



Buenos Aires. Industrial Market

In the face of political and economic expectations, the market concentrates its activities on build-to-suit transactions.

During the first quarter of 2024, the industrial market was adapting to the new political and economic measures being implemented by the new government.

In the first quarter of 2024, net absorption again showed negative values after three consecutive quarters of positive values, closing at negative 451,007 SF. This is partly due to the entry of 570,487 SF into the market, built in the TSE and South Zone submarkets.

Vacancy has increased significantly from the historic low of the previous quarter, closing at 5.2%.

Asking rental values continue to be relatively stable at an average asking price of US\$ 8.92/SF, with the San Eduardo Triangle being the submarket with the highest asking rental values.

In terms of future space, it is expected that 2,152,780 SF will enter the market this year, a figure that will obviously have an impact on vacancy.

Against this backdrop, developers have once again focused their activity on build-to-suit transactions, in order to reduce the risk of empty space.

Current Situation

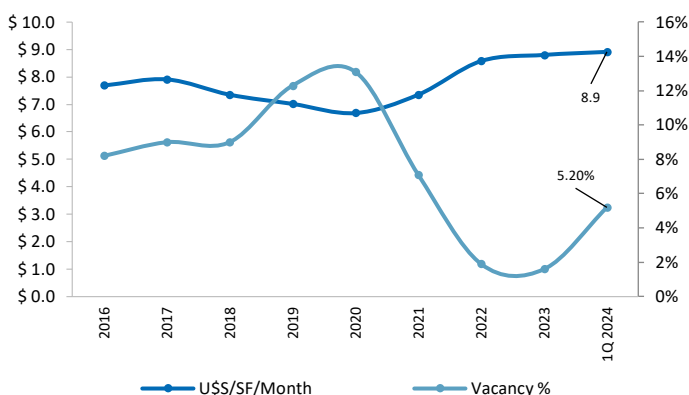
- The average rental value for Class A Logistics Centers presented minimal upward variations compared to the previous quarter, closing at US\$ 8.9/SF/month.
- The vacancy percentage closed at 5.2%, a figure that represents 955,834 SF.
- The first quarter closed with a positive gross absorption of 217,431 SF and a negative absorption of 668,438 SF.

Market Highlights

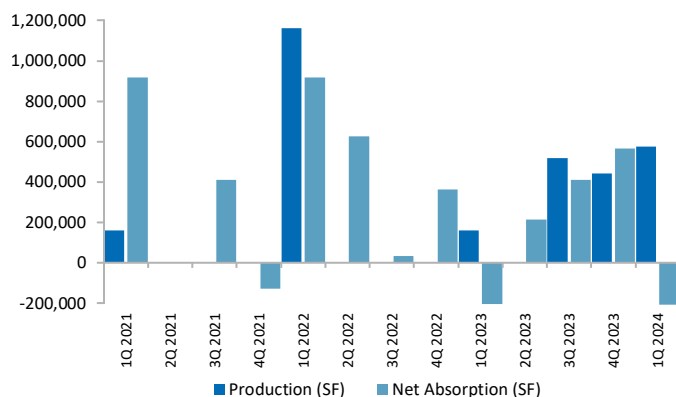
Premium Warehouse	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (Const.)	18.30 MSF	17.76 MSF	16.79 MSF	↗
Availability Rate	5.2%	1.6%	3.0%	↗
Average Asking Rent	US\$ 8.9	US\$ 8.8	US\$ 8.2	→
Quarterly Net Absorption	-451.0K	566.2K	-204.5K	↘
Underconstruction	2,25M	1.96M	2,38M	↗

Market Analysis

ASKING RENT AND VACANCY. 2016 - 1Q 2024



QUARTELY NET ABSORPTION AND PRODUCTION. 1Q 2021 - 1Q 2024



Offer

In the first quarter of 2024, the vacancy rate increased by 30% compared with the previous period, closing at 5.2%. Within the North Zone, the only submarket with available space is the TSE, with a vacancy rate of 5.7%. The increase in vacancy in this area is due to the entry of 357,361 SF of vacant space in Plaza Logística Pacheco.

In turn, the South Zone continues to have the highest vacancy rate, with 10.5%, which represents 500,521 SF of vacant space, corresponding to the new surface area added by Plaza Logística and the property that the logistics operator Radio Victoria has in the area.

In terms of available square meters, the period ended at 955,834 SF, an increase of 30% over the previous quarter due to the incorporation of 574,792 SF in the TSE and South Zone.

Rental values are currently stable. The San Eduardo Triangle stands out with the highest figures, with an asking rent of US \$9.36/SF. At the opposite extreme is the South Zone Corridor, with an asking rent of US \$8.58/SF.

