



Office Market Buenos Aires

Office market indicators continue to show positive signs, and no major changes were observed in the indicators compared to the previous period. This show of stability could also imply that the market could be in a standby moment, while the main players are in wait-and-see mode, waiting for the direction that the new pandemic cycle and the country's economic situation will take.

In the last weeks of the year, a new COVID-19 variant has begun to generate uncertainty about the return to the office, while the normalcy that had been experienced since the previous quarter is suffering a setback, which is expected to have a short-term impact on the market.

Net absorption continues a positive path, with stable behavior and very few new contracts, although the annual cumulative remained negative.

Vacancy also showed some stability and remained very close to the values shown in the previous period. On the positive side, the available surface showed a decrease, although this decline is due to one-off operations within the market.

Rental values remained similar to the previous period and seem to have found ground after more than a year in decline.

Current Conditions

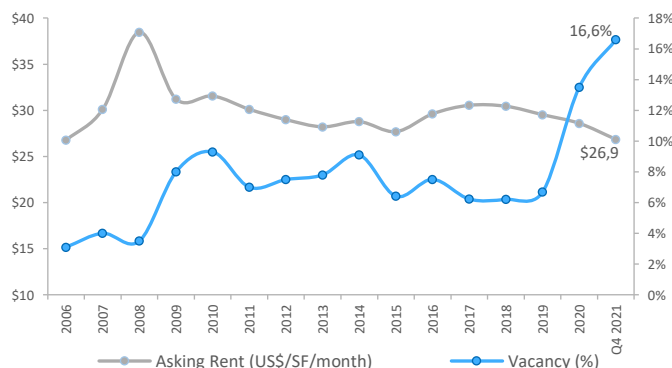
- The average rental value for Class A offices stabilized at \$26.90/SF, with no significant changes compared to the last quarter.
- The vacancy rate continued to decline moderately since the second quarter of 2021, averaging 16.6%.
- In the fourth quarter of 2021, the market showed slight stabilization, registering a positive net absorption of 12,524.66 square feet and an annual accumulated value of negative 267,981.93 square feet.

Market Summary

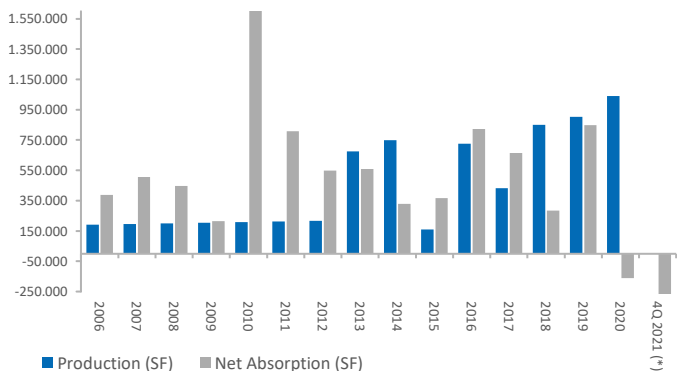
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (Const.)	28,1 MSF	28,1 MSF	27,0 MSF	↗
Total Stock (Lettable) (*)	17,8 MSF	17,8 MSF	17,8 MSF	↗
Availability Rate	16,6%	16,5%	15,5%	↗
Quarterly Net Absorption	12,534 SF	43,131 SF	-1.590.133 SF	↘
Average Asking Rate	\$26.9	\$27.0	\$28.6	↘
Under Construction	2.5 MSF	2.5 MSF	3.6 MSF	↘

Market Analysis

AVERAGE RENT AND VACANCY. 2006- Q4 2021



ANNUAL NET ABSORPTION AND PRODUCTION. 2006- Q4 2021



Indicators by Submarkets

The submarkets showed similar behavior to the previous period, except for some specific transactions in the northern area of the GBA, which represented the positive net absorption of the quarter.

In terms of vacancy, the period showed a decrease of less than 0.5% and close at 2,966,216.75 square feet available. The submarkets showed variations of less than 2% in available space, maintaining the numbers presented since the second quarter of 2021.

