



Buenos Aires. Office Market

2023 passed with ups and downs and closed expectantly about the impact that the new government's measures may have on the market.

During the last quarter of the year, the market remained expectant about the impact that the new measures that the recent government is trying to implement could have, which is why very few transactions were made.

In the fourth quarter of 2023, net absorption showed positive values after three periods of negative values. However, and despite the fact that in the last period the market registered a positive net absorption, the year closed with a negative accumulated annual value, the result of the entry of two new buildings, with very low occupancy, which contributed 448,424 available SF to the market.

Vacancy has been increasing throughout the year, reaching a peak at the end of the third quarter, when it rose to 18.5%, as a result of the entry of new unoccupied surface.

Rental values have shown a slight decline during 2023 (1Q23 \$26,4 vs. 4Q23 \$26,0). The submarkets that have best defended their price are Palermo and the Norte Libertador CABA corridor.

Regarding future surface area, it is expected that 1,690 thousand SF will enter the market in the first quarter of 2024, a figure that will have an impact on vacancy, given that it far exceeds the average gross absorption of the last five years, which stood at 828.82 thousand SF.

It is expected that, if economic conditions improve and a context of greater predictability prospers, companies will resume their corporate movement plans, promoting the absorption of new meters.

Current Conditions

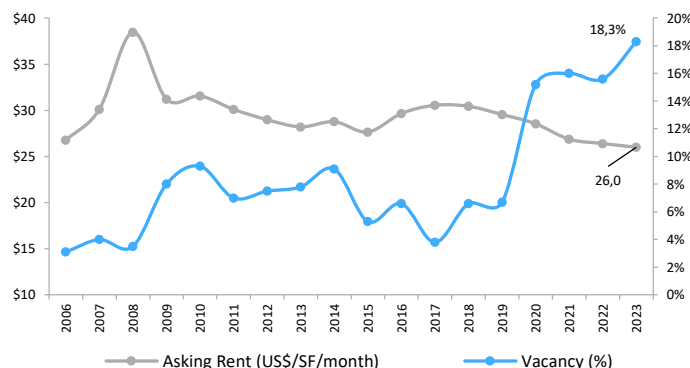
- The average rental value for class A offices stabilized at US\$26,0/SF/month, continues without significant changes compared to the last quarter.
- The vacancy percentage showed a slight decrease, closing at 18.3%.
- During the fourth period of 2023, the market showed positive signs, leaving a taken area of 116,950 SF, and a released area of 81,343 SF. As a result, quarterly net absorption was 36,607 SF.

Market Summary

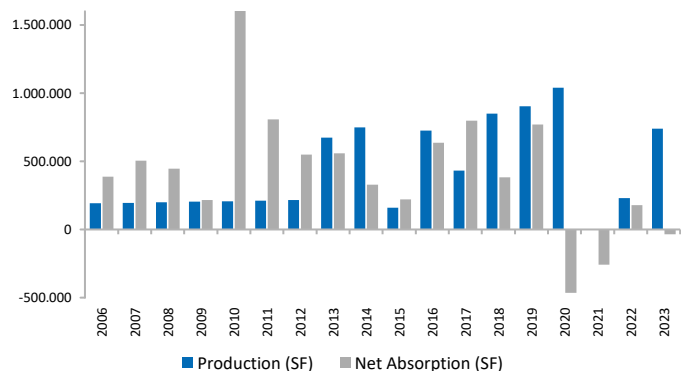
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Stock (Lettable) (*)	19,69 MSF	19,69 MSF	18,94 MSF	↗
Availability Rate	18.3%	18.5%	15,80%	↗
Quarterly Net Absorption	36,607 SF	-401.65 MSF	55,714 SF	↗
Average Asking Rate	U\$S 26.0	U\$S 26,2	U\$S 26,4	—
Under Construction	2.2 MSF	2.2 MSF	2.8 MSF	↘

Market Analysis

AVERAGE RENT AND VACANCY. 2006- 4Q 2023



ANNUAL NET ABSORPTION AND PRODUCTION. 2006 - 4Q 2023



Demand

The rented area in the fourth quarter was 116,950 SF, that is, 27% less than what was observed in the previous quarter. 96% of the demand corresponds to CBD and only 4% to NCBD. Within the CBD, in the Catalinas-Retiro submarket, the Madero Office building stands out, with 52,872 SF rented by a company in the financial sector.

