



# Buenos Aires Industrial Market

## Growing Market Shows Signs of Recovery

During the year 2021, the industrial market experienced a period of stabilization. Vacancy rates and rental values found stability, while the inventory remained unchanged; no new space was added.

In the first quarter of 2022, the market responded to the need for new space, with the addition of 753,473 square feet in the North Zone, increasing its stock. The main players continue to bet on the growth of the market and are in search of new land for development in strategic areas, responding to the need for optimized operations. The location of the logistic centers must satisfy not only space needs, but also higher standards of safety and accessibility, guaranteeing the speed and efficiency of its movements. Therefore, proximity to CABA, access to principal communication routes, and the industrial environment are aspects that are factored into the decision to search for new spaces.

The net absorption closed in positive values, showing the beginning of the market recovery. The vacancy presented a rise of 0.8 percentage points, while the re-leased area maintained similar behavior; positive signs reflecting that companies have stopped cutting spaces.

Asking rent values continued without significant changes compared to the previous period; stability is beginning.

### Current Situation

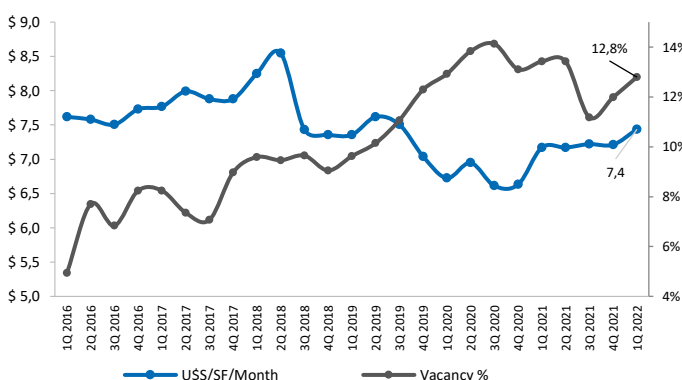
- The average rental value for Class A logistics centers stayed flat, closing at \$7.40 /SF.
- The vacancy rate averaged 12.8% of total leasable square feet and remains stable compared to the previous quarter.
- In the first quarter of 2022, the market showed positive signs, closing the period with a positive net absorption of 508,056 square feet.

### Market Highlights

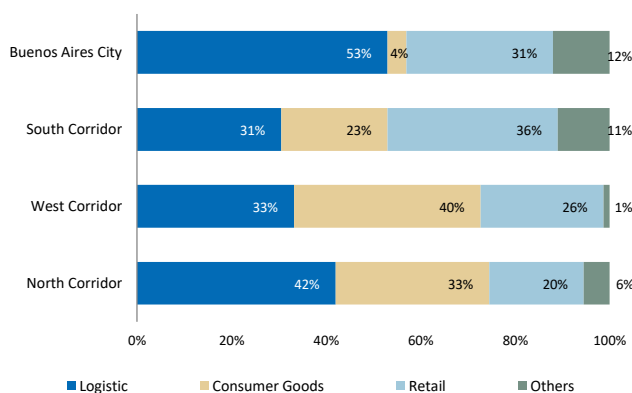
Premium Warehouse	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (Const.)	19,09 MSF	18,34 MSF	18,34 MSF	↗
Availability Rate	12,8%	12,0%	13,4%	↗
Average Asking Rent	US\$7,4	US\$7.2	US\$7.2	→
Quarterly Net Absorption	508,1K	-146,2K	57,8K	↗
Underconstruction	161K	850K	850K	→

### Market Analysis

ASKING RENT AND VACANCY. 1Q 2016- 1Q 2022



ACTIVITIES LOCATED BY ZONE IN PREMIUM WAREHOUSES – 1Q 2022



**Offer**

In the first period of the year, the Logistic Park 3 de Febrero project entered the North Zone, providing 753,473 square feet of premium warehouse space, showing developer interest in this area. This stock came in at 54.0% occupied; because of the increase in the inventory, the vacancy presented a slight increase of 0.8%.

Availability closed at over 2.44 million square feet, a slight increase from the previous quarter. The area continues to show signs of stabilization; year-on-year, it showed fluctuations of less than 1%.

The requested rental values closed at \$7.40/SF, remaining practically unchanged with respect to those presented during the previous quarter, gradually recovering to pre-pandemic levels.

North Zone trades with the highest values, reaching \$7.50/SF. The difference between the highest price in the North Zone and the lowest price in the West Zone is 14.1%, something that could lead some companies to reevaluate relocation plans.

