



Buenos Aires. Industrial Market

The boost in demand pushes the vacancy rate to its historic low while the start of new projects is not recorded.

The fourth quarter of the year closes with positive indicators, where demand exceeded the limited supply of premium space. During 2023, the market continued in a scenario of marked shortage of class A logistics spaces, because of the stable demand that, in a complex economic context like the current one, has not managed to drive the start of new speculative projects.

Thus, due to the uncertainty presented by the country's economic situation, developers kept the production of new surface at a minimum. During 2023, inventory increased by 6.7% compared to 2022, a figure that has not managed to generate sufficient supply to cover the boost in demand.

Furthermore, the release of surface area was practically not observed, a situation that, added to the low production and the strength of demand, keeps the vacancy rate at historical lows, under 2%.

In 2023, the annual accumulated net absorption amounted to 789,424 SF, and the rented area was 1,116 SF thousand, while annual production reached 1,121.6 SF thousand, a figure that moved in parallel with gross absorption. Furthermore, it shows that a large part of all the new surface that enters the market does so with a high occupancy rate, because of "built to suit" transactions, and also due to the boost in demand.

Regarding rental values, they continue to show a slight upward trend, accumulating an annual increase of 2.6%. Increases that, in addition to being validated by demand, show the attractiveness of this market for investors.

Current Situation

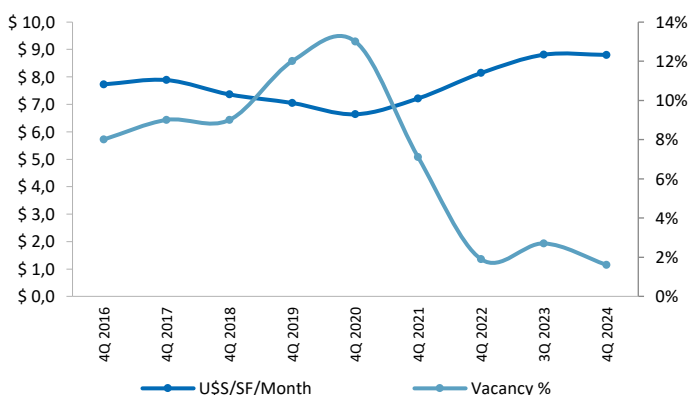
- The average rental value for Class A Logistics Centers presented minimal upward variations compared to the previous quarter, closing at 8.8 U\$\$/SF/month.
- The vacancy percentage closed at 1.6%, a figure that represents only 287,396 SF, reaching historic lows.
- The third quarter closed with a positive gross absorption of 369,202 SF and no negative absorption was recorded.

Market Highlights

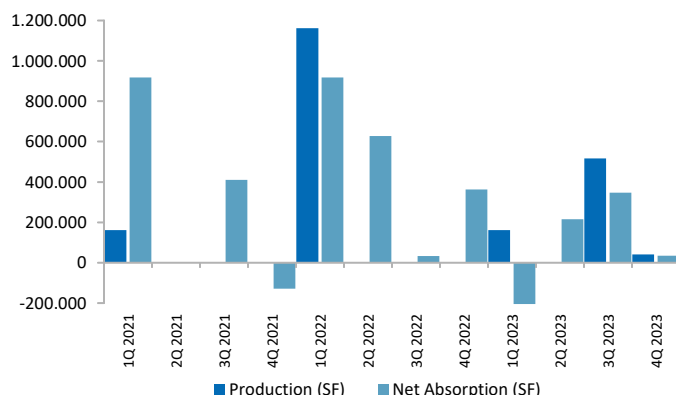
Premium Warehouse	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (Const.)	17,76 MSF	17.33 MSF	16.68 MSF	→
Availability Rate	1,60%	2,30%	1,90%	↘
Average Asking Rent	US\$8.8	US\$8,9	US\$8,6	→
Quarterly Net Absorption	369.2K	409.0K	363.8K	↗
Underconstruction	1,96M	2,40M	2,40M	↗

Market Analysis

ASKING RENT AND VACANCY. 4Q 2016 - 4Q 2023



QUARTELY NET ABSORPTION AND PRODUCTION. 1Q 2021 - 4Q 2023



Offer

In the last quarter of 2023, the vacancy rate reached its historical minimum. Within the North Zone, the area with the lowest vacancy rate continues to be TSE, with only 0.4%, a figure that exposes the scarcity of surface area in the area.