On the other hand, the released surfaces closed the period with 81,558 SF. The largest movements occurred in the CBD, which represented 85% of the unoccupied area.

As a result, demand once again presented positive values, and net absorption for the quarter was 35,607 SF.

Regarding the annual accumulated net absorption, 2023 closed in negative values, with -604,210 SF, due to the incorporation of the Quartier District that contributed 348,750 SF of Premium surface to the Retiro area and a tower of the Lumina San Isidro complex with 172,007 SF, on the Panamericana corridor. Both buildings entered the market with almost all the surface available.

Offer

Vacancy remained almost the same as last quarter, with a slight decrease of 0.18% p.p., reaching 18.3%. Puerto Madero, Microcentro and Palermo experienced a drop in vacancies, while the rest of the submarkets maintained some stability. However, it is the CBD that continues to show the highest vacancy values.

Regarding the available surface, it closed at 3,603 thousand SF, a figure 1% lower than the previous quarter. However, compared to the last quarter of 2022, the available area shows an increase of 16.8%.

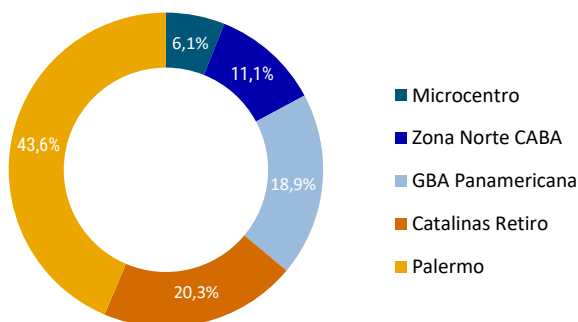
In relation to rental values, they stood at 26.0 USD/SF/month, and although these values offer an opportunity for a “fly to quality” jump for tenants, it remains to be seen what the impact of the jump in rent will be. BNA dollar on contracts.

Future Availability

2,217.36 thousand SF are under development and at the end of the quarter the start of new projects was not recorded. For the first quarter of 2024, the entry of 1,689.93 thousand SF is expected.

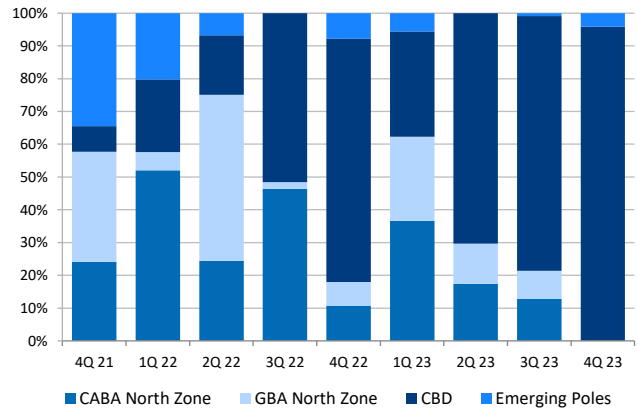
Area Under Construction: 2,226,653 SF

4Q 2023. SQUARE FEET



Quarterly Gross Absorption by Submarkets

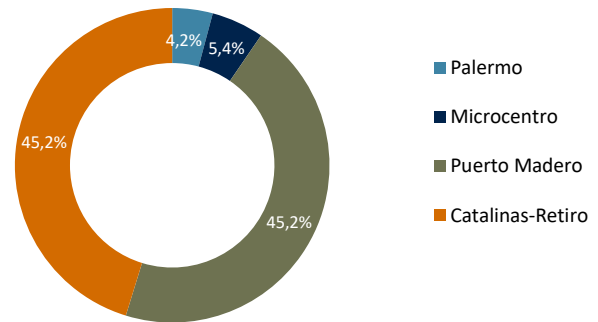
4Q 2021 – 4Q 2023. SQUARE FEET



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.