Demand

Net absorption for the quarter ended at negative 451,007 SF, contrary to the positive trend observed since the second quarter of 2023.

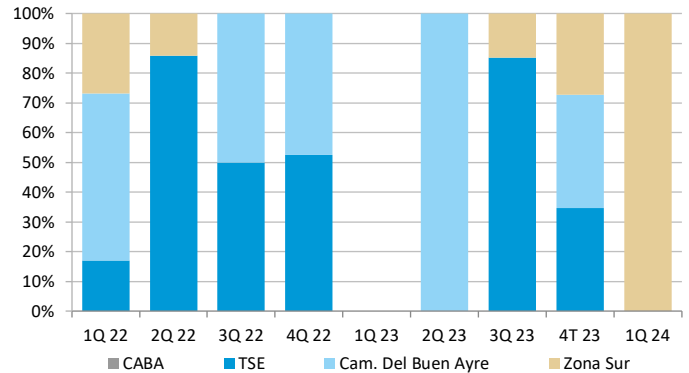
The biggest change occurred in the North Zone, specifically in the TSE, with negative 421,945 SF of absorption, a figure that represented 90% of the space released. It should be noted that the rest of the market did not show any movement due to the limited amount of available space within the corridors.

Future Availability

There are currently 2,249,655 SF under construction, an increase of 12% over the current inventory. This area is expected to enter the market during the course of the year.

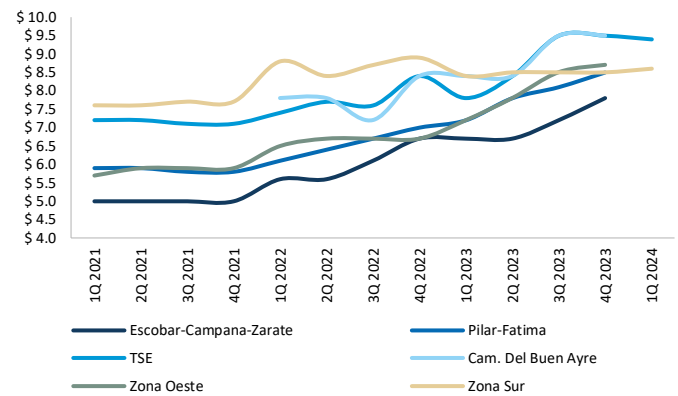
Sixty-two percent of production (1,388,543 SF) is located in the North Zone, evenly distributed between the TSE (26%), the Pilar-Fatima Corridor (26%) and the TSE area (10%); the remaining 38% of projects are being developed in the West Zone (861,112 SF).

Quarterly Gross Absorption by Submarkets 2022 - 2024

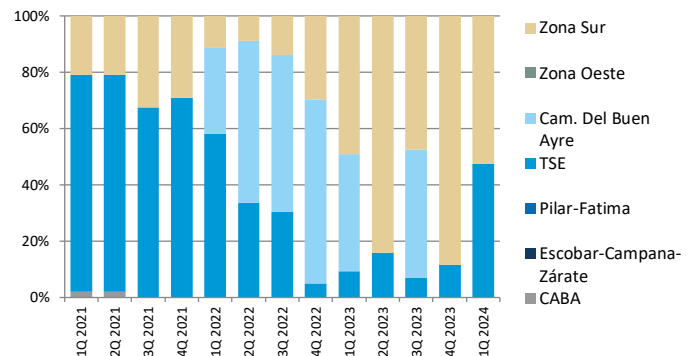


North Corridor: TSE, Cam. Del Buen Ayre, Escobar- Campana-Zárate, Pilar-Fátima
South Corridor: South Corridor, **West Corridor:** West Corridor
CABA: Ciudad Autónoma de Buenos Aires

