



Buenos Aires Industrial Market

The vacancy continues with a zero trend as the market enters a “wait and see”

At the end of the first half of the year, the market is showing some stability. Due to the low supply of spaces and decrease in transactions, there were no major changes in the indicators compared with the previous quarter.

Although the market indicators continue to stay positive, a “wait-and-see” approach might be best. Developers are expecting the entry of new meters and moving forward with their occupation, as well as the expectation of the results of the PASO to be held in August, elections whose results will have an impact on the economic direction the country could go in during this election year.

We are facing a context of shortage of premium logistics spaces. Due to demand levels and the low production of new inventory, vacancy reached a new historical floor, closing at 1.8% with a zero trend.

The net absorption of the quarter closed positively, due to a specific transaction in the North Zone that represented 100% of the movements of the period. There were no major variations in rental values compared with the previous quarter, although they continue to show a slight upward trend.

Likewise, some land transactions were shown in industrial parks in the North Zone, confirming it as the preferred area to settle and invest, both for logistics developers and for companies and their strategic operations.

Current Situation

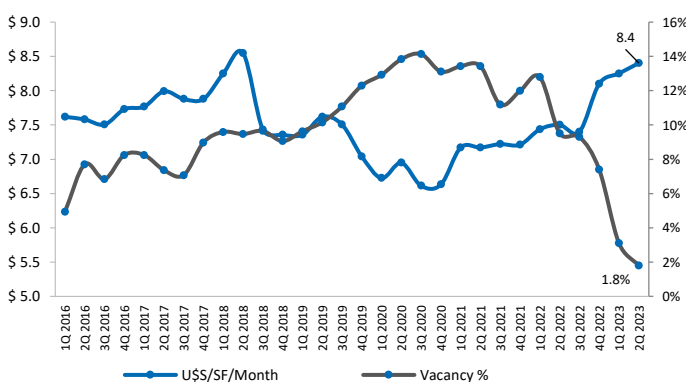
- The average rental value for Class A logistics centers presented minimal upward variations, closing at \$8.40/SM.
- The vacancy rate closed at 1.8%, reaching historically low levels.
- The second quarter of 2023 closed with a positive net absorption of 215,278 SF.

Market Highlights

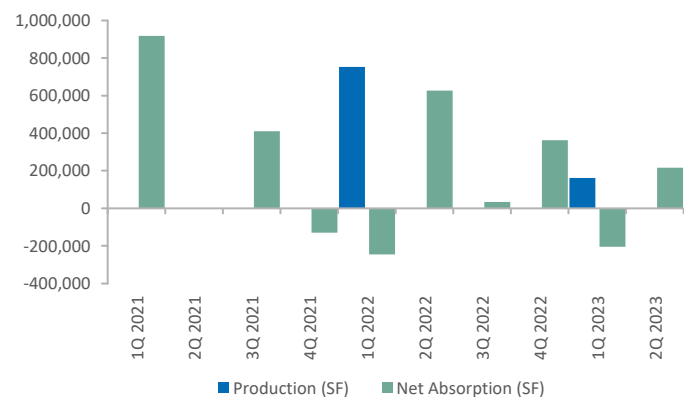
Premium Warehouse	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (Const.)	16,81 MSF	16,81 MSF	19,09 MSF	↗
Availability Rate	1.8%	3.10%	9.5%	↘
Average Asking Rent	US\$8.4	US\$8.3	US\$7.5	→
Quarterly Net Absorption	215K	-204K	627,2K	↗
Underconstruction	2,4M	2,4M	764,2K	↗

Market Analysis

ASKING RENT AND VACANCY. 1Q 2016- 2Q 2023



QUARTELY NET ABSORPTION AND PRODUCTION. 1Q 2021 - 2Q 2023



Offer

The vacancy rate was 1.8%, reaching historical lows. Currently, the area with the lowest vacancy rate continues to be the TSE within the North Zone Corridor with 0.7%.

Availability in the second quarter of 2023 ended at 302,896 SF, represented a decrease of 57.4% year over year, approaching the values of the fourth quarter of 2022 and down 42.0% compared to the previous quarter.

The projection from the previous quarter proved incorrect; 84.0% of availability is in the South Zone and 16.0% is in the North Zone. This is an important milestone since, historically, the largest proportion of available space was concentrated in the North Zone, where most of the inventory is located.

The corridor with the highest rental value is the South Zone, with \$8.50/SF. Since the fourth quarter of 2022, this zone exceeds the TSE. There were no other major variations compared with the previous quarter, closing the market average at \$8.40/ SF, continuing with the slightly upward trend presented since the second quarter of 2021.

Demand

Demand was concentrated in the North Corridor in the Camino del Buen Ayre area, where all the available meters were absorbed, causing the net absorption for the quarter to close at 215,278 SF of positive absorption, a figure that represented 100% of the space absorbed, returning to the positive trend observed since the second quarter of 2022.

