



Buenos Aires Office Market

Favorable Tenant Market Encourages Qualitative Leaps in Workspaces

During the first quarter of 2022, most companies made a hybrid return to the office. With the restarting of economic activities, the return of workers to the office gave greater dynamism to the Class A office market.

The signs that show a slow but progressive reaction have not yet been replicated in transactions, although there has been an increase in companies' interest in the opportunities presented by the Class A market, where the price remains stable and at its lowest historical level.

In a market environment with favorable conditions for tenants, there has been an increase in inquiries from companies seeking to make a qualitative leap in their workspaces at competitive costs and in premium buildings.

Attractive rental values are driving many companies to consider relocation. Also, the convenience of the official dollar exchange rate against the MEP dollar offers the opportunity for change.

Although the market shows signs of stabilization, it is expected that it may be heading towards a slow recovery. Specific transactions left a positive gross absorption during the quarter, while vacancy and asking rental values showed some stability and remained very close to the values closed in the previous period.

Current Conditions

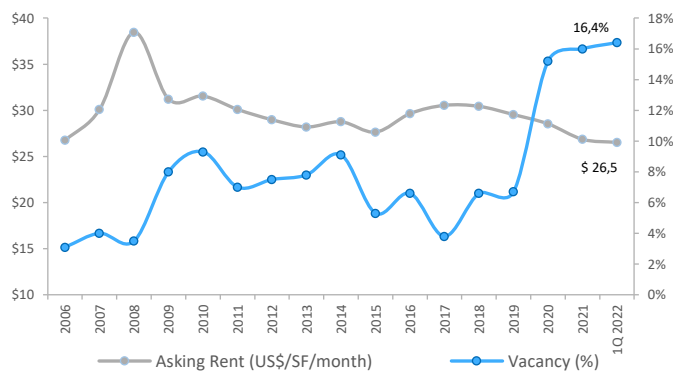
- The average rental value for Class A offices stabilized at \$26.4/SF and continued without significant changes compared to the fourth quarter of 2021.
- The vacancy rate showed a slight increase to 16.4%.
- For the first quarter of 2022, the market continued to show stability. Transactions totaled nearly 286,589 square feet. As a result, quarterly net absorption was -62,646 square feet.

Market Summary

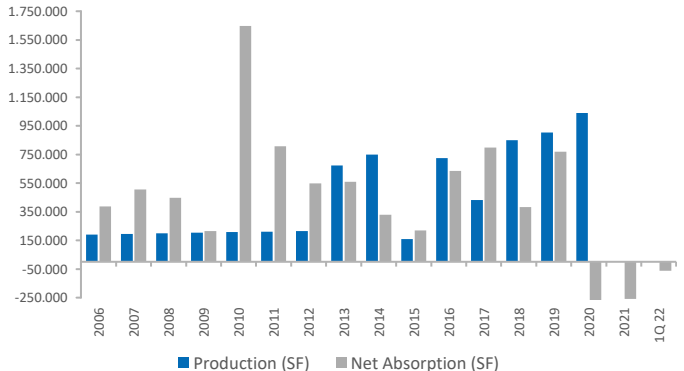
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Stock (Lettable) (*)	17,8 MSF	17,8 MSF	17,8 MSF	↗
Availability Rate	16,4%	16,6%	16,67%	↗
Quarterly Net Absorption	-105,252 SF	12,534 SF	-284,565SF	↗
Average Asking Rate	\$26,4	\$26,9	\$26,9	↔
Under Construction	2.5 MSF	2.5 MSF	2,5 MSF	↘

Market Analysis

AVERAGE RENT AND VACANCY. 2006- 1Q 2022



ANNUAL NET ABSORPTION AND PRODUCTION. 2006- 1Q 2022



Demand

Net absorption closed at -62,646 SF square feet, unlike the previous period.

Leased space totaled 149,080 square feet in the Central Business District. In Microcentro, 76,768 square feet were absorbed, specifically in Torre Bellini.

Another milestone to highlight is the transactions in the Polo Emergente de Palermo, which absorbed 48,524 square feet with the block rental of the Summers Building, as well as 39.299 square feet in the WO LEAF Building.

The largest release of space was observed in the Catalinas-Retiro submarket, with 64,551 square feet in the Plaza San Martín building. In the GBA Libertador Corridor, 24,552 square feet were vacated in Al Rio Torre Sur.

