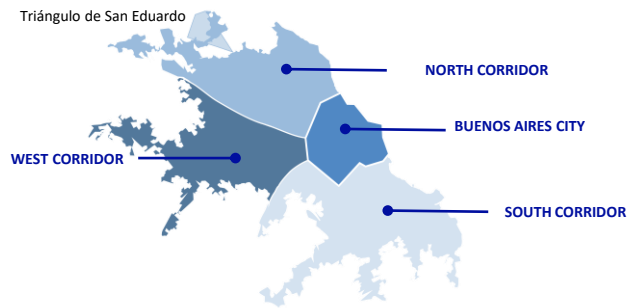
A significant number of companies have already returned under protocols to protect employee health, but the impact of the imposed measures is beginning to be reflected in changes in the workspaces and their uses. Companies must adapt to the needs of employees and their own business.

According to the latest INDEC report, in May 2021, the manufacturing industrial production index showed a rise of 30.2% compared to the same month in 2020. In the industrial real estate market during this period, there was a slight recovery in prices but also an increase in vacancies, a behavior similar to the previous quarter.

Argentina	
Capital City	Buenos Aires
Population (estimated 2021)	45,808,747
GDP MM	US\$ 445.445
GDP per capita MM	US\$ 7.117
Currency	Peso
Unemployment Rate	11.6%

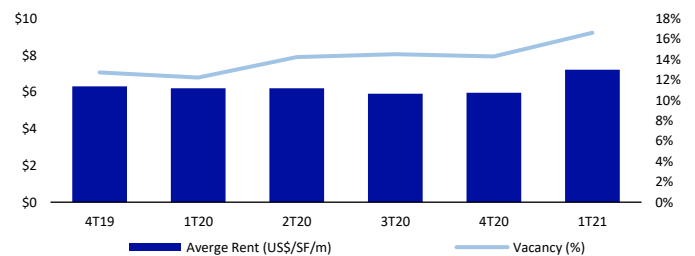


Submarkets

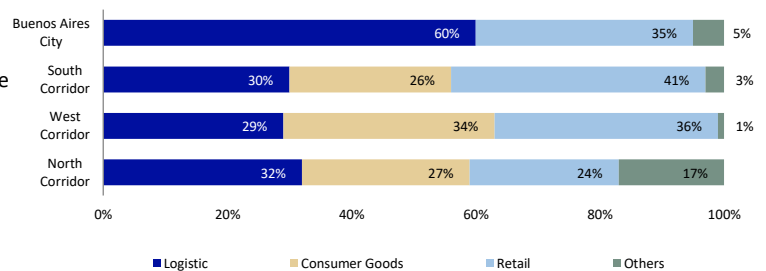


Market Analysis – Premium Warehouses

ASKING RENT AND AVAILABILITY



ACTIVITIES BY SUBMARKET



Market Summary

Premium Warehouses	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (*)	24,0 MSF	23,25 MSF	25,1 MSF	↑
Availability Rate	16.6%	16.5%	14.2%	↑
Average Asking Rent	US\$7.20	US\$6.97	US\$6.95	↑

(*) Includes the recategorization of stock and the inclusion of new submarket.

Class A Deposits in Gradual Recovery

During the first period of the year, the inventory was recategorized with the incorporation of the CABA submarket, which may affect some of the general market indicators. This recategorization and accommodation of the stock produced a slight reduction in the stock in some sectors.

The average rent for Class A space is US \$7.20/SF, presenting a range that ranges from US \$5.90/SF in the Western Zone to US \$8.70/SF in CABA. The greatest variation is found in the South Zone, with an increase of 6.02% compared to the previous quarter and an interannual growth of 0.81%, differing from the North and West Zone, which showed a decrease in values compared to second-quarter 2020, despite the recovery shown since the beginning of the year.

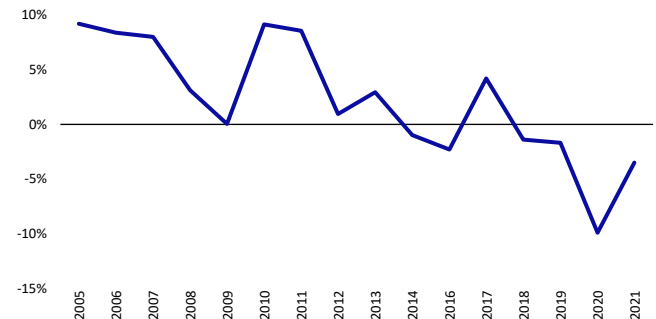
The North Corridor continues to maintain the highest percentage of meters built, representing 66.1%, but a gradual diversification of the offer can be observed in the other areas of GBA and CABA, responding to new market demands.