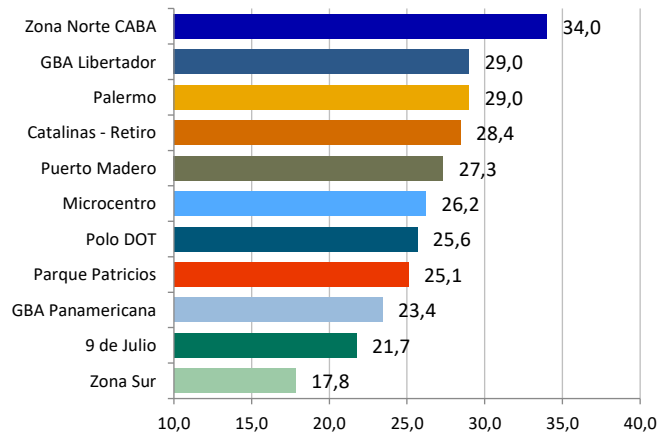
Leased Area by Submarkets: 3,603,032 SF

4Q 2023. SQUARE FEET



Average Asking Rent

4Q 2023. (U\$S/SF/MES)

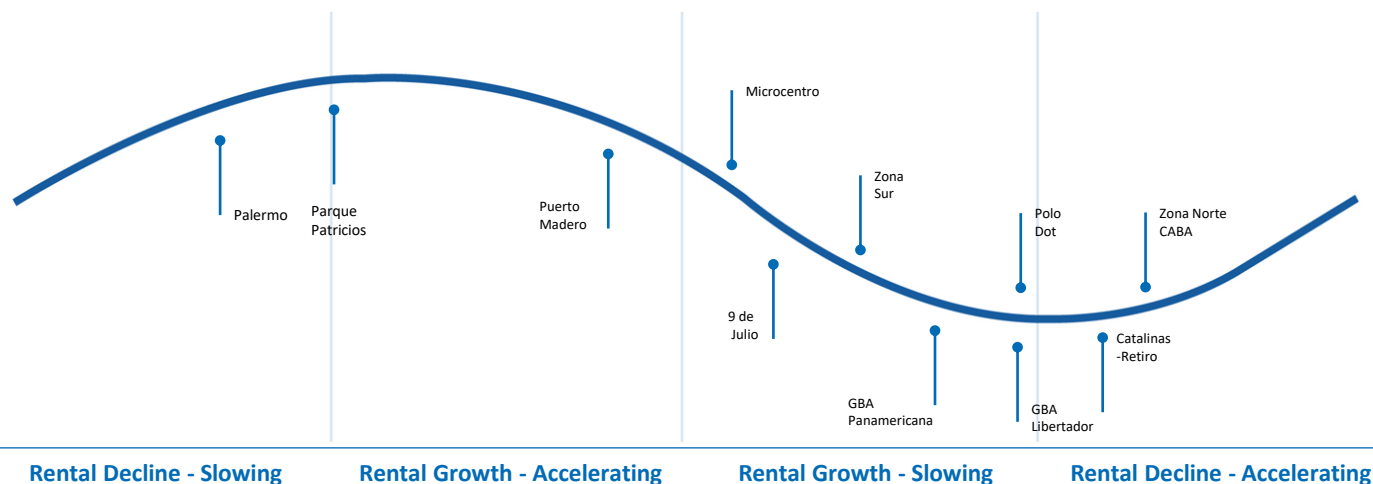


RESEARCH 4Q 2023

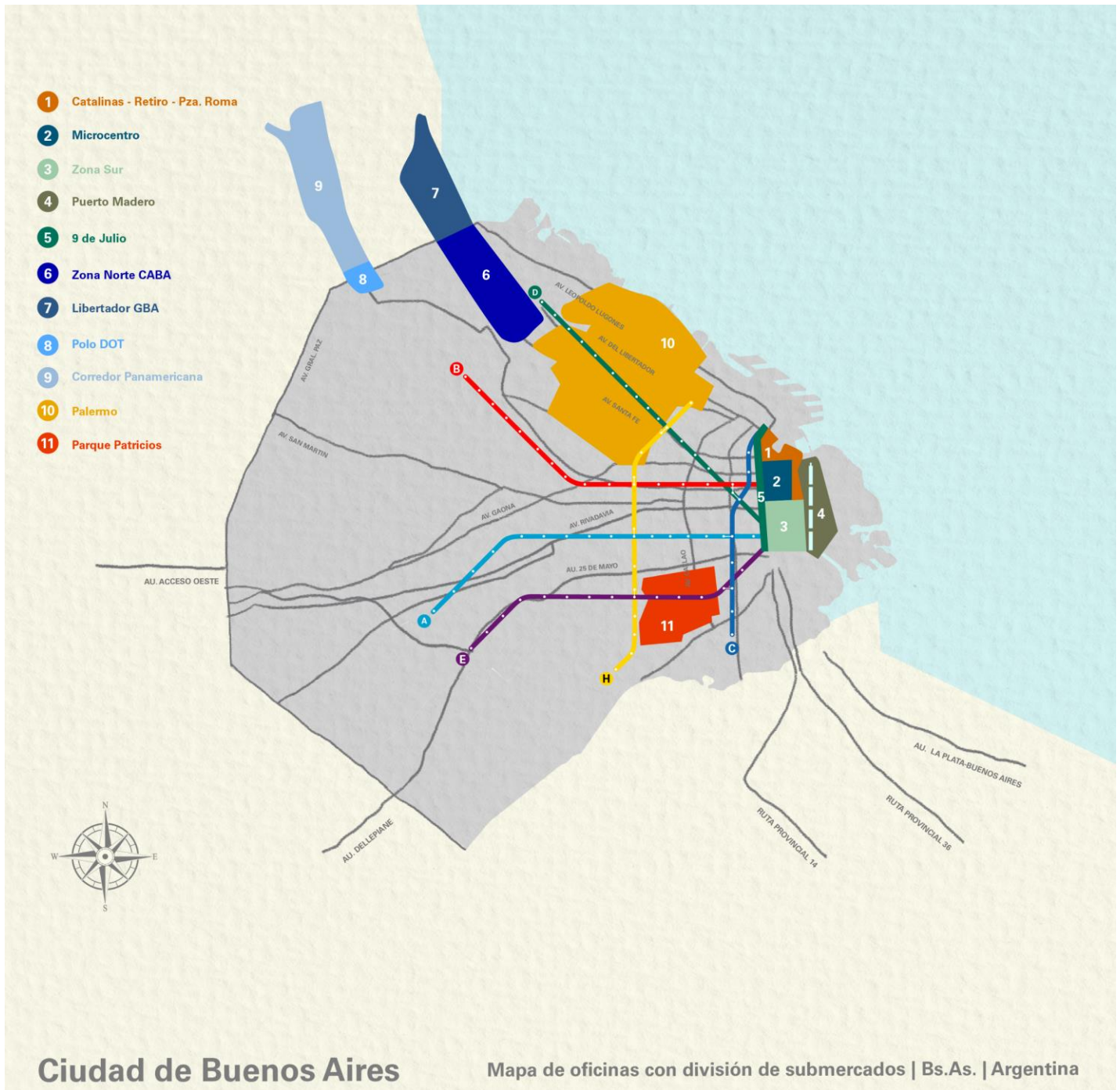
Market Statistics

By Submarket	Total Inventory (SF)	Under Construction (SF)	Projects (SF)	Total Availability Rate (%)	Qtr. Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (USD/SF/MONTH)
CABA							
Puerto Madero	3.232.141	-	-	14,20%	44.799	15.145	26,8
Zona Sur	1.098.725	-	199.692	20,10%	0	28.374	17,8
Microcentro	934.134	134.947	-	29,60%	6.308	-8.869	25,6
Catalinas-Retiro. Pza. San Martín. Pza. Roma	5.657.204	452.084	3.096.774	19,00%	764	-364.993	28,4
9 de Julio	1.130.597	-	-	25,20%	-9.171	-1.808	21,2
Zona Norte CABA	1.083.494	247.516	2.237.061	17,20%	0	-110.373	34,0
Polo DOT	1.240.453	-	1.295.586	23,00%	-3.283	-52.528	25,6
GBA							
Corredor Panamericana	2.320.557	421.019	822.254	27,50%	-8.676	-147.422	23,4
Corredor Libertador	966.900	-	342.873	11,10%	0	50.644	29,0
Subtotal	17.664.206	1.255.566	7.994.241	20,80%	30.742	-591.832	25,8
Emergent Poles							
Parque Patricios	1.855.524	-	704.939	1,60%	0	6.781	25,1
Palermo	173.783	971.087	-	24,50%	4.865	-19.171	29,0
Subtotal	2.029.307	971.087	704.939	13,10%	4.865	-12.389	27,1
TOTAL	19.693.513	2.226.653	8.699.179	18,30%	35.607	-604.221	26,0

Class A office market cycle by submarkets



Office market by submarket – Buenos Aires



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.