These corporate movements show that the market continues to deconcentrate towards the northern area of CABA and that demand is focused on better quality buildings within the CBD.

Offer

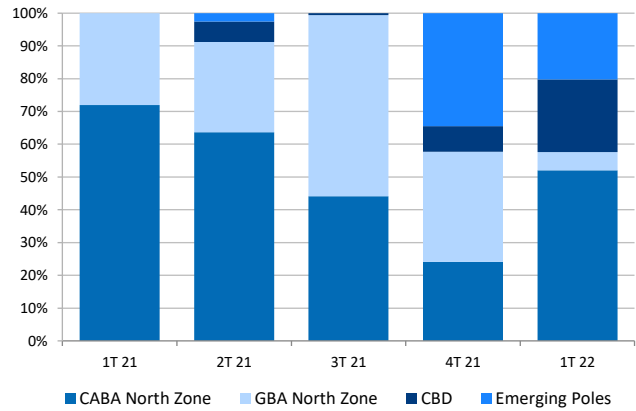
The vacancy shows a slight rise of minus 0.4 percentage points, standing at 16.4%. The market has some stability. Available space reached 3,037,422 square feet, an increase of 6.7% compared to the previous year.

Regarding rental values, the market averaged \$26.53/SF, establishing historical lows. Despite this, the market remained stable. The CABA North Zone submarket continues to maintain the highest values requested in the market, but the gap in values between the CBD submarkets and those outside of it is closing.

For the first quarter of 2022, a recategorization of Class A office inventory 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.

Quarterly Gross Absorption by Submarkets

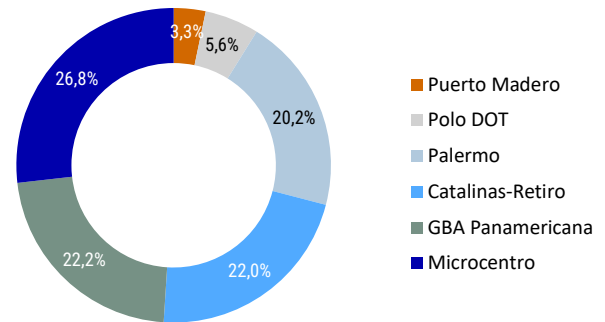
1Q 2021 – 1Q 2022. SQUARE FEET



CABA North Zone: Polo DOT. Corredor Libertador CABA.
GBA North Zone: GBA Panamericana. GBA Libertador.
CBD: Catalinas-Retiro. Puerto Madero. Microcentro. 9 de Julio. Zona Sur.
Emerging Poles: Palermo. Parque Patricios.

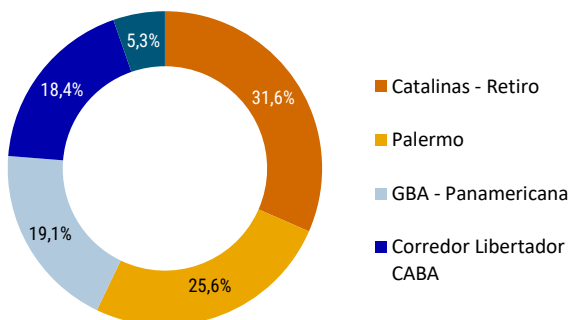
Leased Area by Submarkets: 286,589 SF

1Q 2022. SQUARE FEET



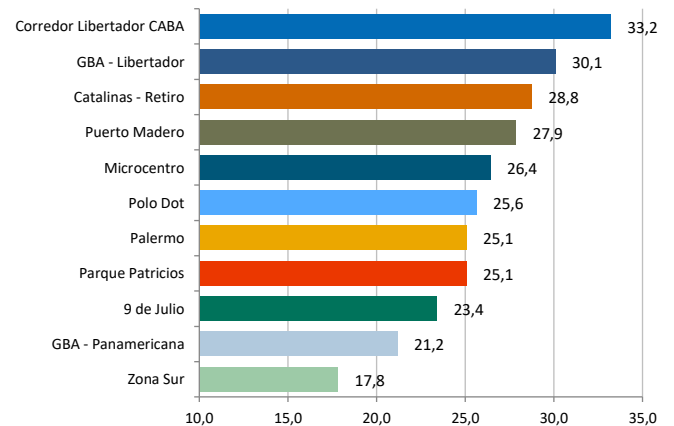
Area Under Construction: 2,537,310 SF

1Q 2022. SQUARE FEET



Average Asking Rent

1Q 2022. (U\$S/SF/MES)