Just the opposite, the South zone registered the highest vacancy rate, with 5.6%, a figure that represents 254,028 SF available, and which corresponds to the new surface entered by Plaza Logística and the property that the logistics operator Radio Victoria has in the zone.

Regarding the availability of meters, the period ended at 287,400 SF, a figure that shows a decrease of 30% compared to the previous quarter. In addition to the scarcity of surface area, the available area is only distributed in 3 properties.

These numbers show the difficulties that demand faces when finding spaces that adapt to their needs and is one of the reasons why they prefer to hire “built to suit” spaces, despite the longer times required for their occupancy.

Regarding rental values, the San Eduardo Triangle and Camino del Buen Ayre corridor stand out with the highest figures (9.5 USD/SF/month). At the opposite end is the corridor Route 9, Campana – Zárate with an asking rental price of 7.8 USD/SF/month.

Demand

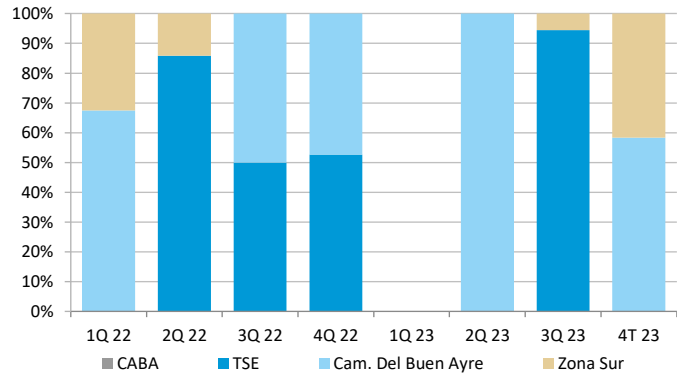
Demand continues to show its solidity and accumulated 1,116.2 SF thousand in 2023. During the last quarter of the year, properties on Camino del Buen Ayre were rented and in the South area the new surface entered by Plaza Logística into the market was occupied.

Future Availability

Currently, 1,961.2 K SF remain under construction, a figure that represents an increase of 11% over the current inventory. The entire surface is expected to enter the market in the first half of 2024, which anticipates a possible increase in vacancy for this period.

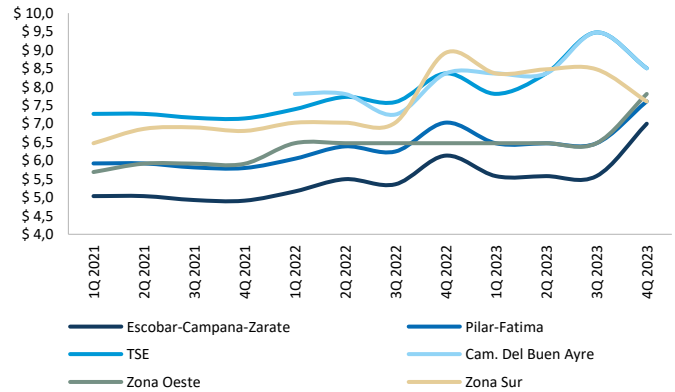
89% of the production (1,743.8 K SF) is located in the Northern Zone, distributed evenly between TSE (29.0%), Campana-Zárate corridor (30.2%) and Pilar-Fátima area (29.6%); the remaining 20% of the projects are developed in the South Zone.

