



Buenos Aires Office Market

Developers Continue to Invest in the North Corridor of CABA

During the first quarter of 2023, the office market continued to show positive indicators. Higher-category buildings with better amenities continue to be in high demand. Although there has been an increase in inventory due to the entry of new buildings into the market, net absorption continues to be positive.

Prices remain stable, which is attractive to developers and offers fly-to-quality opportunities for tenants.

Developers continue to bet on the North Corridor of CABA; inventory has increased by 25.0% this quarter. Despite this, the area continues to maintain a vacancy rate significantly under the market average, becoming one of the best-performing areas after the pandemic.

The market continues to take a wait-and-see approach towards the economic and political direction of the country during this period of electoral transition.

Transactions have accelerated, driven by the accumulation of cash by companies seeking to protect their liquidity in profitable assets.

The entry of over 1.5 million square feet of new space is expected by 2023; it remains to be seen what impact this new supply may have on the market.

Current Conditions

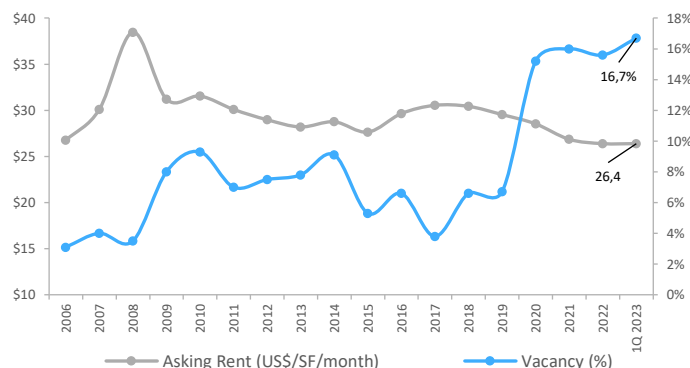
- The average rental value for Class A offices stabilized at \$26.40/SF and continued without significant changes compared with the previous quarter.
- The vacancy rate showed a slight increase, closing at 16.7%.
- For the first period of 2023, the market continues to show positive signs. One-off transactions left a gross absorption of 488,207 square feet and a released surface area of negative 437,014 square feet. As a result, quarterly net absorption was 51,193 square feet.

Market Summary

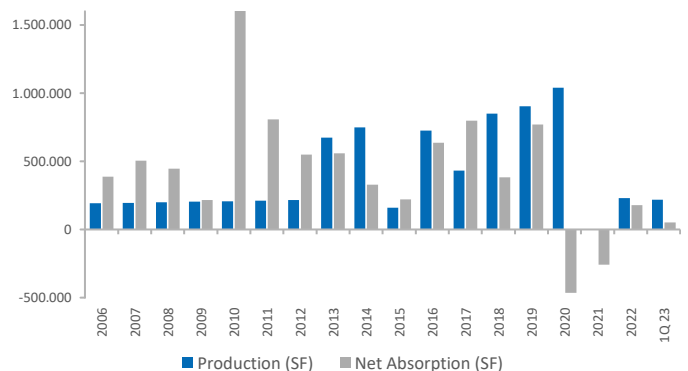
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Stock (Lettable) (*)	19,01 MSF	18,7 MSF	17,8 MSF	↗
Availability Rate	16.7%	15.6%	16,4%	↗
Quarterly Net Absorption	51,193 SF	197,690 SF	-105,252 SF	↗
Average Asking Rate	26,4	26,4	26,4	↔
Under Construction	2.9 MSF	2.8 MSF	2.5 MSF	↘

Market Analysis

AVERAGE RENT AND VACANCY. 2006- 1Q 2023



ANNUAL NET ABSORPTION AND PRODUCTION. 2006- 1Q 2023



Demand

Demand has had a mixed performance during the period due to the needs and strategies of the companies. Net absorption for the quarter was 51,193 square feet.

In terms of leased space, it nearly doubled this quarter, reaching 488,207 square feet. Demand was equally distributed between the northern area of CABA, the Greater Buenos Aires area and Central Business District, around 30.0% each, while the emerging areas of Palermo and Parque Patricios accounted for 7.3% of the leased area.