In the Central Business District, there were no major changes, with the Catalinas-Retiro and Plaza Roma submarket at the lowest vacancy with 13.28%. On the other hand, the North Zone showed the greatest changes, with the vacancy in the Polo Dot area decreasing by 20.1% in terms of square meters. In the previous period, it totaled 24.0%, an effect that occurred to a slightly smaller extent in the Panamericana and Libertador Corridors.

This performance in the North Zone shows it remains an attractive area for the relocation of companies, many of which are migrating from the CBD.

For net absorption, the market continues to show positive absorption, even though corporate moves were very limited. The North Zone drove demand, with the Polo Dot Corridor showing the highest absorption of the period, at 74,191.47 square feet, because of a 55,555.5-square-foot transaction in the DOT Zetta building, while in the Libertador GBA Corridor, 11,991 square feet were occupied in the PROA building.

In terms of rental values, the market averaged \$26.90/m² per month, similar to the previous quarter. The Catalinas-Retiro and Zona Norte CABA submarkets continue to maintain the highest asking values in the market, despite the moderate downward trend observed during the year.

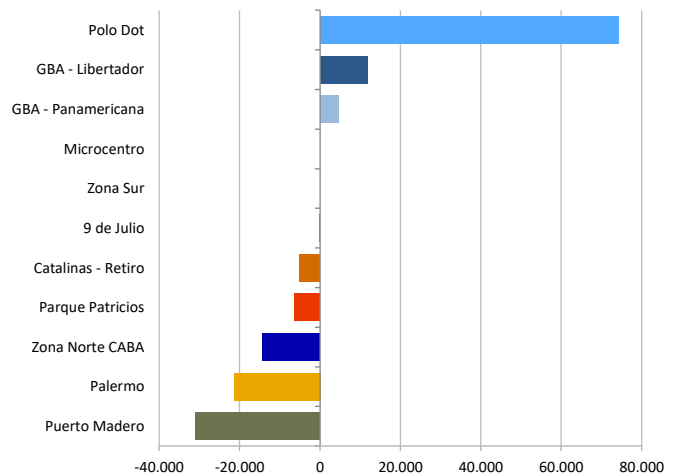
In the Panamericana Corridor, the difference between its heterogeneous offer continues to be observed due to its geographic extension. Large corporate complexes, such as Lumina Panamericana, Lumina Olivos, Thames Office Park, Urbana, Optima Business Park and Edison Officia, showed no changes, maintaining asking rental prices at US\$26.8/SF, while the rest of the area averaged \$23.10/m².

Emerging Poles

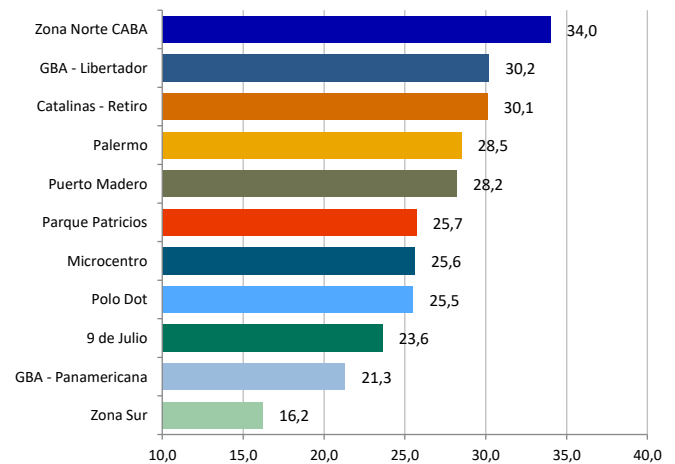
The emerging poles continue in the process of consolidation and, following the pattern shown by the market, did not show major variations. Despite this, values closed close to the market average, at \$25.60/SF and \$27.90/SF for Parque Patricios and Palermo, respectively.

However, it is noteworthy that the Parque Patricios submarket presented an increase in its values due to the release of space in newly constructed buildings, which showed an increase of 8.5% to the previous quarter, raising the weighted average rental price of the area.