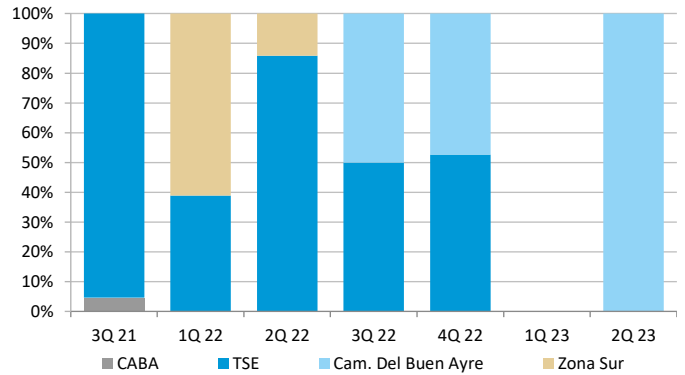
The rest of the market did not show changes due to lack of available space.

Future Surface Area

Currently, 224,500 square meters of surface area are still under construction. Of this total, 80.0% (1.9 million SF) is located in the North Zone; the remaining 484,376 SF (20.0%) are located in the South Zone. No new projects began at the end of the quarter.

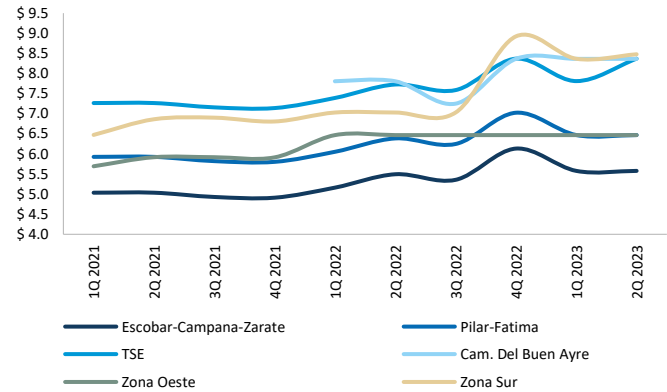
Next quarter, 193,750 SF is expected in the Tortugas area.

Quarterly Gross Absorption by Submarkets 2021 -2023

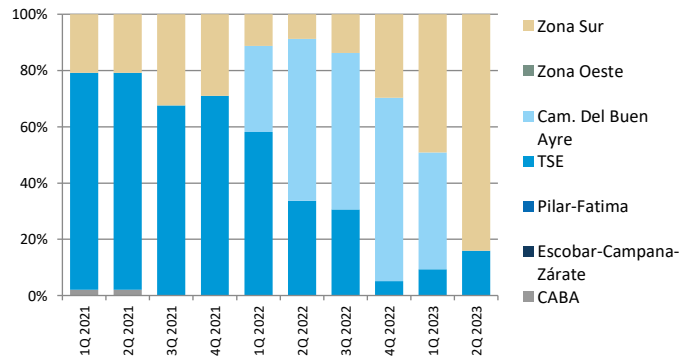


North Corridor: TSE, Cam. Del Buen Ayre, Escobar- Campana-Zárate, Pilar-Fátima
 South Corridor: South Corridor, West Corridor
 CABA: Ciudad Autónoma de Buenos Aires

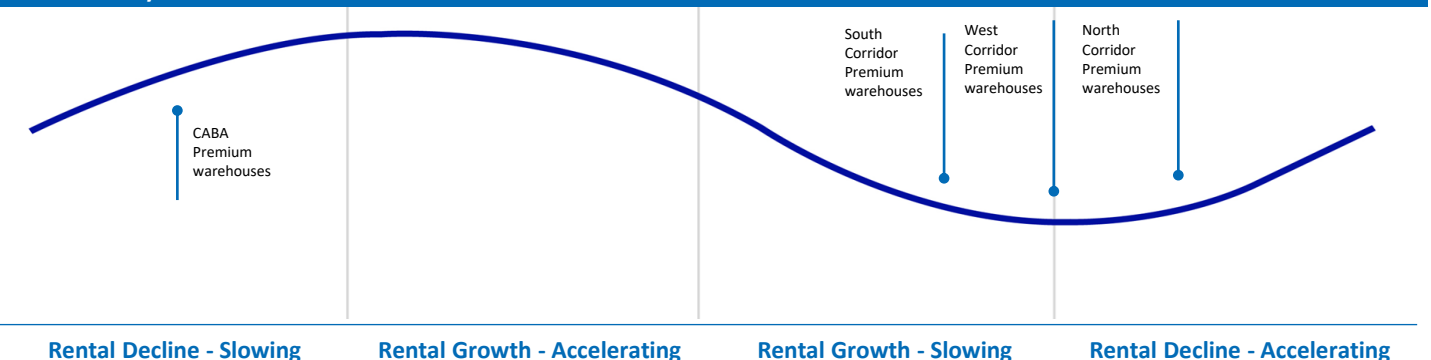
Average Asking Rent (U\$S/SF/MONTH)