The largest movements were registered in the new building on Libertador and Pampa, where 152,331 square feet were leased, representing 31.0% of the area absorbed in the period. This building reached an important milestone in the market, since it entered with 70.0% of the already leased area, consolidating the North Corridor as an attractive proposition for developers and occupants.

In the CBD area, the Catalinas-Retiro submarket experienced the highest activity, with 21.0% of the total market, particularly the Della Paolera 200 building, where 69,825 square feet were leased.

The released area closed at 437,014 square feet, with the largest movements in Puerto Madero and Polo DOT, which represent 45.0% of the released area. In the corridors outside the CBD, there was a lower release of space.

Offer

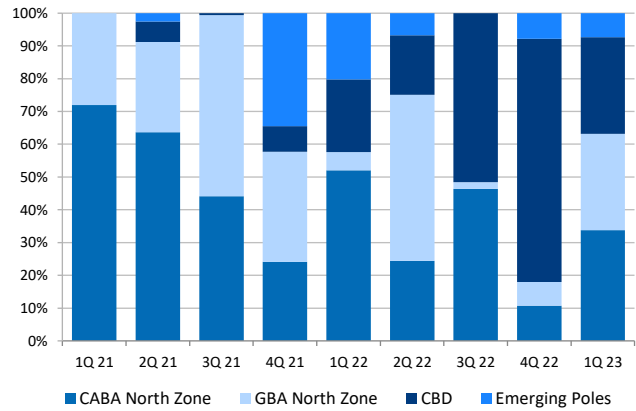
Vacancy increased slightly by 1.1% to 16.7%. North CABA and the Polo DOT experienced an increase in vacancy, while the rest of the submarkets had variations below 3%; however, the CBD still shows the highest vacancy rates.

As for the available area, it closed at 295,079 square meters, presenting an increase of 5.6% compared to the previous period. Except for the Emerging Poles, the rest of the market experienced a generalized increase in availability.

As rental values, they remained stable at \$26.40/\$M, which means that price stability and the increase in availability continue to offer an opportunity for a flight-to-quality jump for tenants.

Quarterly Gross Absorption by Submarkets

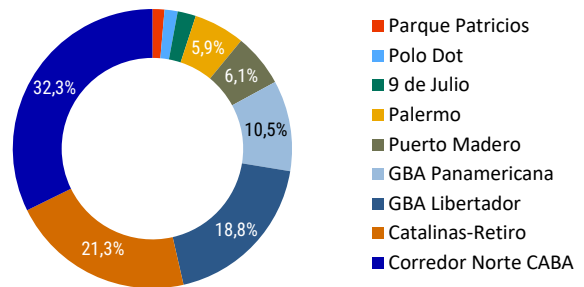
1Q 2021 – 1Q 2023. SQUARE FEET



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.