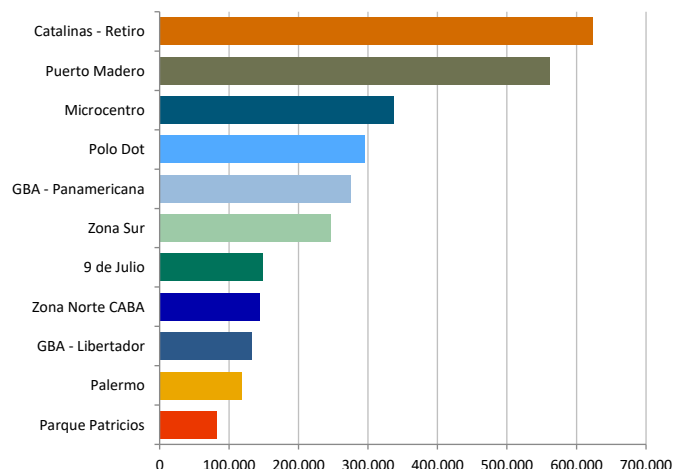
Net absorption (SF)



Asking Rent (US\$/SF/Month)



Available Surface (SF)



Future Stock

During 2021, inventory remained unchanged throughout the year, due to delays in projects expected to enter during the year because of the restrictions implemented in the context of the pandemic during 2020.

In terms of new meters under construction, 1,514,394.6 square feet are expected to be added in 2022, including the Worko building, which will add 3 421.019,2 square feet to the GBA Panamericana submarket, while 219.755,8 square feet will be built on the corner of Libertador and Pampa.

The Northern Area of CABA, Palermo and the Panamericana Corridor continue to be the areas that attract demand and are the ones that concentrate the largest area under construction (63.1%), another sign that developers are still betting on diversification towards the north of the city.

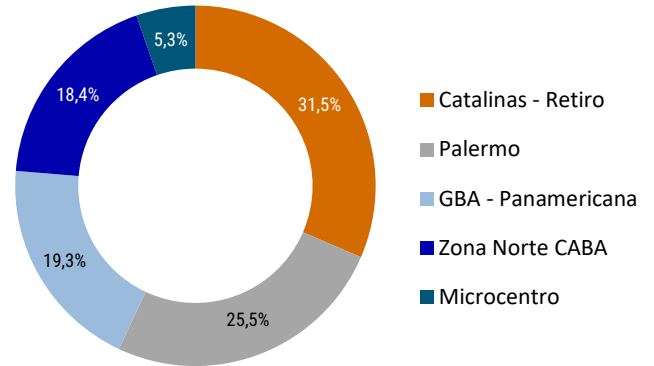
The case of Palermo stands out, with 25.5% of the meters under construction. A total of 6,648,600.3 square feet are expected to enter by 2023, adding to the consolidation of this emerging pole.

In the city, the largest inflows are expected in the Catalinas-Retiro submarket, with an estimated 452,083.8 square feet expected to enter by 2023 at the corner of Cordoba Avenue and Alem.

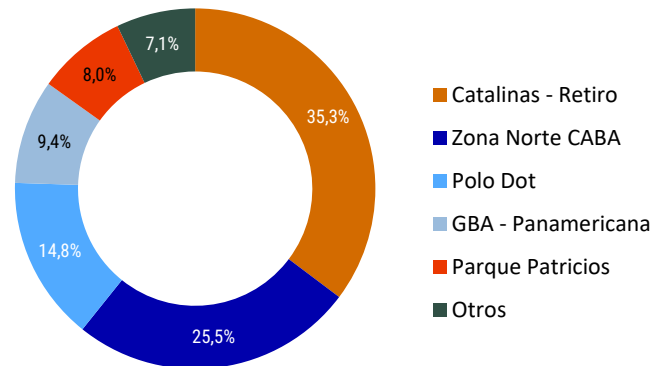
However, the estimated delivery dates could be affected once again by the development of the new COVID-19 variant. Expect to see its impact on the construction schedules during the first months of the year.

In terms of projected meters, there were no changes. The Catalinas - Retiro submarket maintained the highest total number of projects.