**Demand**

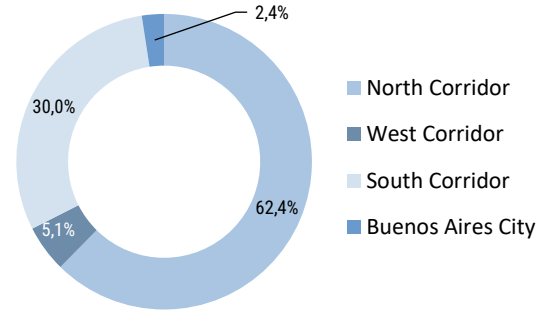
Quarterly net absorption ended at 508,056 square feet, a vast improvement from the previous quarter's absorption of -146,249 square feet. The greatest absorption occurred in the North Zone with 342,292 square feet, followed by the South Zone with 165,764 square feet, while the West Zone and CABA did not present movements.

Regarding the new space under construction and those that will be incorporated into the market during the current period, the first space has been incorporated since 2020. Expect more space to enter throughout the year.

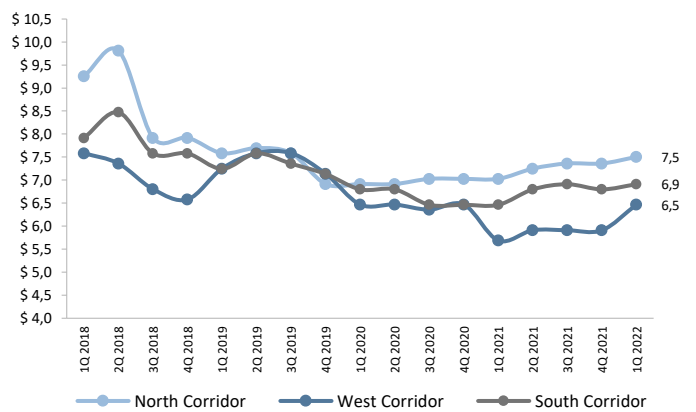
For land in industrial parks, the market bets on the properties with the best location and shows a slight rise in the asking prices.

For the first quarter of 2022, a recategorization of the inventory of Class A logistics centers was carried out. The indicators for the current quarter continue to be comparable with the historical series. Newmark adapts to the requirements and needs of the market, thus seeking the most up-to-date information possible.

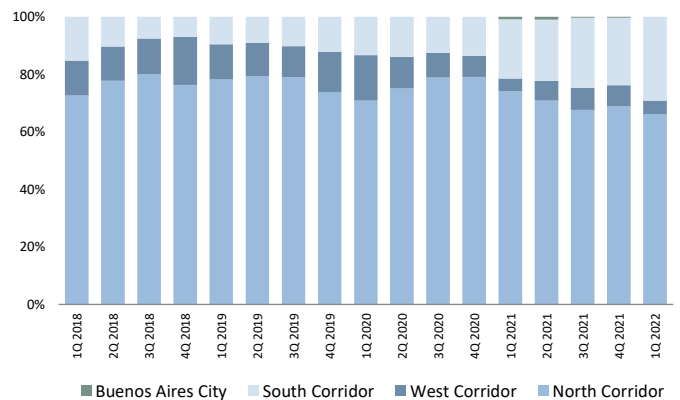
**Composition of inventory (square feet)**



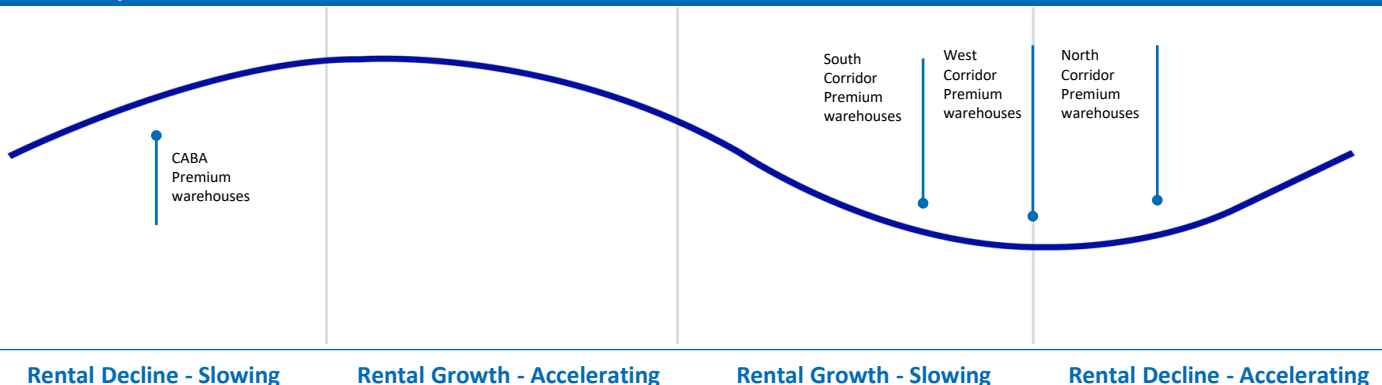
**Asking Rent (US\$/SF/Month) Q1 2018- 1Q 2022**