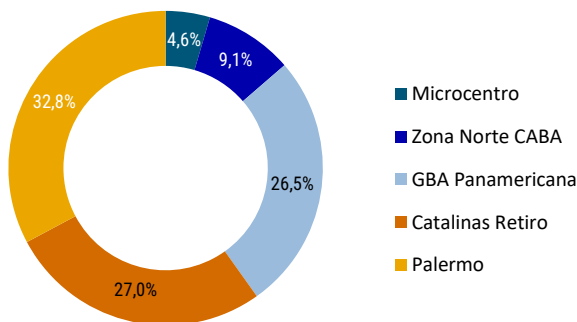
Leased Area by Submarkets: 5,255,016 SF

1Q 2023. SQUARE FEET



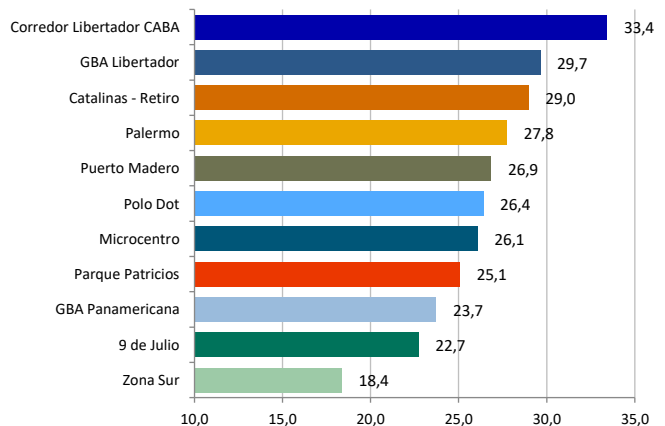
Area Under Construction: 2,841,035 SF

1Q 2023. SQUARE FEET



Average Asking Rent

1Q 2023. (U\$S/SF/MES)



RESEARCH 1Q 2023

Latin American Outlook

Buenos Aires inventory is 45.7% below the Latin American average. Mexico City has the highest volume inventory, with 84.0 million square feet, followed by Sao Paulo (57.0 million square feet); however, it shows a ratio of 4,607 square feet of office space per 1,000 habitants, higher than that of Mexico City.

The office market in the region shows a mixed performance. The availability rate averages 19.3%, with Santiago, Bogota and Buenos Aires below the average.

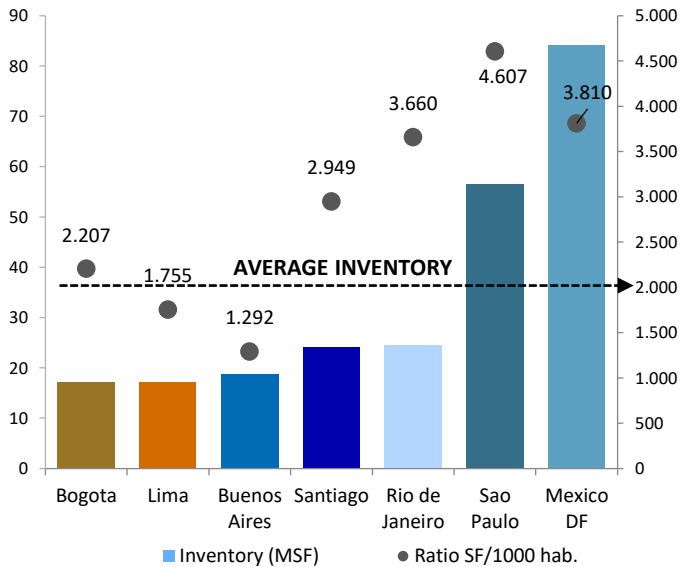
On the other hand, São Paulo, Rio de Janeiro and Mexico City are above 20%.

The average rental price in the region stands at \$20.60SF, with Buenos Aires outperforming by 28.1%, followed by Mexico City and Santiago.

Net absorptions have generally improved, at least reducing their negative volume, if not turning positive.

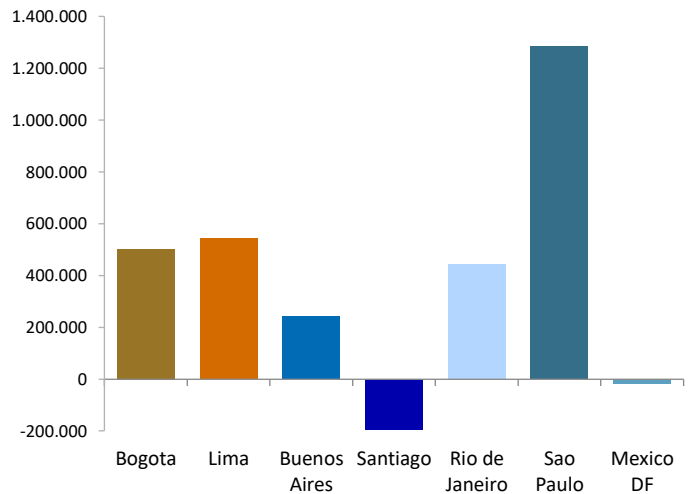
Inventory. Ratio SF/ 1000 habitantes

4Q. INVENTORY (MILLIONS SF). RATIO (SF)