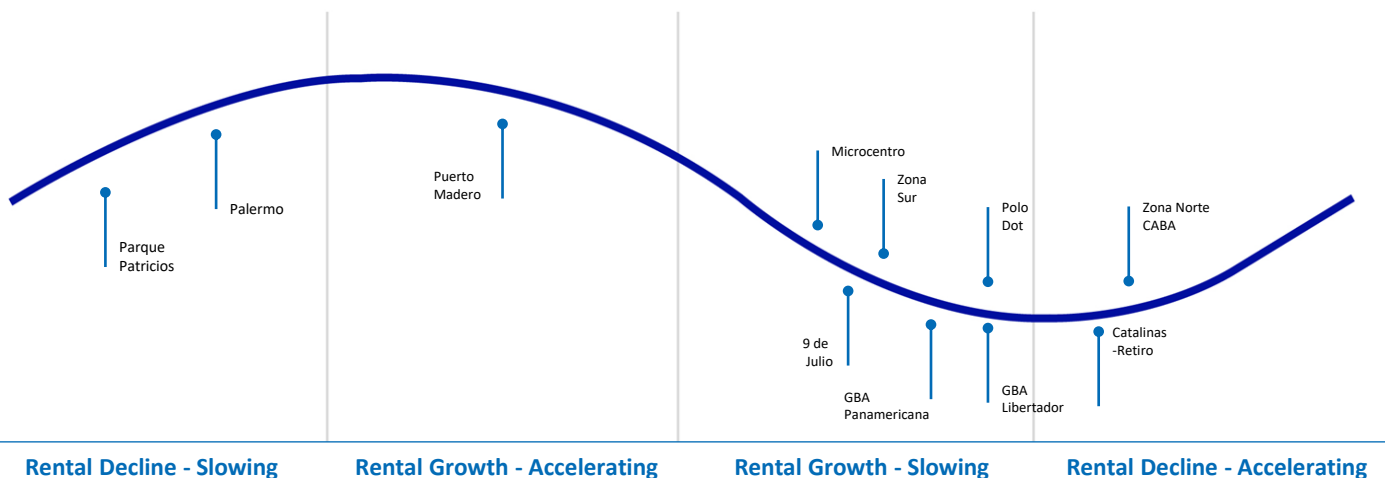


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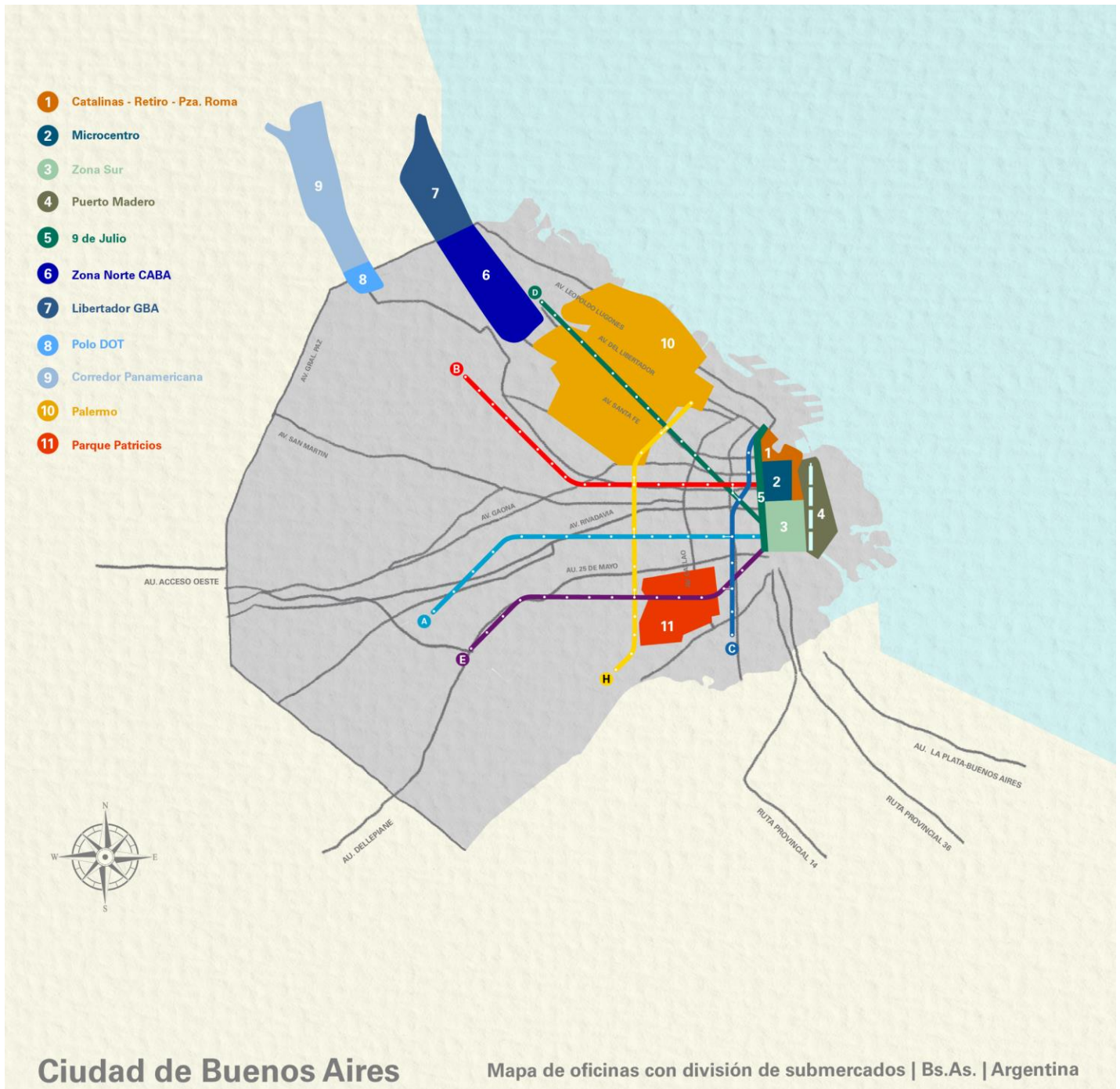
Market Statistics

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	3.232.140,8	-	-	17.6%	-32,959	-32,959	28.1
Zona Sur	1.098.725,1	-	199,692	22.5%	0	0	18.1
Microcentro	934.134,3	134,947	-	26.9%	86,111	86,111	26.5
Catalinas-Retiro. Pza. San Martín. Pza. Roma	5.308.454,1	800,834	3,096,774	13.7%	-86,383	-86,383	28.7
9 de Julio	895.997,8	-	80,514	18.6%	-18,442	-18,442	23.3
Zona Norte CABA	863.738,4	467,325	2,237,061	16.7%	0	0	33.2
Polo Dot	1.240.453,4	-	1,295,586	26.5%	-30,777	-30,777	25.5
GBA							
Corredor Panamericana	2.148.539,0	485,603	822,254	15.6%	-56,058	-56,058	21.0
Corredor Libertador	966.899,6	-	342,873	16.9%	-30,548	-30,548	30.2
Subtotal	16.689.082,5	1,888,709	8,074,755	17.8%	-169,056	-169,056	\$ 26.1
Emergent Poles							
Parque Patricios	1.855.524,1	-	704,940,73	1.5%	-11,733	-11,733	25.1
Palermo	171.845,7	648,600	-	34.7%	75,537	75,537	25.2
Subtotal	2.027.369,8	648,600	704,940,73	4.3%	63,805	63,805	\$ 25.2
TOTAL	18.716.452,3	2,537,310	8,779,696	16.4%	-105,252	-105,252	\$ 26,4

Class A office market cycle by submarkets



Office market by submarket – 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.