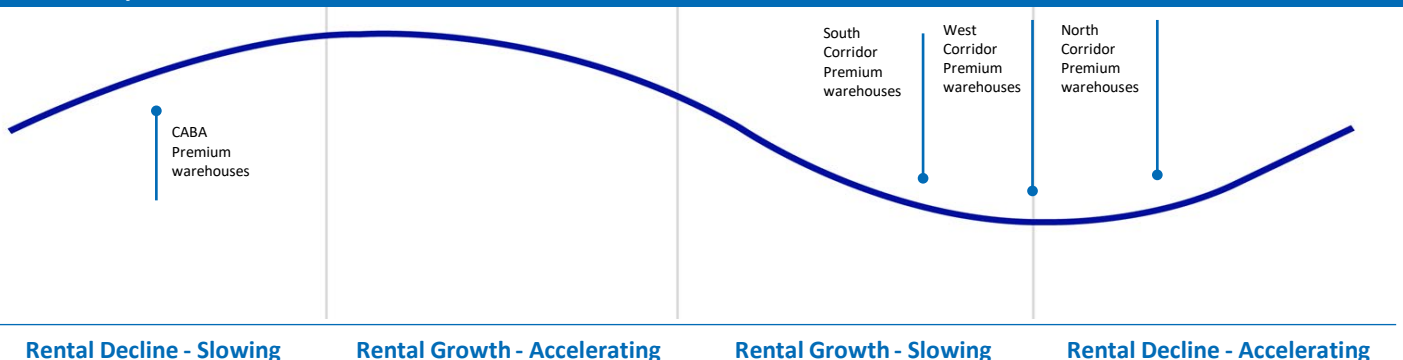
Average Asking Rent (U\$S/SF/MONTH)