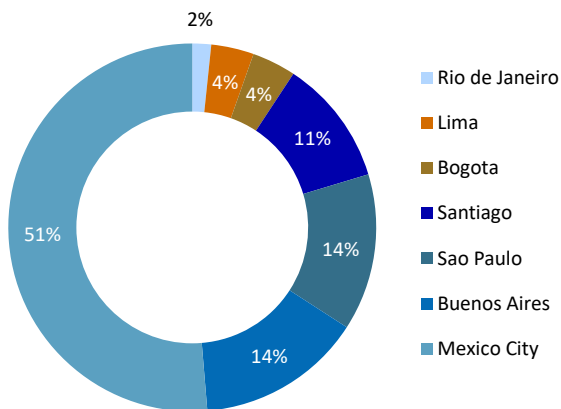
Annual Net Absorption (SF)

4Q 2022. SQUARE FEET



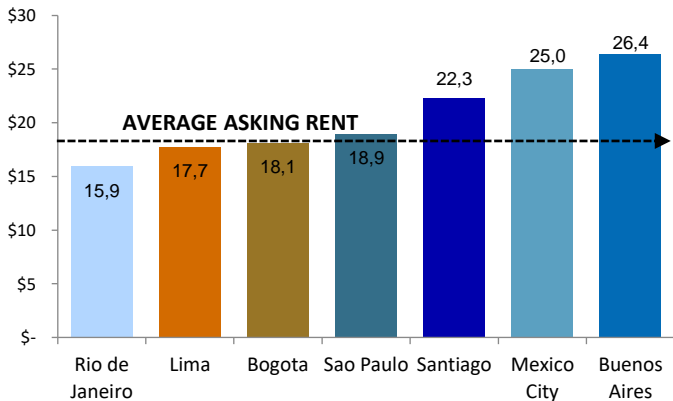
Area Under Construction : 19,510,075 SF

4Q 2022. SQUARE FEET



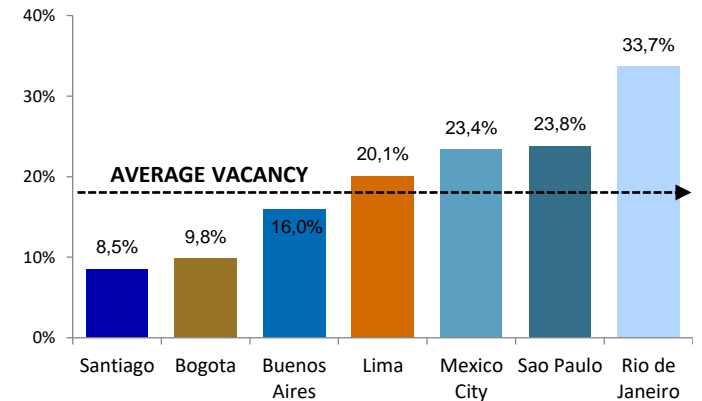
Average Asking Rent

4Q 2022. (U\$\$/SF/MONTH)



Vacancy (%)

4Q 2022. (%)