**Available Surface (SF) Q1 2018- 1Q 2022**



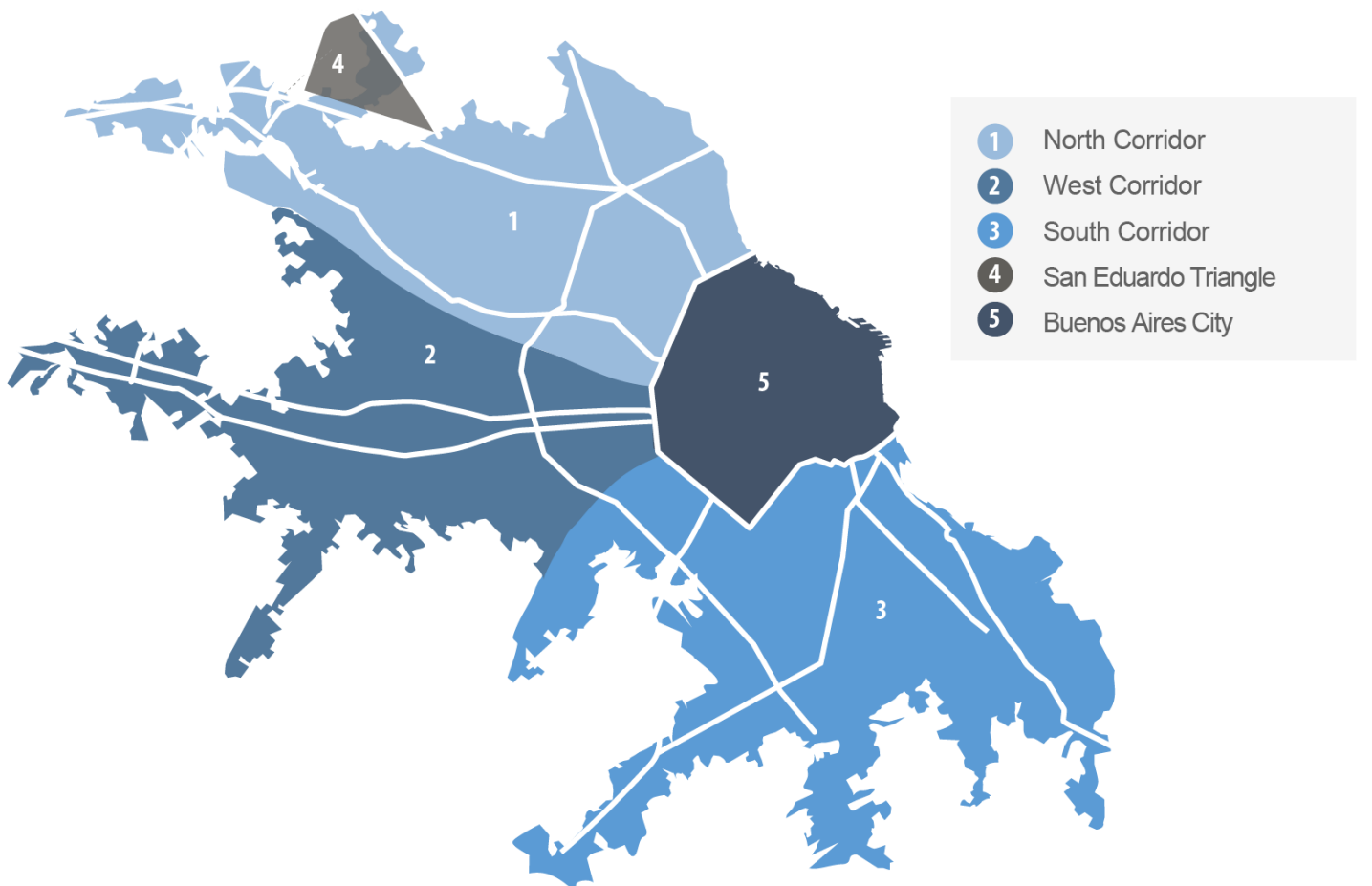
**Real Estate Cycle**



Market Statistics						
Premium Warehouses	Total Inventory (SF)	Total Availability (SF)	Availability Rate (%)	Qtr. Absorption (SF)	Under Construction (SF)	Direct Asking Rent (\$/SF/YR)
North Corridor	11,910,309.2	1,616,694.7	13.6%	342,292.0	-	7.5
West Corridor	983,282.3	114,850.8	11.7%	-	-	6.5
South Corridor	5,737,158.7	710,417.4	12.4%	165,764.1	161,458.5	7.1
Buenos Aires City (CABA)	462,847.7	-	-	-	-	8.7
<b>Total</b>	<b>19,093,597.8</b>	<b>3,749,776.8</b>	<b>12.79%</b>	<b>508,056.1</b>	<b>161,458.5</b>	<b>7.4</b>