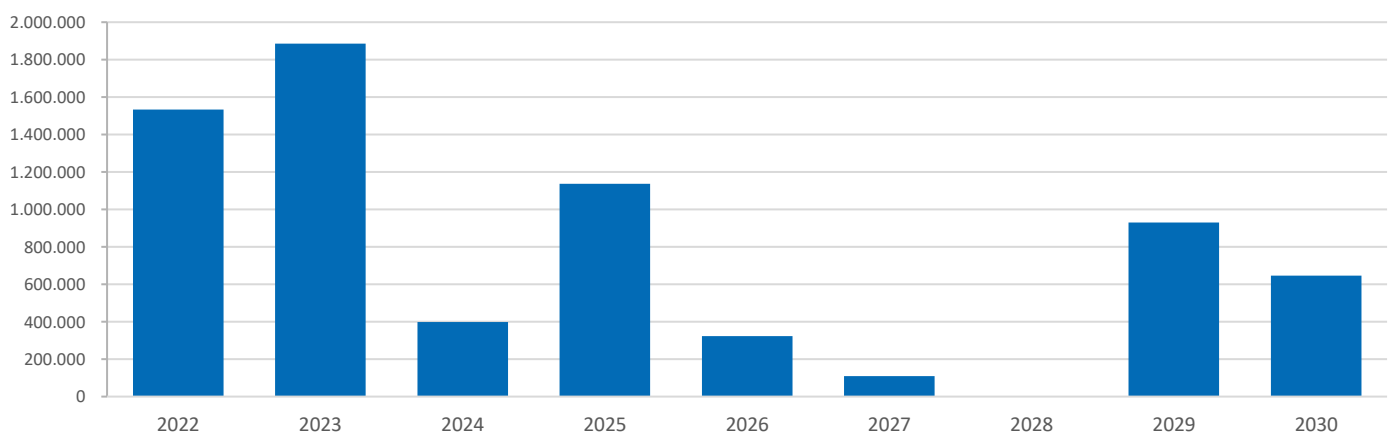
Area under construction: 2.543.725 SF



Surface area under project: 8.779.683 SF



Evolution of future Class A office production (SF)