Total Availability (SF) 2021- 2024



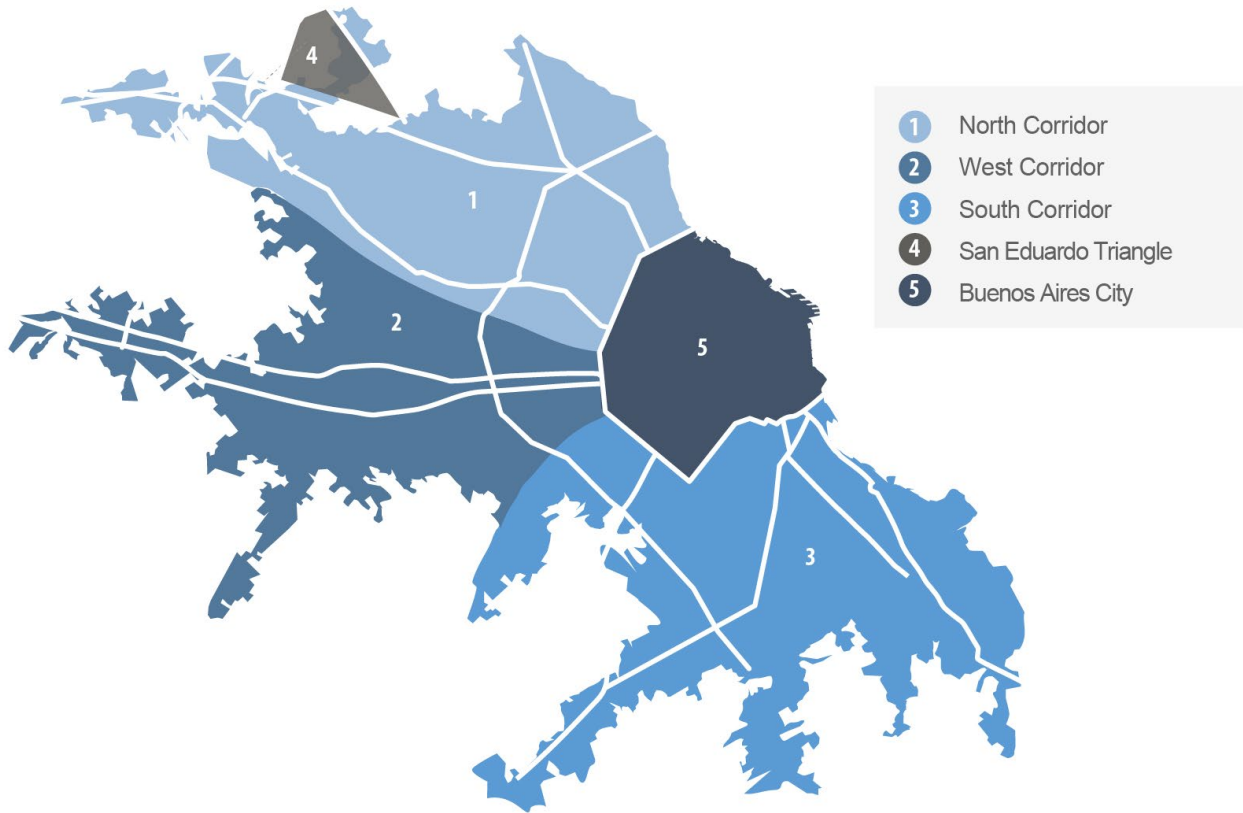
Real Estate Cycle



Market Statistics

Premium Warehouses	Zone	Total Inventory (SF)	Total Availability (SF)	Availability Rate (%)	Qtr. Absorption (SF)	Under Construction (SF)	Direct Asking Rent (U\$\$/SF/Month)
Campana-Zárate	North Corridor	807,293	-	0.0%	-	592,015	0.0
Pilar-Fatima	North Corridor	2,555,318	-	0.0%	-	581,251	0.0
TSE	North Corridor	8,004,122	455,313	5.7%	-421,945	215,278	9.4
Cam. Del Buen Ayre	North Corridor	753,473	-	0.0%	-	-	0.0
West Corridor	West Corridor	983,282	-	0.0%	-	861112	0.0
South Corridor	South Corridor	4,780,248	500,521	10.5%	-29,063	-	8.5
Buenos Aires City (CABA)	CABA	462,848	-	0.0%	-	-	0.0
Total		18,346,583	955,834	5.2%	-451,007	2,249,655	8.9

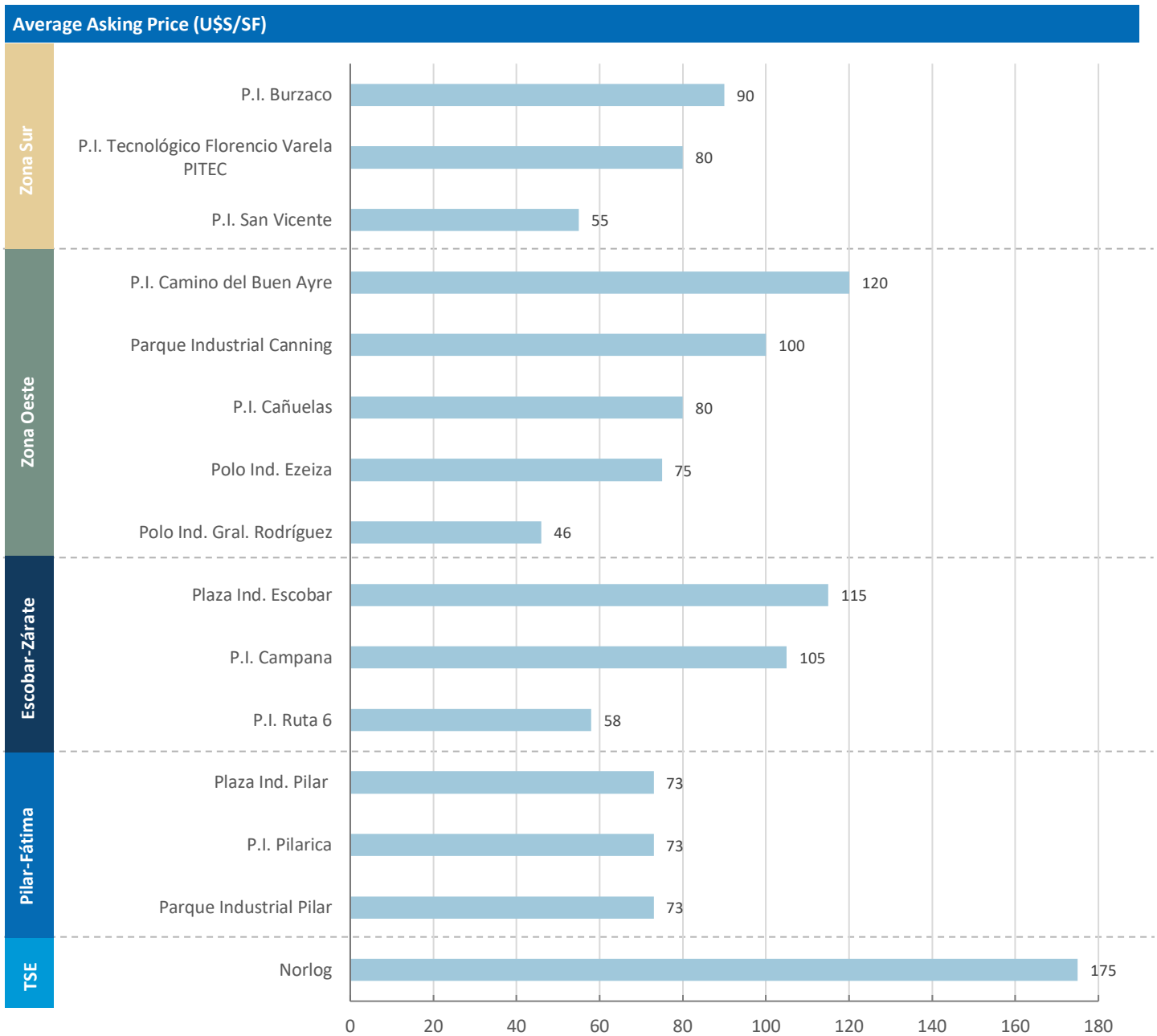
Industrial market – Buenos Aires



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.