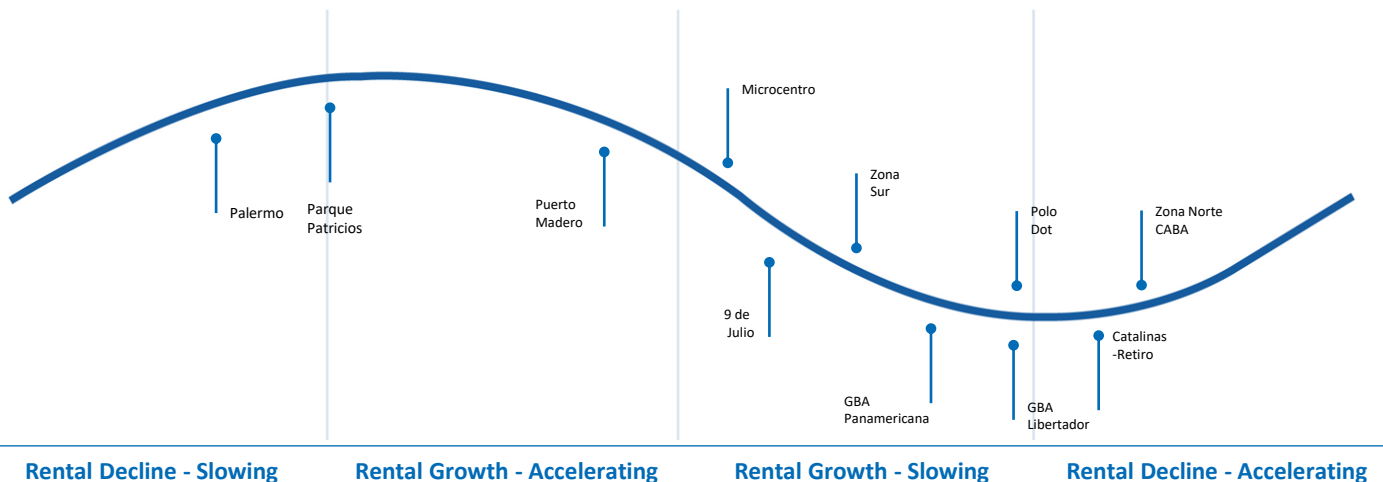


RESEARCH 1Q 2023

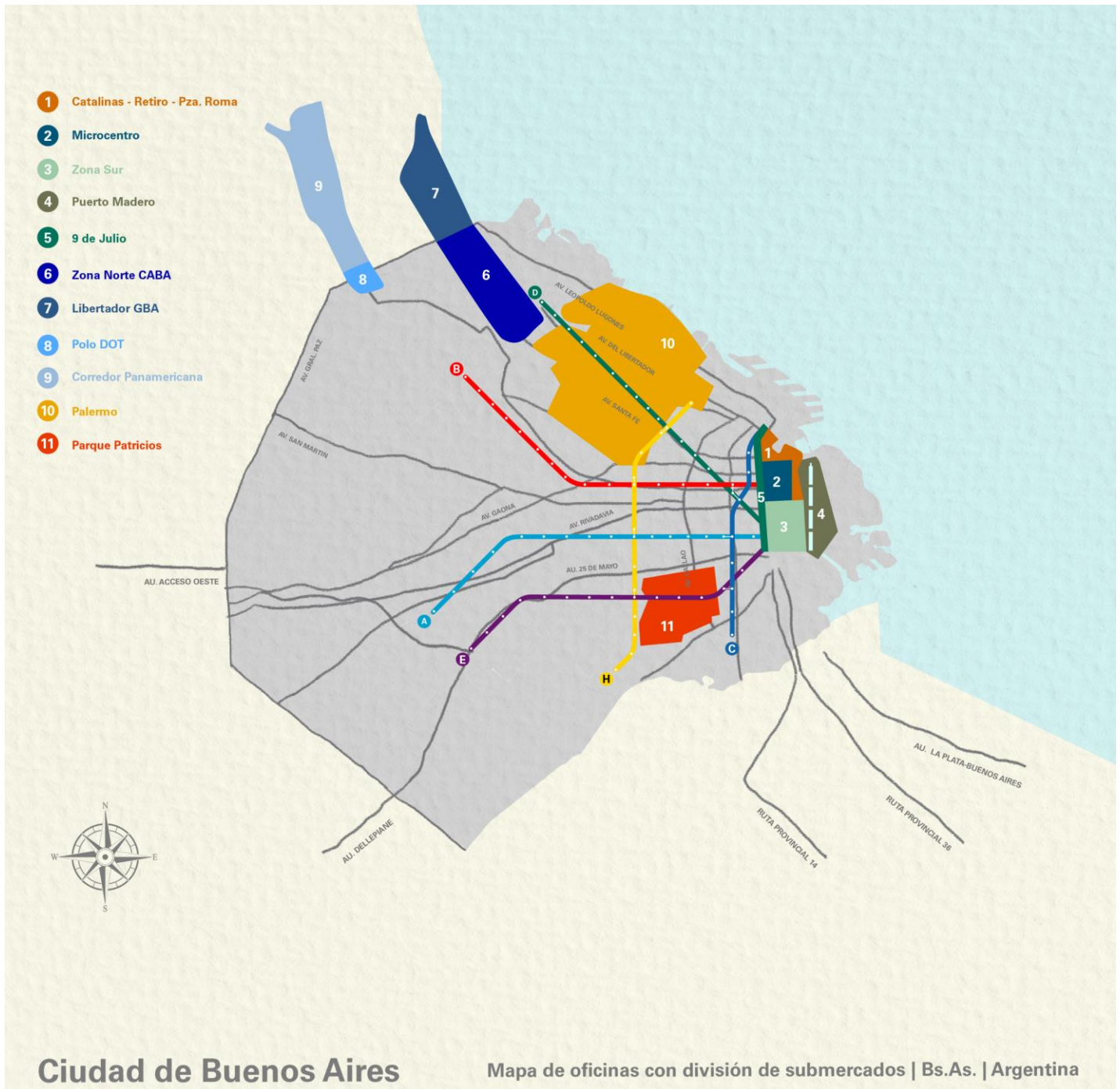
Market Statistics

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	3.232.141	-	-	16,90%	-70.579	-70.579	26,9
Zona Sur	1.098.725	-	199.692	22,50%	0	0	18,4
Microcentro	934.134	134.947	-	33,40%	-44.207	-44.207	26,1
Catalinas-Retiro. Pza. San Martín. Pza. Roma	5.308.454	800.834	3.096.774	13,30%	3347,5729	3347,5729	27,8
9 de Julio	978.126	-	80.514	27,90%	10344,1079	10344,1079	22,7
Zona Norte CABA	1.083.494	269.098	2.237.061	12,70%	157.551	157.551	33,4
Polo Dot	1.240.453	-	1.295.586	26,00%	-89.523	-89.523	26,4
GBA							
Corredor Panamericana	2.148.539	784.839	822.254	21,70%	23.745	23.745	23,7
Corredor Libertador	966.900	-	342.873	13,20%	30.569	30.569	29,7
Subtotal	16.990.967	1.989.718	8.074.755	20,80%	21.237	21.237	26,1
Emergent Poles							
Parque Patricios	1.855.524	-	704.939	1,60%	6781,257	6781,257	25,1
Palermo	171.846	971.087	-	6,20%	23.175	23.175	29,0
Subtotal	2.027.370	971.087	704.939	3,90%	29.956	29.956	27,1
TOTAL	19.018.337	2.960.804	8.779.693	16,70%	51.193	51.193	26,4

Class A office market cycle by submarkets



Office market by submarket – Buenos Aires



Economic Outlook

The year 2022 closed with many expectations regarding economic and political development for the 2023 election year. The International Monetary Fund maintained economic projections for Argentina, which estimated a growth rate of 2.0% in 2023, with context of a strong global slowdown.

Despite this, Argentina grew more than projected for 2022, reaching 5.9% per year, so it could meet the payment commitments set for 2022.

2023 is expected to be a year of transition in the market. Electoral years often generate uncertainties regarding the future, in addition to concerns around debt and payment commitments. The rise in inflation has translated into a loss of purchasing power and a slowdown in the general economy, leading the population to seek protection against this scenario.

This combination of risk factors makes it difficult to forecast the short-term future of the country's economy, especially because of the proximity of an election year. Expect the market to enter a wait-and-see period.

The exchange rate continues to increase by approximately 6.5% per month, slightly above inflation, with a year-over-year increase of 72.1%, closing the period at 184.75 pesos per BNA dollar.