Total Availability(SF) 2021- 2023



Real Estate Cycle



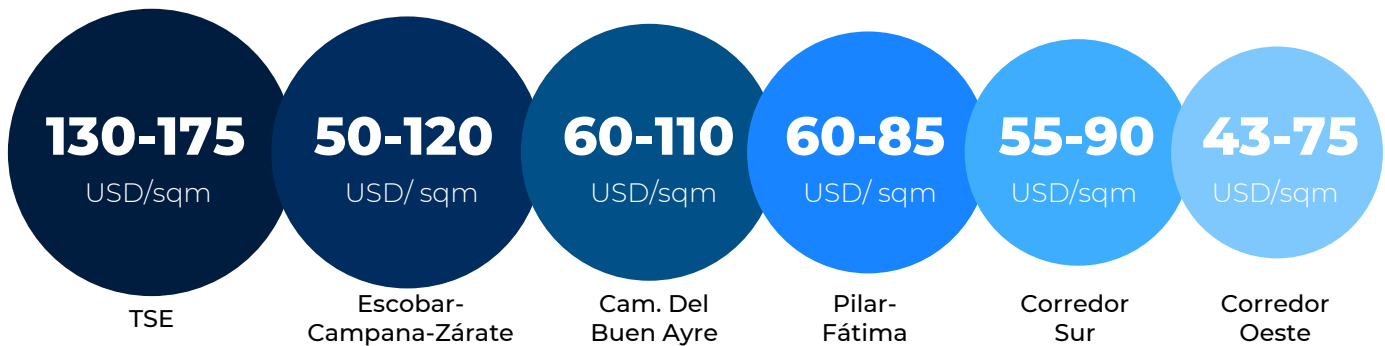
Market Statistics

Premium Warehouses	Zone	Total Inventory (SF)	Total Availability (SF)	Availability Rate (%)	Qtr. Absorption (SF)	Under Construction (SF)	Direct Asking Rent (\$/SF/YR)
Campana-Zárate	North Corridor	807,293	-	-	0	592,015	5.6
Pilar-Fatima	North Corridor	2,555,318	-	-	0	581,251	6.5
TSE	North Corridor	6,933,114	48,438	0.7%	0	758,855	8.4
Cam. Del Buen Ayre	North Corridor	753,473	-	-	215,278	0	8.4
West Corridor	West Corridor	983,282	-	-	0	0	6.5
South Corridor	South Corridor	4,316,324	254,459	5.9%	0	484,376	8.5
Buenos Aires City (CABA)	CABA	462,848	-	-	0	0	13.4
Total		16,811,651	302,896	1.8%	215,278	2,416,496	8.4

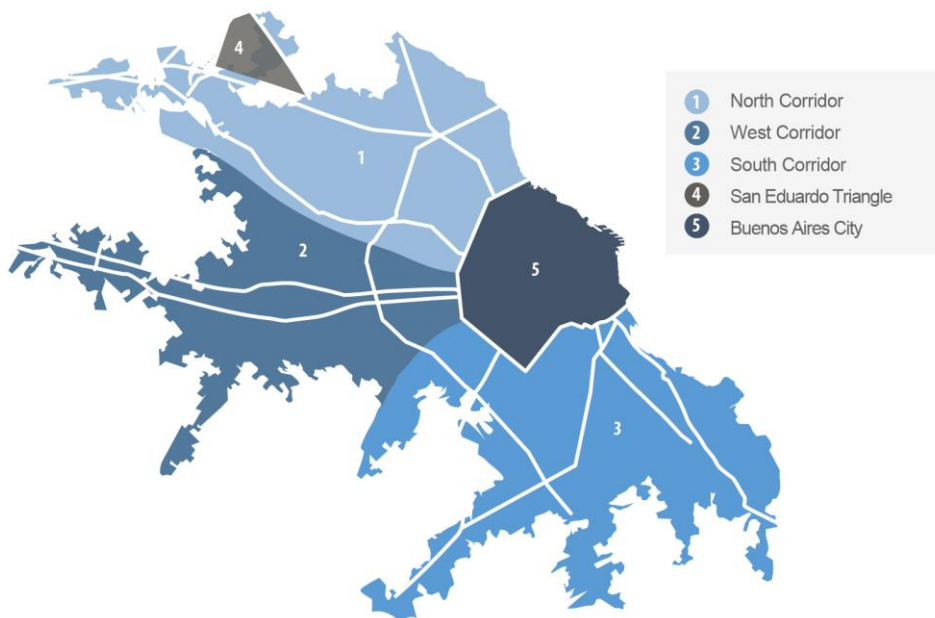
Land in Industrial Parks

During the period, the North Zone continues to show the highest demand. Sales were recorded in the Escobar-Campana-Zarate Corridor of approximately 3.5 hectares and Pilar-Fátima was 1.4 hectares.