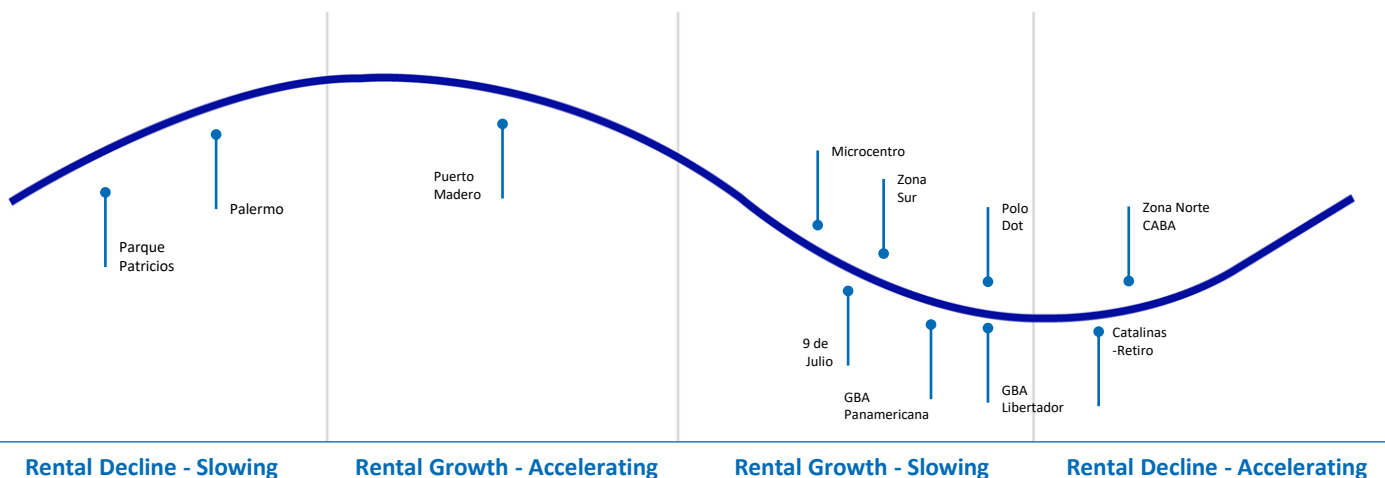


RESEARCH 4Q 2021

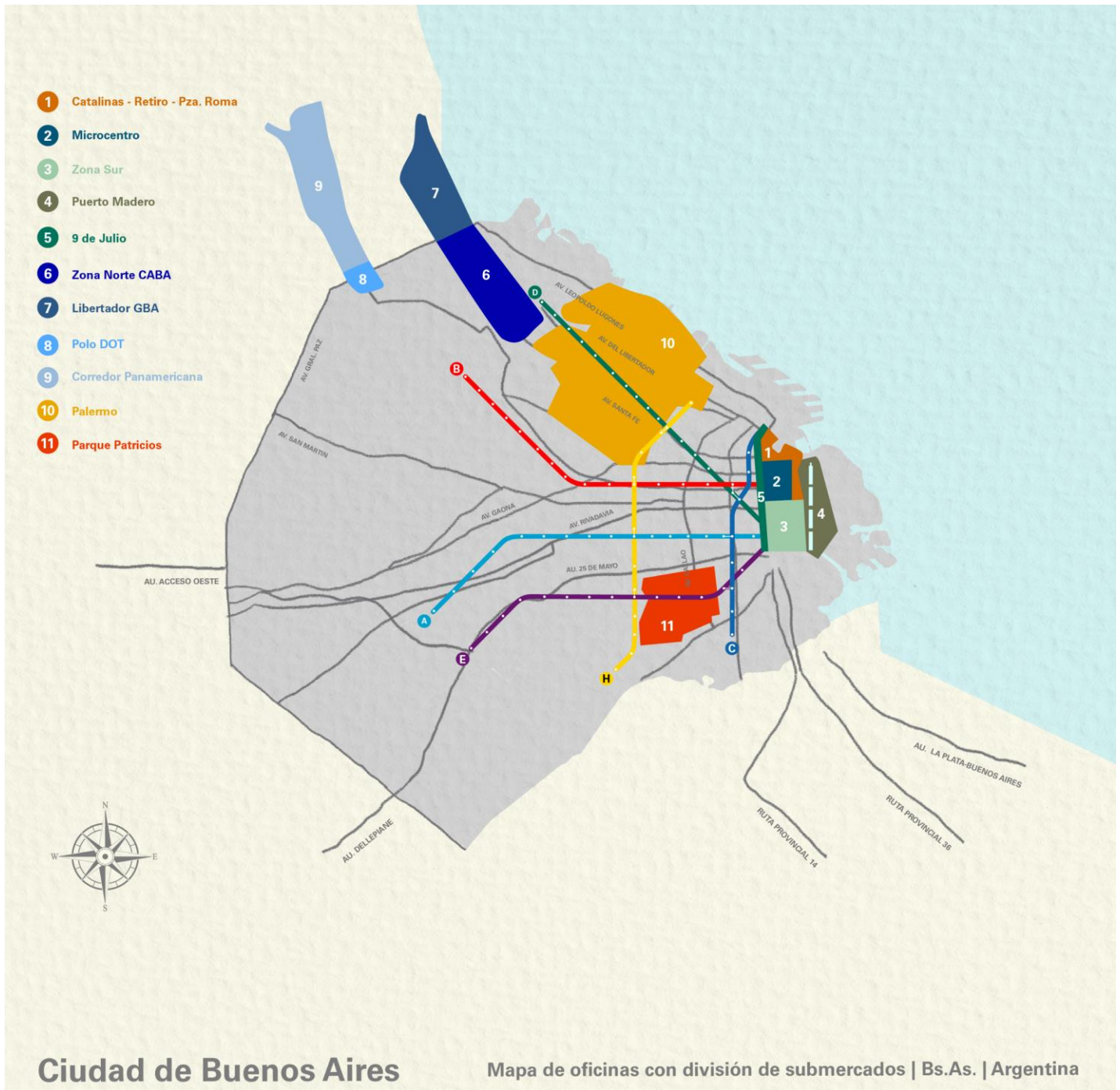
Market Statistics

By Submarket	Total Inventory (SF)	Under Construction (SF)	Projects (SF)	Total Availability Rate (%)	Qtr. Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (\$/SF/YR)
CABA							
Puerto Madero	3,145,771	-	-	17.9%	-31,043	-43,938	28.2
Zona Sur	1,098,725	-	199,692	22.5%	-	90,338	16.2
Microcentro	943,477	134,947	-	35.7%	-	-160,673	25.6
Catalinas-Retiro. Pza. San Martín. Pza. Roma	4,694,470	800,834	3,096,774	13.3%	-5,182	-138,148	30.1
9 de Julio	895,998	-	80,514	16.5%	-	-24,366	23.6
Zona Norte CABA	863,738	467,325	2,237,061	16.7%	-14,316	79,039	34.0
Polo Dot	1,228,979	-	1,295,586	24.0%	74,191	55,893	25.5
GBA							
Corredor Panamericana	1,979,363	485,603	822,254	13.9%	4,715	-69,137	21.3
Corredor Libertador	1,200,326	-	342,873	11.0%	11,991	-35,607	30.2
Subtotal	16,050,848	1,888,709	8,074,755	17.2%	40,346	--249,626.04	\$ 26.1
Emergent Poles							
Parque Patricios	1,621,183	-	704,940,73	5.1%	-6,458	-3,240	25.7
Palermo	202,232	648,600	-	58.4%	-21,363	-18,143	28.5
Subtotal	1,823,415	648,600	704,940,73	11.0%	-27,821	-21,383	\$ 27.1
TOTAL	17,874,263	2,537,310	8,779,696	16.6%	12,525	-267,982	\$ 26.6

Class A office market cycle by submarkets



Office market by submarket – Buenos Aires



Economic Outlook

During 2021, different scenarios were observed, starting with a strong recession during the first quarter of 2021, where the direct impact of the pandemic was observed within a deteriorated economy. At the end of the year, improvement in the indicators is noted.