Industrial and Logistics Parks	Total Inventory (SF)	Total Availability (SF)	Total Availability Rate (%)	Average Land Asking Sale Price (\$/SF)
North Corridor	348,535,082	238,205,107	68.3%	\$105.7
West Corridor	33,152,812	7,803,828	23.5%	\$96.8
South Corridor	141,760,563	20,935,786	14.8%	\$76.7
<b>TOTAL</b>	<b>523,448,457</b>	<b>266,944,720</b>	<b>51.0%</b>	<b>\$93.0</b>

**Industrial market – Buenos Aires**



### Economic Outlook

During the first quarter of 2022, the agreement reached by the government with the FMI to renegotiate debt stands out. In March, the economic program was approved and will be valid for two and a half years. The Argentine government committed to comply with a series of macroeconomic goals that will be required by the FMI as a condition to enable quarterly disbursements, which Argentina may use to comply with the expiration schedule.

Despite the agreement, the economic outlook for 2022 is very complex. Many of the economic recovery factors of 2021 will lose strength in 2022, given the complexity of not only the economic outlook but also the ruling political coalition and the delicate social situation of the most vulnerable groups of the population.

The inertia of the inflationary process will continue to dilute wages and pensions. The increases in rates for public services, food and fuel added to the usual increases in clothing and education in March and will push the CPI above 6%.

On the employment side, the activity and employment rates are already close to 2018 and 2019 levels. In 2021, strong rebound in employment was explained by recovery of jobs lost in the pandemic, and that effect will not be repeated in 2022.

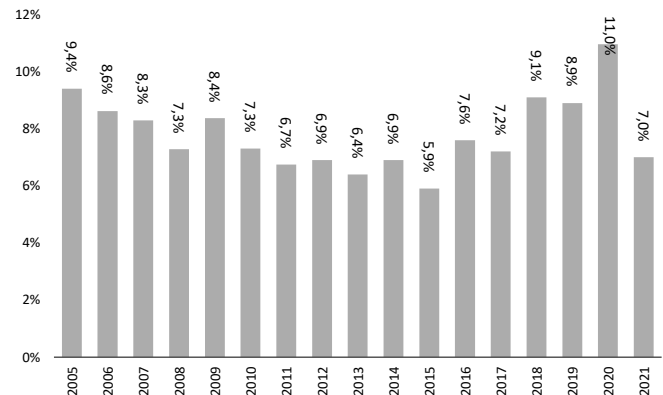
From abroad, one of the limitations is the limited growth prospects of Brazil, a main destination for industrial exports. Moderation of expansion will not help, especially considering the war in Ukraine.

### Economic indicators 1Q 2022

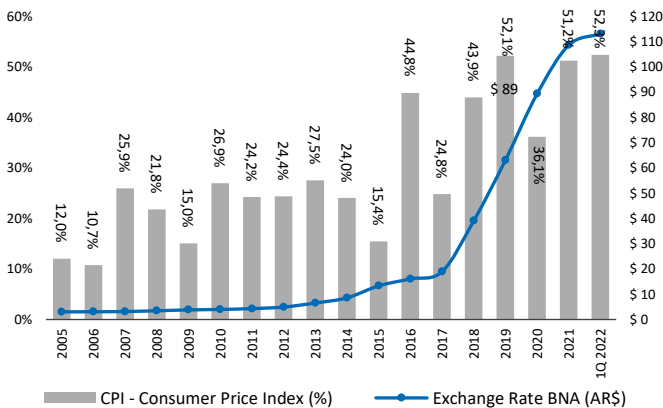
Capital City	Buenos Aires
Population (estimated 2021)	45,808,747
GDP MM	US\$ 413,161
GDP per capita MM	US\$9,019
Currency	Peso
Unemployment Rate	7.0%



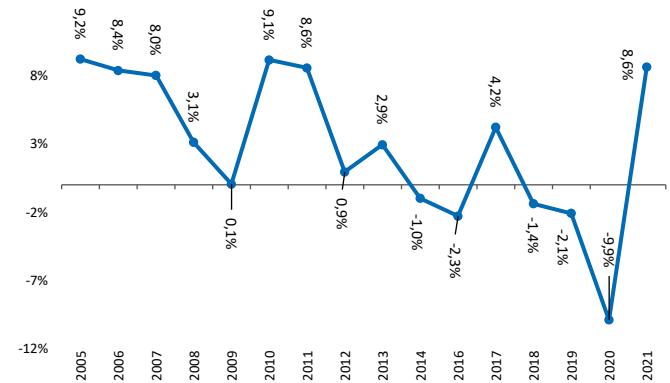
### Unemployment rate (%)



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



### GDP : Percentage Variation



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)

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## 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](http://ngkf.com/research).

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