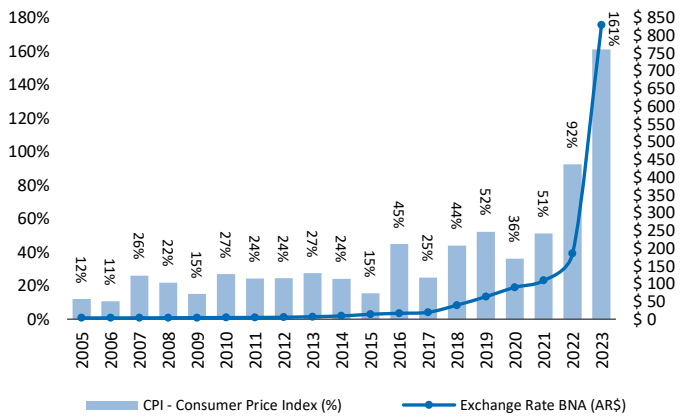
Furthermore, in 2024, a significant contribution of dollars from exports is expected, as a result of the recovery of agriculture and the energy surplus expected for next year. However, the administration of these currencies will be key to facing external commitments, such as import debt and payments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

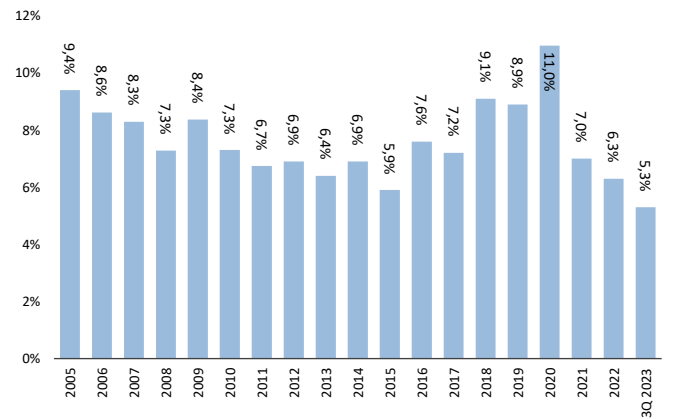
Economic indicators 4Q 2023

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 %



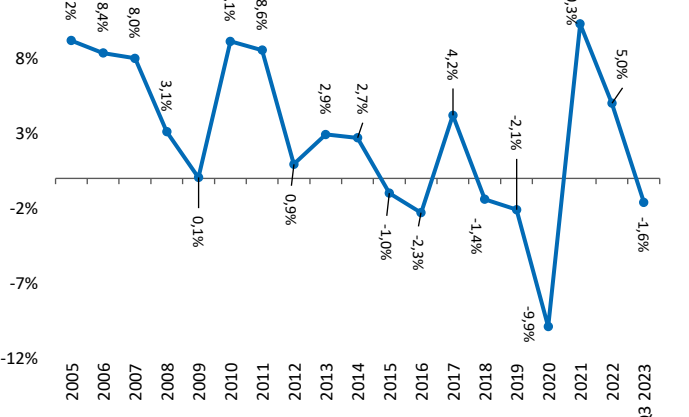
Source: INDEC

Unemployment rate (%)

















Source: INDEC

GDP : Percentage Variation



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

Class A Buildings under Construction						
	Proyct	Submarket	Total Area (SF)	Lettable Area (SF)	Date	LEED Certification
	Paseo Gigena	Palermo	428.780	303.725	4Q 2023	
	Mirabilia 851	Palermo	735.713	452.084	4Q 2023	
	Worko	GBA Panamericana	526.279	421.019	1Q 2024	
	Bureau Diagonal	Microcentro	185.505	134.947	2Q 2024	
	Centro Empresarial Nuñez (CEN)	Zona Norte CABA	538.195	247.516	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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