The TSE area continues to show the highest asking price values in the market. Escobar-Campana-Zarate and the West Corridor show the greatest price variations.



Industrial market – Buenos Aires



Economic Outlook

At the close of the first half of 2023, a climate of general uncertainty persists. In a global context, the combination of robust demand and the persistent effects of the reopening after the pandemic, together with the dissipation of supply problems due to the normalization of bottlenecks, have supported growth.

In Argentina, the second quarter of 2023 continued to be impacted by expectations for the election year. Inflation is rising at an average of 7.3% per month, and there are no reasons to expect a substantial drop in it. The absence of a certainty plan for the rest of the current government mandate will ensure a floor of 7.5% per month on average for the rest of the year, while the state applies measures to avoid further acceleration until the elections.

The fiscal deterioration accelerated the monetary expenditures necessary for financing. This accentuates exchange rate and inflationary pressures. In return, the monetary authority raised the interest rate to shore up the attractiveness of local currency deposits, but this is insufficient based on inflation expectations for the coming months.

The severity of the drought, the inflationary acceleration and growing exchange restrictions determine unfavorable prospects for private consumption, investment and the external sector in the rest of 2023.

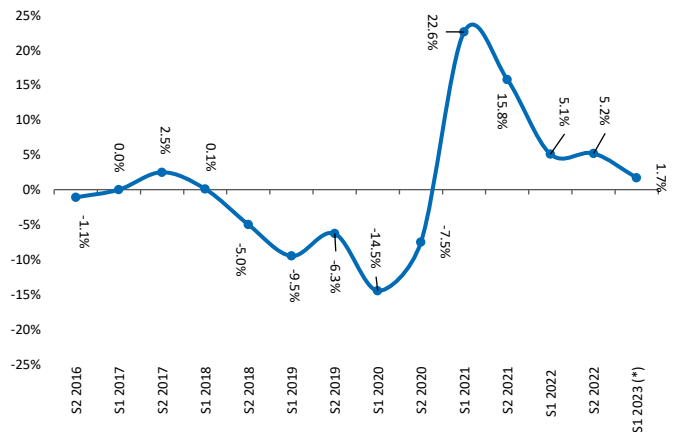
Despite this complex situation, unemployment rates have remained stable since the end of last year. Income is eroding in the face of inflation, though the public and certain private sectors maintain stability.

Economic indicators 2Q 2023

Capital City	Buenos Aires
Population (estimated 2021)	46.654.581
GDP MM	US\$ 442.357
GDP per capita MM	US\$ 9.482
Currency	Peso
Unemployment Rate	6,9 %

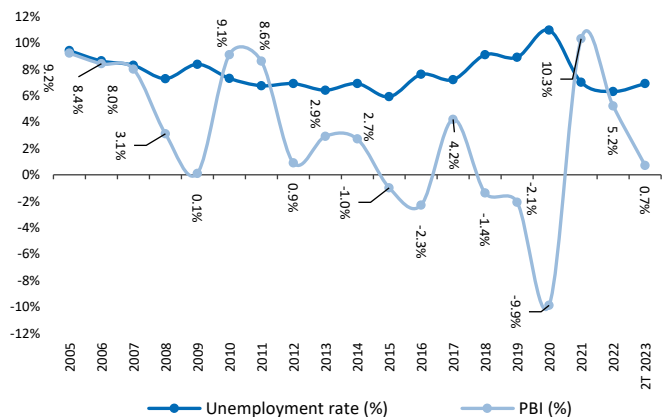


Manufacturing production index. Annual variation (%)



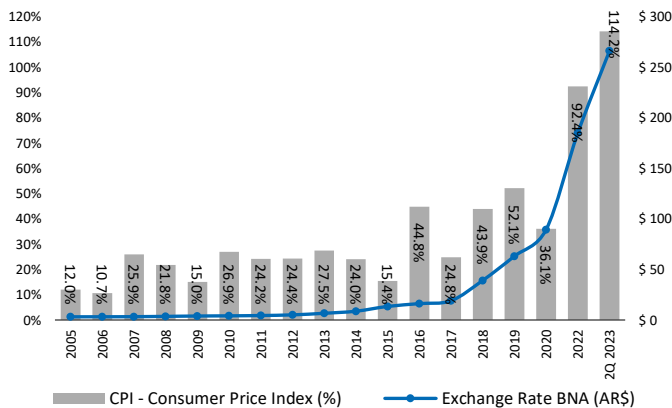
Source: INDEC
(*) March 2023

Unemployment rate (%). GDP : Percentage Variation



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

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.

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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.

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