Quarterly Gross Absorption by Submarkets 2022 -2023

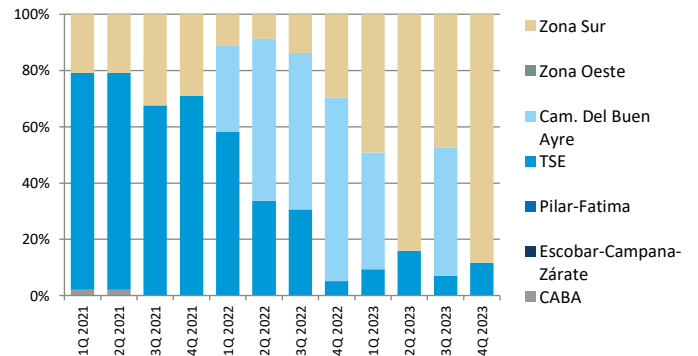


North Corridor: TSE, Cam. Del Buen Ayre, Escobar- Campana-Zárate, Pilar-Fátima
South Corridor: South Corridor, **West Corridor:** West Corridor
CABA: Ciudad Autónoma de Buenos Aires

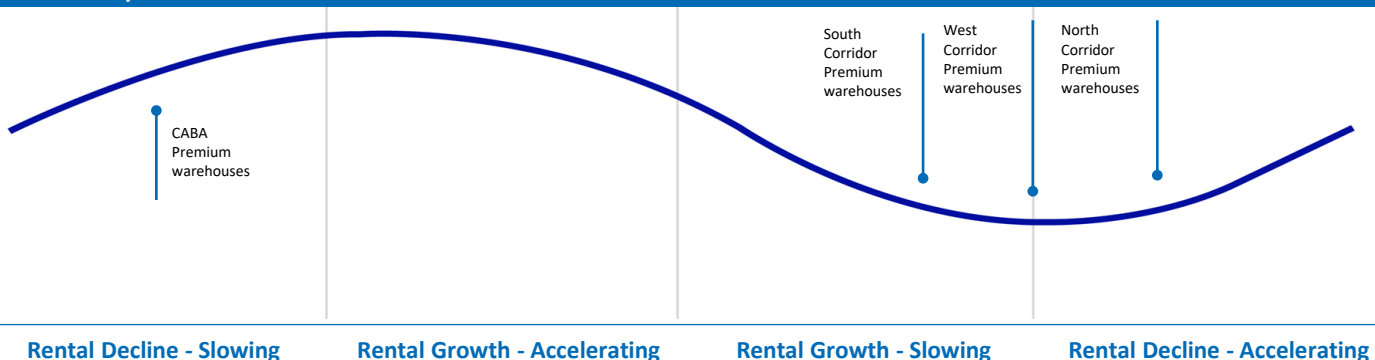
Average Asking Rent (U\$S/SF/MONTH)