Economic Outlook

The first quarter of 2024 begins with the start of a new government in Argentina, headed by libertarian leader Javier Milei. The new government is moving towards a deregulated, more open economy, with the state playing a minimal and supplementary role, and the center of economic growth being led by the private sector.

The immediate and most urgent objective has been the frontal attack on inflation through a policy of fiscal balance and zero deficit from the first month, eliminating the emission. Progress has also been made with price liberalization, deregulation and reduction of public spending.

Inflation increased significantly in December 2023, due to the devaluation of the official exchange rate and the elimination of price controls. This quarter's inflation is estimated to be around 13%, evidencing a slowdown in the deceleration of prices observed since December's peak, when inflation reached 25.5%.

Argentina together with the IMF is implementing a strong fiscal consolidation plan with the goal of achieving a primary surplus of 2 percent of GDP by 2024. In January and February 2024, this plan showed its first results, where the country had a fiscal surplus for the first time in many years.

As for the exchange rate, it has presented a quarterly variation of 5.5%, closing at AR\$ 876.00.

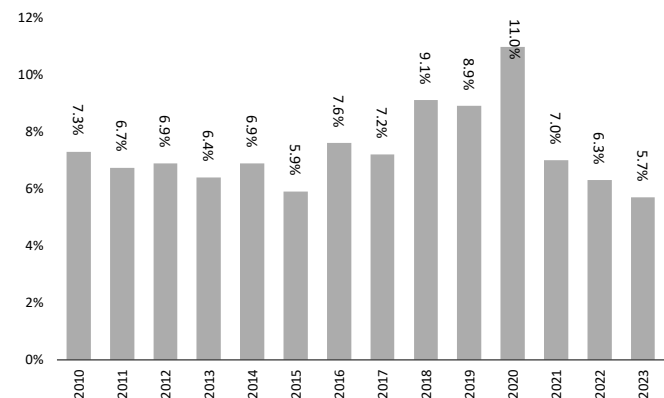
Despite this, unemployment rates have remained relatively stable since the end of last year, although this indicator will continue to be monitored.

Economic indicators 1Q 2024

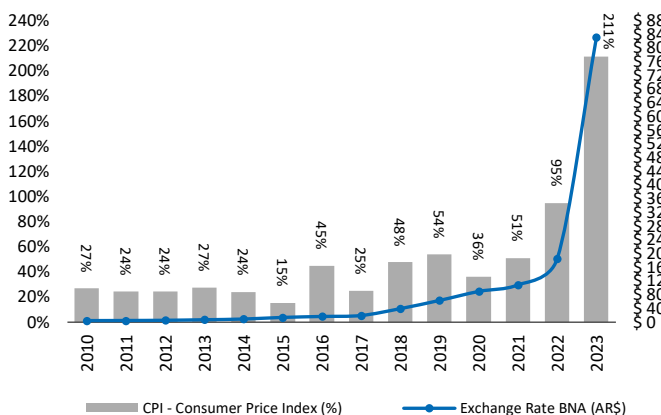
Capital City	Buenos Aires
Population (estimated 2024)	47.067.641
GDP MM	US\$ 228.582
GDP per capita MM	US\$ 4.856
Currency	Peso
Unemployment Rate	5,7%



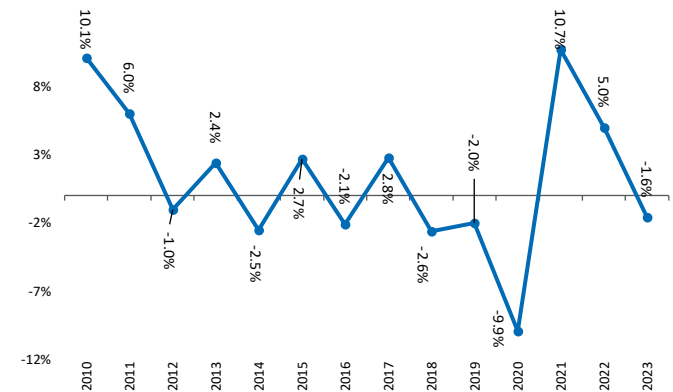
Unemployment rate (%)



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)

For more information:

Headquarters

Maipú 1300, 6º Piso
C1006ACT, CABA, Argentina
t +54-11-4311-9500

Alejandro Winokur

Co-founder and Director

awinokur@ngbacre.com.ar

Martina Roldán Nosetti

Research, Valuations, Data Analytics

mcontreras@ngbacre.com.ar

nmrk.com.ar

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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