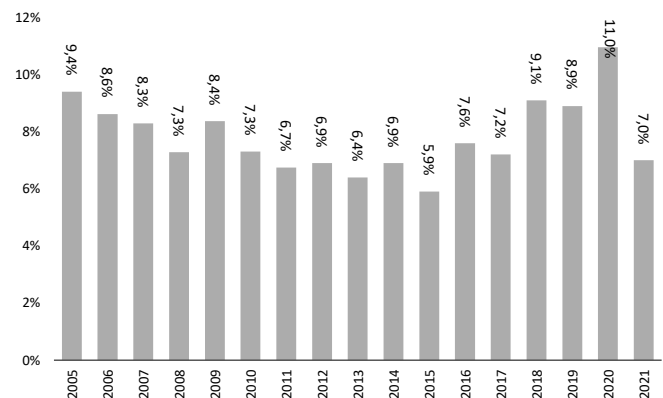
From abroad, one of the limitations is the limited growth prospects of Brazil, a main destination for industrial exports. Moderation of expansion will not help, especially considering the war in Ukraine.

Economic indicators 1Q 2022

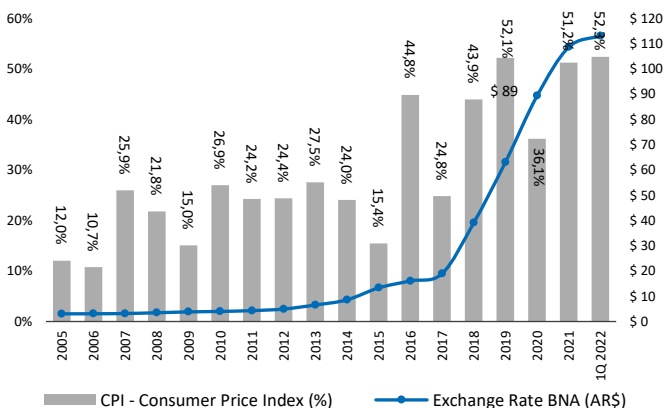
Capital City	Buenos Aires
Population (estimated 2021)	45,808,747
GDP MM	US\$ 413,161
GDP per capita MM	US\$9,019
Currency	Peso
Unemployment Rate	7.0%



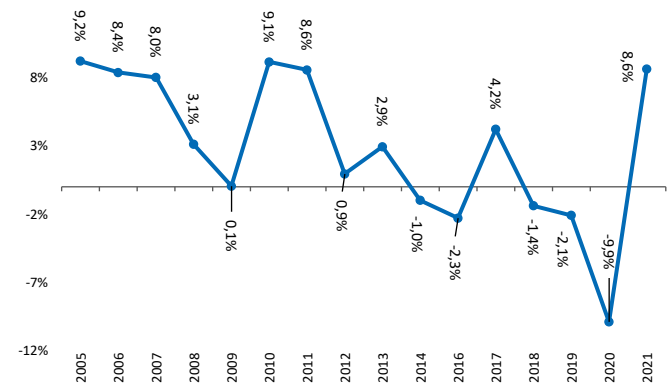
Unemployment rate (%)



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



GDP : Percentage Variation









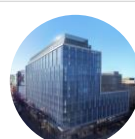





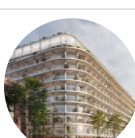

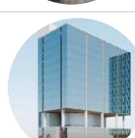

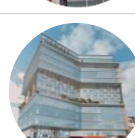

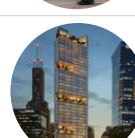


Source: Banco de la Nación Argentina, INDEC 1999-2007/2015-2021 INDEC. 2008-2014 Calculated using the weighted geometric average of the consumer price indexes provided by the provisional statistics institutes.

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

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Class A Buildings under Construction

	Project	Submarket	Total Area (SF)	Lettable Area (SF)	Date	LEED Certification
	Worko	GBA Panamericana	526,279	421,019	2Q 2022	
	Officia Nordelta	GBA Panamericana	269,098	107,639	2Q 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	263,716	219,756	4Q 2022	
	Quartier Puerto Retiro	Catalinas Retiro	418,500	348,750	1Q 2023	
	Mirabilia Central	Palermo	398,264	215,278	4Q 2024	
	Mirabilia 851	Palermo	735,713	452,084	1Q 2023	
	Campos Salles	Zona Norte CABA	538,195	269,098	3Q 2023	
	Nómada Palermo	Palermo	269,098	146,357	4Q 2024	
	Alem y Córdoba	Catalinas Retiro	645,834	452,084	1Q 2025	

Areas of the projects are approximate.
Pictures are illustrative.

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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.

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