Total Availability (SF) 2021- 2023



Real Estate Cycle

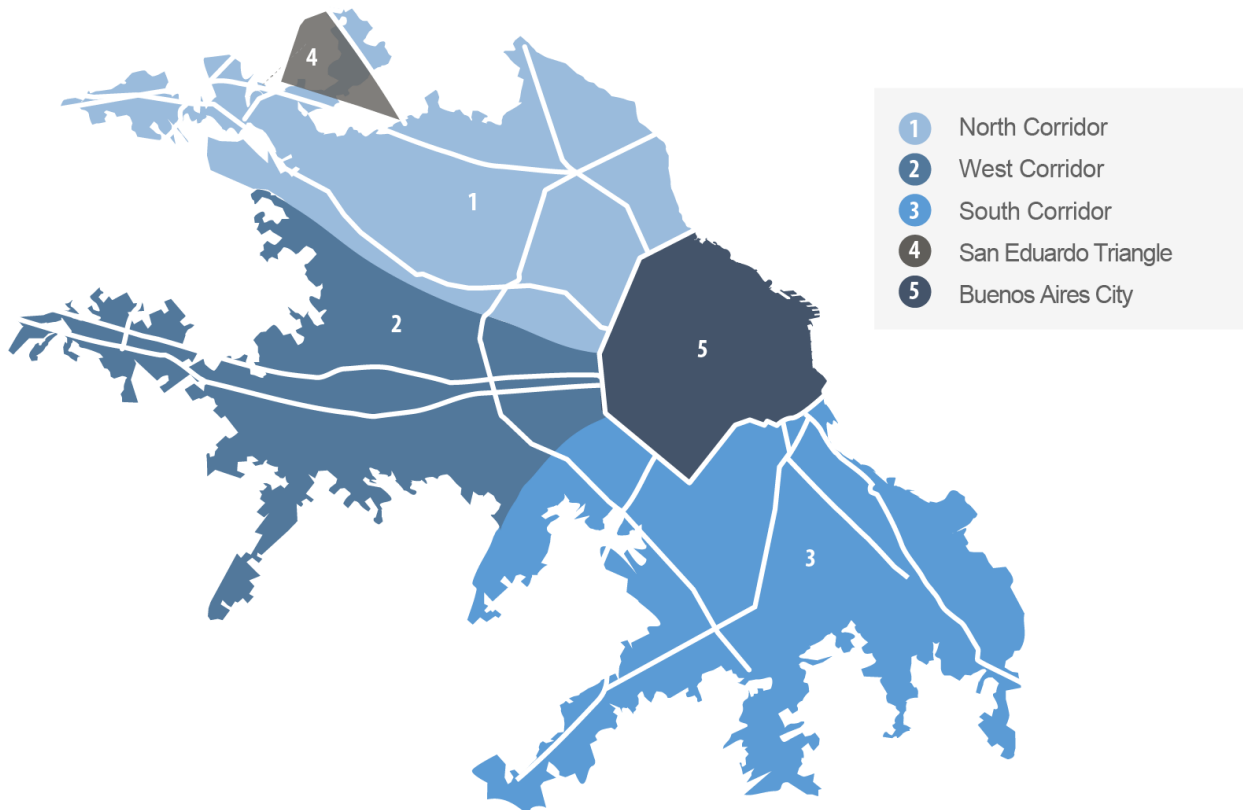


RESEARCH 4Q 2023

Market Statistics

Premium Warehouses	Zone	Total Inventory (SF)	Total Availability (SF)	Availability Rate (%)	Qtr. Absorption (SF)	Under Construction (SF)	Direct Asking Rent (\$/SF/Month)
Campana-Zárate	North Corridor	807.293	-	-	-	592.015	0
Pilar-Fatima	North Corridor	2.555.318	-	-	-	581.251	0
TSE	North Corridor	7.646.761	33.368	0,4%	-	570.487	9,5
Cam. Del Buen Ayre	North Corridor	753.473	0	-	215.278	-	0,0
West Corridor	West Corridor	983.282	-	-	-	-	-
South Corridor	South Corridor	4.562.817	254.028	5,6%	153.924	217.431	8,5
Buenos Aires City (CABA)	CABA	462.848	-	-	-	-	-
Total		17.771.791	287.396	1,6%	369.202	1.961.183	8,8