Industrial Parks

Industrial Parks continues to be a great opportunity for companies to develop. Its vacancy presented a slight decrease which is sustained interannual of 1.77% and 0.89% respect to the previous quarter. Regarding absorption, it remained stable, concluding that land within industrial parks continues to be a great alternative for development or investment.

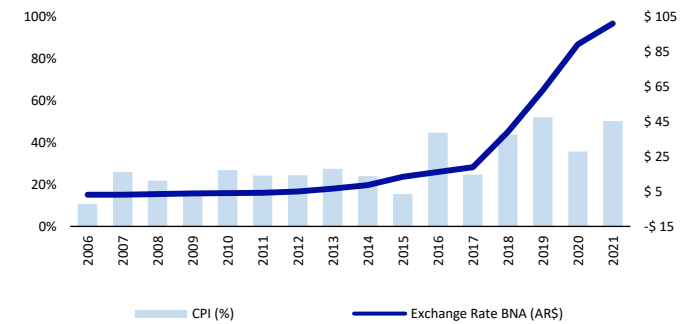
Regarding the geographical distribution, something similar happens to class A industrial buildings, in the North Corridor the highest percentage of meters of industrial land is concentrated, representing 66.6% of the total market.

GDP



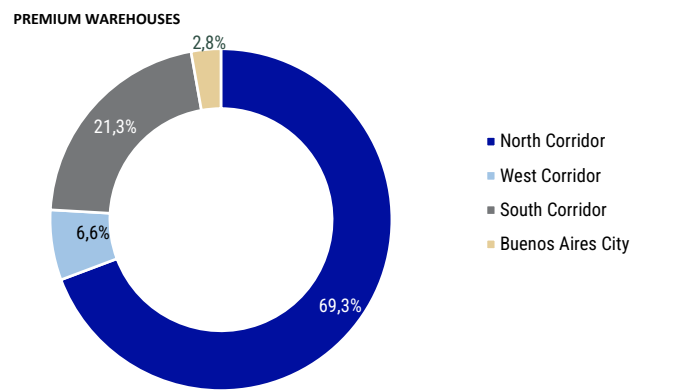
Source: INDEC
2015 = Value estimated by World Bank.
2021= Projections estimated by World Bank.

Exchange Rate – CPI

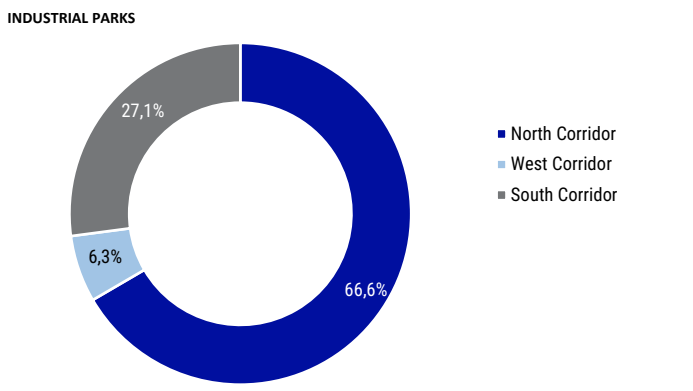


Source: Banco de la Nación Argentina, INDEC
1999-2007/2015-2020 INDEC
2008-2014 Calculated through the weighted geometric average of the consumer price indexes provided by the provisional statistical institutes

Inventory Composition



Inventory Composition



A new industrial era has arrived

A new industrial era has arrived. During the last decade, the so-called Revolution 4.0 has impacted industry, economy and society. The pandemic accelerated and deepened these transformations, generating changes in the needs and requirements of companies.

Companies demand services focused on the quality of production and the wellbeing of all employees. Although the industrial sector did not suffer as much from the impact of social isolation as other sectors, it did change and forced a paradigm shift within each company.

Aspects such as economic globalization, changes in consumption patterns, the acceleration of the industrial revolution, digitization and innovation of small, medium and large-scale businesses are some of the major variables to consider when making decisions.

According to Forbes in its article Three Trends Driving Change for Industrial Manufacturers In 2021, it states that the market shows three major trends:

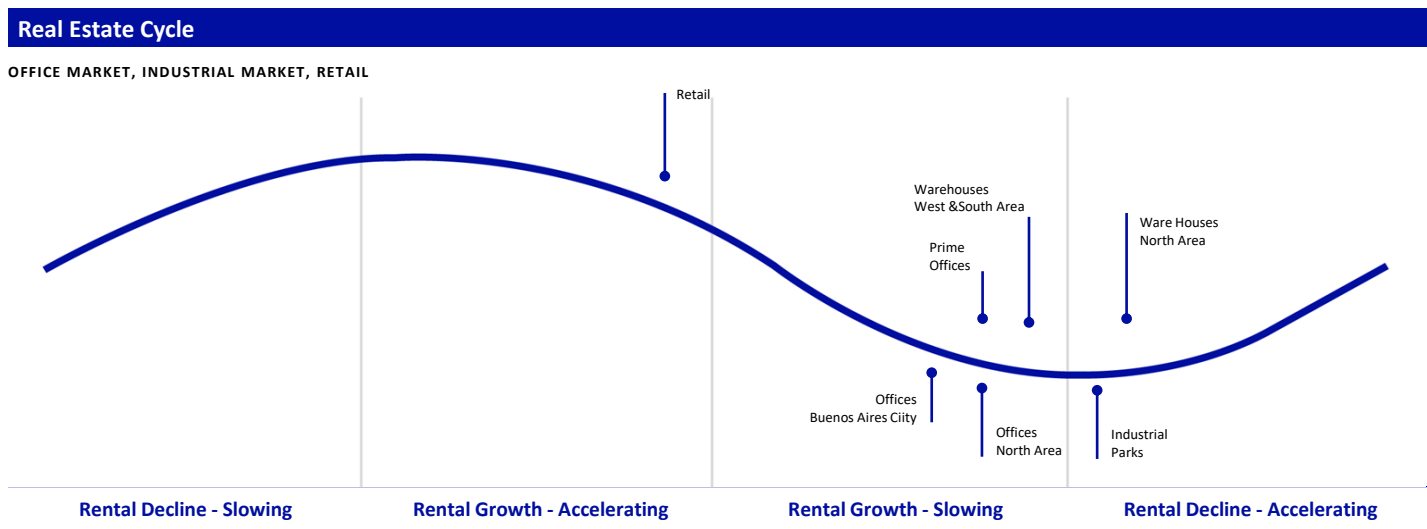
- Customer demand for customization: the article states that "it is no longer enough for industrial manufacturers to simply offer excellent products. Today's customers expect great experiences and exceptional service along with those products. " For companies, it is not only the product that is important but the customer experience throughout the purchase process.
- Adoption of technology: its implementation in production processes was a pre-pandemic tool, but it only accelerated this process, increasing innovation, automation, digitization and remote operation of operations, in pursuit of efficiency and connectivity. Thus, the increase in collaborative robots and solutions such as predictive maintenance arise to provide the experience required by the client.

- Collect data and use intelligent equipment to measure and detect errors and place the focus on service.

At Newmark, we know the challenges of this new reality and the needs of companies that focus on reducing energy use, improving and optimizing processes, identifying which activities add a value proposition to the customer, as well as biosafety and improvement in the experience of each collaborator and client.

Responding to the need to provide not only advice on the transaction but to generate a value proposition that generates real changes to each client, Newmark has developed a comprehensive platform to plan a strategy with its clients on how to integrate and drive these changes into property portfolios, including tools such as Helix and Lean Logistics that take into account each company as a unique individual. These tools help to understand the value of assets very well; not only the value assigned to them by the market, but also the value of the operation, personnel, clients, suppliers and locations. We can determine which are the most efficient and productive.

We changed the focus of the real estate business. We design strategic plans for owner representation services, giving them the greatest visibility into their assets. For real estate assets, we advise on potential income and channeling the flow of funds. In addition, our Facility and Property Management teams provide integrated solutions for the administration of industrial parks, logistics or industries in general.



Market Statistics

	Total Inventory (SF)	Total Availability (SF)	Total Availability Rate (%)	Average Asking Rent (\$/SF/YR)
Premium Warehouses				
North Corridor	15.876.806,3	2.846.115,1	17,9%	\$7.20
West Corridor	1.521.477,3	276.309,3	18,16%	\$5.90
South Corridor	4.873.860,2	790.709,6	16,2%	\$6.50
Buenos Aires City (CABA)	644,133	3.368,4	6,3%	\$8.70
Total	24.007.318,2	3.973.849	16,6%	\$7.20
	Total Inventory (SF)	Total Availability (SF)	Total Availability Rate (%)	Average Land Asking Sale Price (\$/SF)
Industrial and Logistics Parks				
North Corridor	348,535,082	240.357.887	69.0%	\$89,5
West Corridor	33,152,812	8.019.105,5	24.2%	\$55.50
South Corridor	141.760.563	21,043,424	14.8%	\$60.50
TOTAL	523,448,457	269.366.598	51.5%	\$69.30

For more information:

Headquarters

Maipú 1300, 6th floor
C1006ACT, CABA, Argentina
t +54-11-4311-9500

Alejandro Winokur

Co-founder and Director
awinokur@ngbacre.com.ar

Market Research

research@ngbacre.com.ar

nmrk.com.ar

Glossary of Terms

Absorption

A measure of the change in occupied space.

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied.

Deliveries

The total RBA of properties added to the inventory once construction has been completed.

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative.

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings.

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space.

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways.

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation.

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy.

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space.

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size (the average does not include negotiable or unpublished rates and is reported as full service including operating costs).

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at ngkf.com/research.

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