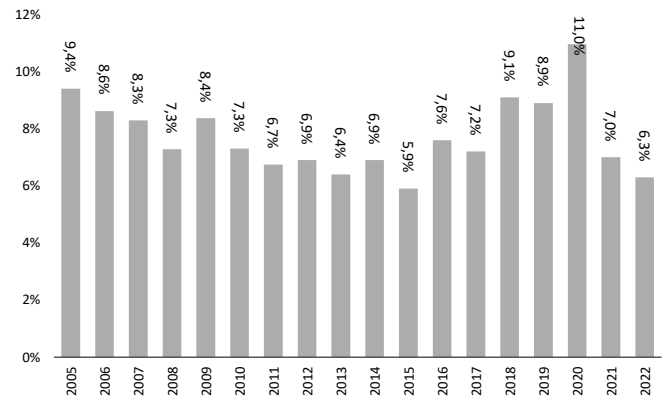
In addition, new adjustments in taxes on the rates of the different exchange rates are expected.

Economic indicators 1Q 2023

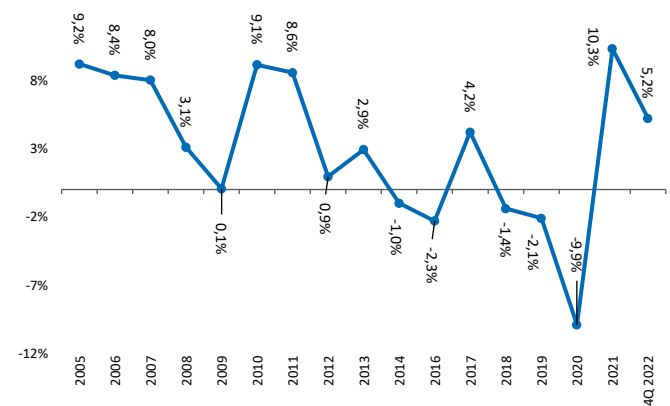
Capital City	Buenos Aires
Population (estimated 2023)	46.654.581
GDP MM	US\$ 482.932
GDP per capita MM	US\$ 10.350
Currency	Peso
Unemployment Rate	6,3 %



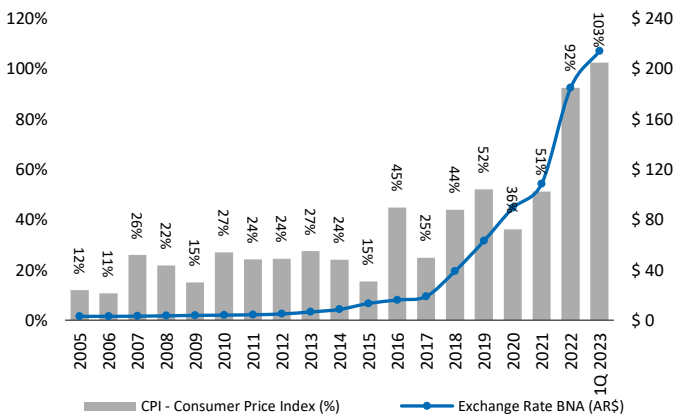
Unemployment rate (%)



GDP : Percentage Variation









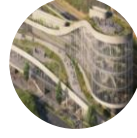













Exchange Rate (BNA) – Consumer price index (%)



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	421.019	2Q 2023	
	Park 10	GBA Panamericana	86.111	64.583	2Q 2023	
	Lumina San Isidro	GBA Panamericana	861.112	299.236	2Q 2023	
	Bureau Diagonal	Microcentro	185.505	134.947	2Q 2023	
	Paseo Gigena	Palermo	428.780	303.725	2Q 2023	
	Quartier Puerto Retiro	Catalinas Retiro	418.500	348.750	2Q 2023	
	Mirabilia 851	Palermo	735.713	452.084	4Q 2023	
	Campos Salles	Zona Norte CABA	538.195	269.098	2Q 2024	
	Mirabilia Central	Palermo	398.264	215.278		
	Alem y Córdoba	Catalinas Retiro	645.834	452.084		

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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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