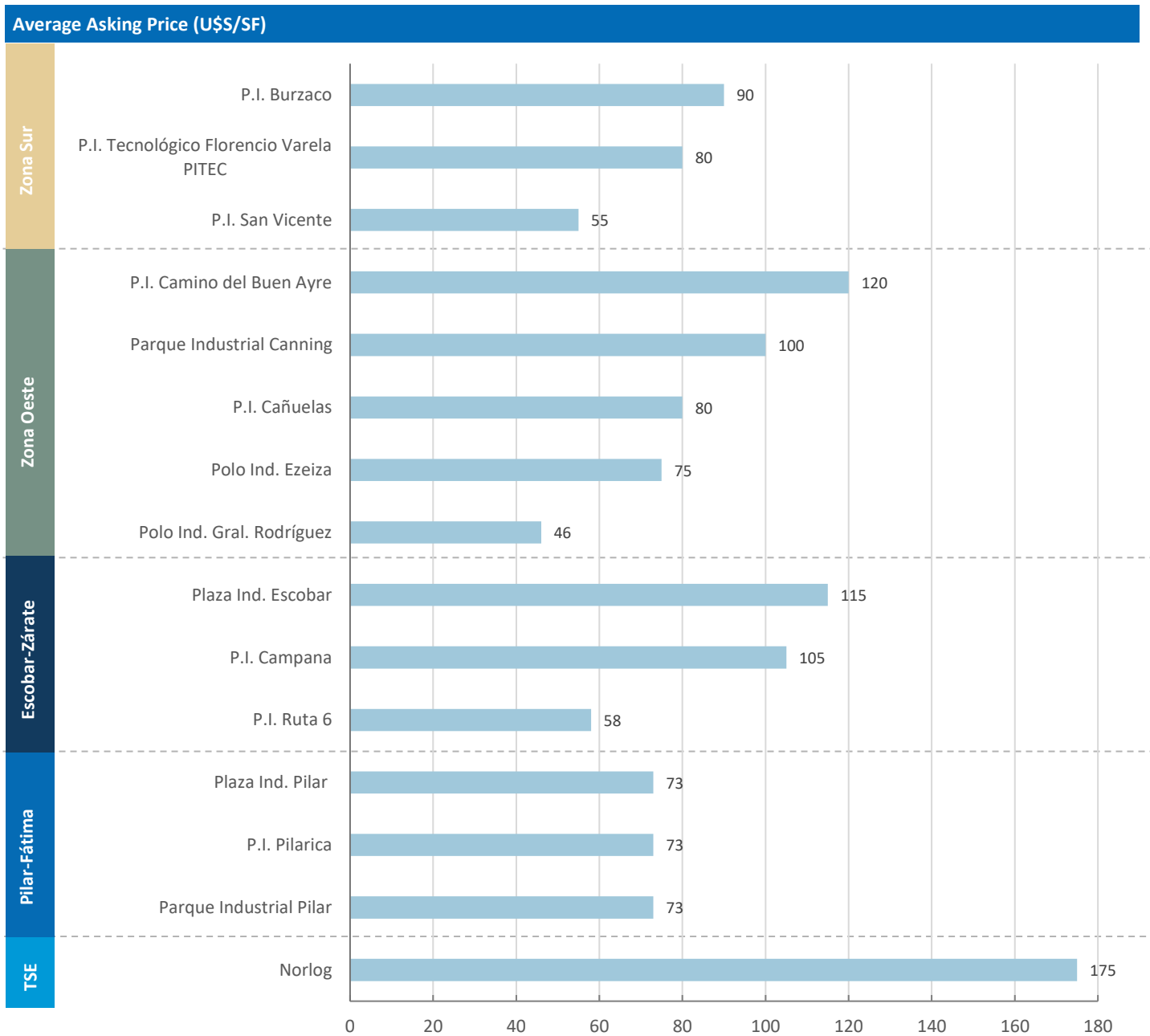
Industrial market – Buenos Aires



Industrial Parks

The land sale market in Industrial Parks continues to arouse the interest of investors who acquire land for the development of logistics spaces, a market with a critical shortage of supply in strategic locations, as well as productive companies that buy land to settle in spaces created to this end.

The Northern Zone continues to be the pole of attraction for the demand for land in Industrial Parks. During the period, sales were recorded in the Escobar-Campana Corridor for 20,000 m2 at 115 USD/m2 and in the Pilar-Fátima area 35,000 m2 were sold at 73 USD/m2.



Economic Outlook

The fourth quarter of 2023 closed with the conclusion of the long electoral process. The new government recently inaugurated has expressed that it will search for fiscal balance with a sharp cut in spending, in addition to a significant restructuring of the State.

As a result of the ambitious fiscal consolidation that the state is trying to carry out, a drastic reduction in monetary issuance is expected to assist the Treasury, while relative exchange rate prices and rates are adjusted in the first part of the year.