For the last period of the year, with the progress of the vaccination programs and the flexibilization of sanitary restrictions, the economy began to show signs of recovery, as well as the gradual increase in domestic and international tourism, which has resulted in greater economic movement. The GDP registered growth of 4.1% in the second quarter of 2021, displaying signs of improvement.

It is important to consider that in the last weeks of the year, a new variant of the virus was seen worldwide, resulting in the reestablishment of quarantines in the most affected countries, as well as new sanitary restrictions. The real impact of these measures will be seen during the first months of 2022.

Despite the complex economic context, the unemployment rate stood at 8.5%, the best level since 2017 (7.2%), improving pre-pandemic values, according to INDEC reports. This decrease was accompanied by an increase in the activity and employment rate, the return to normalcy will depend on the development of the last wave of contagions and how this will impact activity levels.

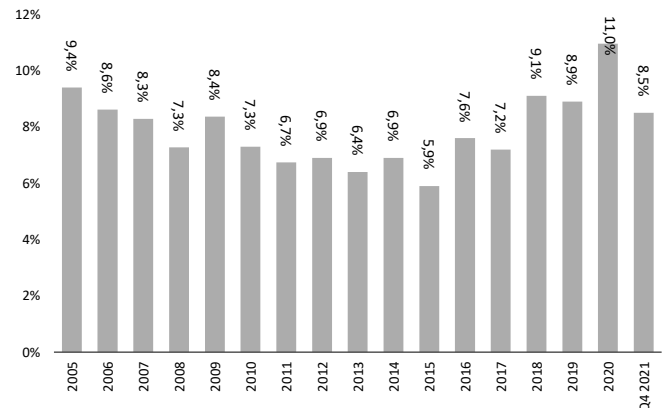
The domestic economy and the purchasing capacity of the population were impacted during the year, with the continued depreciation of the peso against the dollar, which ended the period at \$108.50 per peso, an increase of 30.5% compared to pre-pandemic values, as well as the CPI, which maintained similar values to the previous period, closing the period at 51.2% per annum.

Economic indicators 4Q 2021

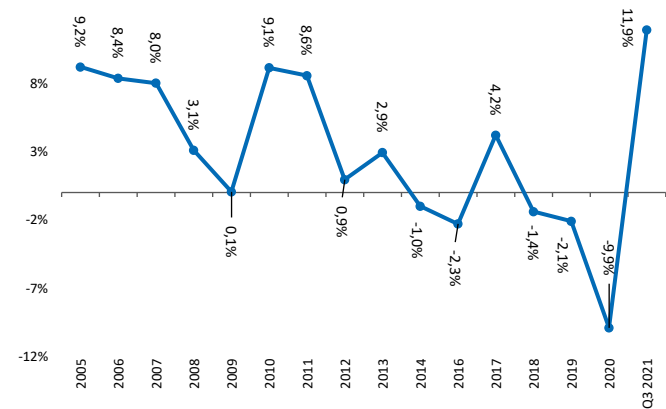
Capital City	Buenos Aires
Population (estimated 2021)	45.808.747
GDP MM	US\$ 448,411
GDP per capita MM	US\$9,789
Currency	Peso
Unemployment Rate	8,5 %



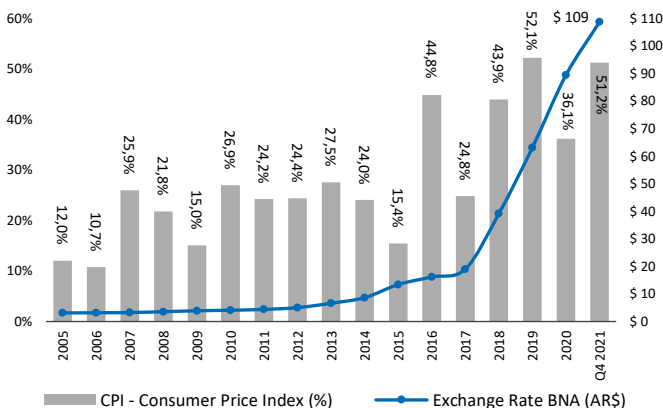
Unemployment rate (%)



GDP : Percentage Variation























Exchange Rate (BNA) – Consumer price index (%)



Source: Banco de la Nación Argentina, INDEC 1999-2007/2015-2021 INDEC. 2008-2014 Calculated using the weighted geometric average of the consumer price indexes provided by the provisional statistics institutes.

Source: INDEC 2015 = World Bank estimated value. 2021= World Bank estimated value (June 2021 projection)

Class A Buildings under Construction

	Proyct	Submarket	Total Area (SF)	Lettable Area (SF)	Date	LEED Certification
	Worko	GBA Panamericana	526,279	421,020	1Q 2022	
	Park 10	GBA Panamericana	86,111	64,583	2Q 2022	
	Bureau Diagonal	Microcentro	185,505	134,947	4Q 2022	
	Libertador y Pampa	Zona Norte CABA	263,715	219,755	4Q 2022	
	Quartier Puerto Retiro	Catalinas Retiro	418,500	348,750	1Q 2023	
	Mirabilia Central	Palermo	398,264	182,340	2Q 2023	
	Mirabilia 851	Palermo	645,834	319,903	4Q 2023	
	Campos Salles	Zona Norte CABA	538.195	247,570	3Q 2023	
	Nómada Palermo	Palermo	538.195	247,570	4Q 2024	
	Alem y Córdoba	Catalinas Retiro	645,834	452,084	1Q 2025	

Areas of the projects are approximate.
Pictures are illustrative.

For more information:

Headquarters

Maipú 1300, 6º Piso
C1006ACT, CABA, Argentina
t +54-11-4311-9500

Fernando Novoa

Director
fnovoa@ngbacre.com.ar

Karina Longo

*Head Research, Valuations, Data
Analytics*
klongo@ngbacre.com.ar

Maylingh Contreras

Market Research
mcontreras@ngbacre.com.ar

nmrk.com.ar

Glossary of Terms

Absorption

Measures the demand in the office market based on the difference between the current occupied area versus the occupied area of the previous quarter.

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.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.