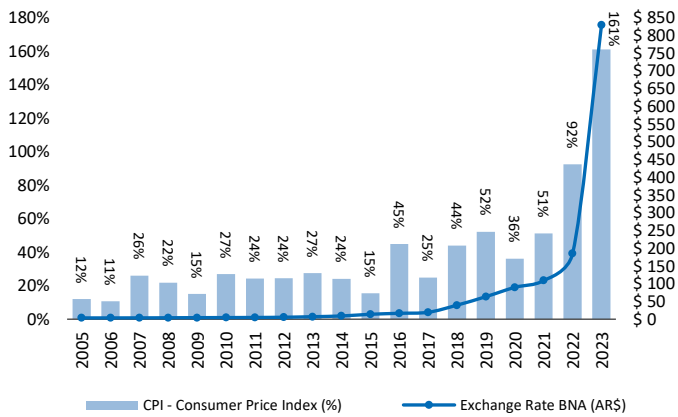
Furthermore, in 2024, a significant contribution of dollars from exports is expected, as a result of the recovery of agriculture and the energy surplus expected for next year. However, the administration of these currencies will be key to facing external commitments, such as import debt and payments with the IMF, as well as achieving a recomposing of reserves.

The liberalization of some exchange restrictions for trade flows of goods and services, added to the correction of the exchange rate up to 800 ARS/USD, added to that of transportation and energy rates, will drive a strong inflationary acceleration in the first months of 2024, which is expected to peak in April/May.

In addition, the contribution of foreign currency from the agricultural sector would allow the dismantling of exchange restrictions to continue to end 2024 without an exchange gap.

Despite these changes in economic matters, the approval of the DNU is still pending, so the business climate continues under an environment of high generalized uncertainty, although with expectations of greater predictability for the development of investments and planning of the operations of the companies.

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.

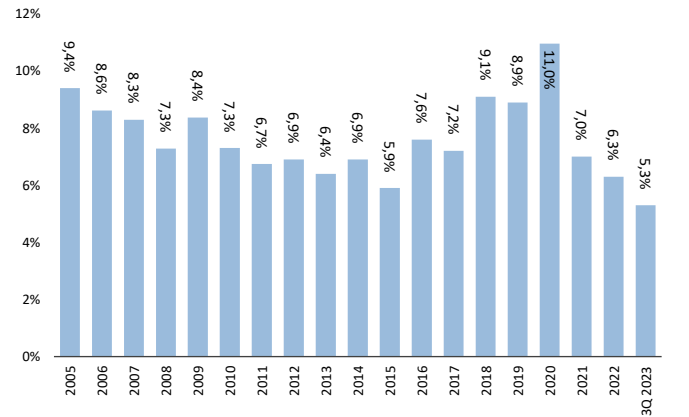
Economic indicators 4Q 2023

Capital City	Buenos Aires
Population (estimated 2023)	46.654.581
GDP MM	US\$ 553.442
GDP per capita MM	US\$ 11.862
Currency	Peso
Unemployment Rate	5,3 %



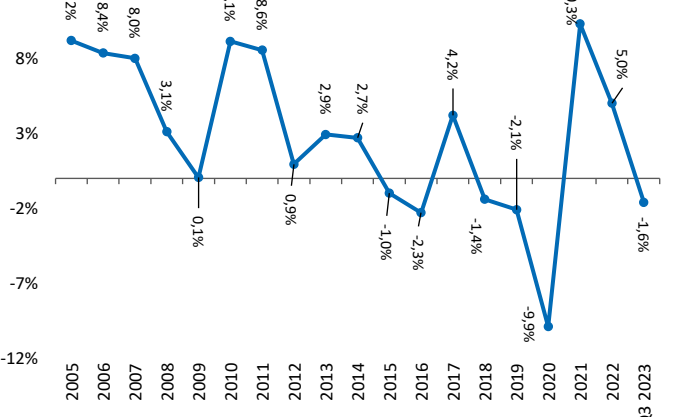
Source: INDEC

Unemployment rate (%)



Source: INDEC

GDP : Percentage Variation



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.

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