



# Buenos Aires Office Market

## Market awaits a major paradigm shift at national level

During the first quarter of the year, the market is adapting to the new political and economic measures being implemented by the new government.

In the first quarter of 2024, net absorption showed positive values for the second consecutive time after a short period of negative values, closing at 55,240 SF. Leased space increased by 29% compared with the previous quarter, while released space increased by 15%.

Vacancy decreased slightly after a year-over-year increase, closing at 17.9%.

Rental values remain stable, at \$26.10/SF. The submarkets that have best defended their prices are Palermo and the Norte Libertador CABA Corridor.

In terms of future space, 1,216,000 SF are expected to enter the market this year, 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 828,000 SF.

It is expected that if economic conditions improve and a context of greater predictability prospers, companies will resume plans for corporate moves, boosting the absorption of new space.

### Current Conditions

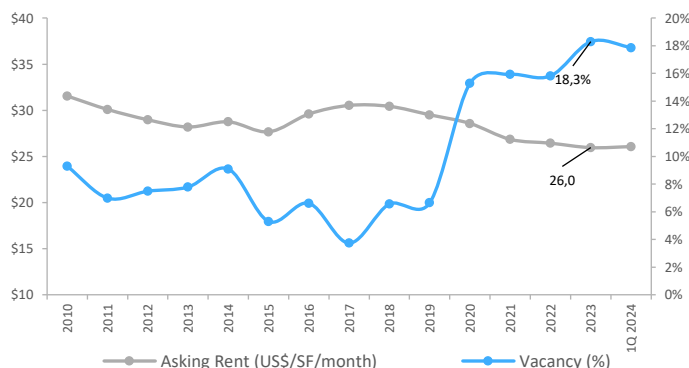
- The average rental value for Class A offices stabilized at \$26.10/SF, close to last quarter's numbers.
- Vacancy decreased slightly, closing at 17.9%.
- For the first quarter of 2024, the market showed positive signs, leaving a gross absorption of 151,222 SF, and vacant space of 95,982 SF. As a result, the quarterly net absorption was 55,240 SF.

### Market Summary

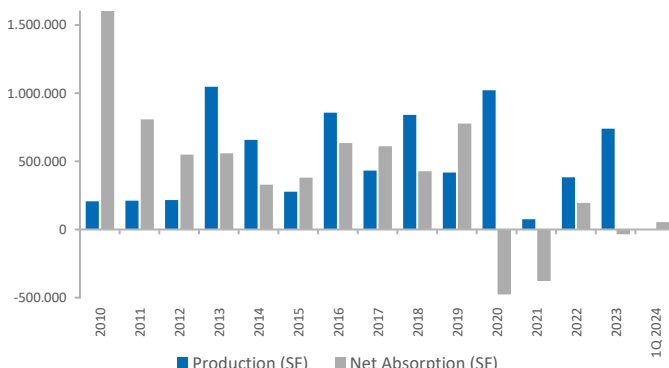
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Stock (Lettable) (*)	19,26 MSF	19,68 MSF	19,17 MSF	↗
Availability Rate	17.9%	18.3%	16.6%	↔
Quarterly Net Absorption	55,240 SF	35,607 SF	41,258 SF	↗
Average Asking Rate	26,1	26,0	\$26,4	↔
Under Construction	2.2 MSF	2.2 MSF	2.4 MSF	↘

### Market Analysis

AVERAGE RENT AND VACANCY. 2010 - 1Q 2024



ANNUAL NET ABSORPTION AND PRODUCTION. 2010 - 1Q 2024



RESEARCH 1Q 2024

Demand

Net absorption in the first quarter of the year was 55,240 SF. Demand was again positive, as in the previous quarter.

The leased area for the quarter was 151,222 SF, which is 29% higher than in the previous quarter. Of this demand, 61% was in the CBD and 39% in the NCBD. The NCBD showed a large increase in leased space compared to the previous quarter; while the CBD showed a slight decrease, remaining practically similar to the previous quarter. Within the NCBD, in the Polo DOT submarket, the OTIS - Blas Parera 31 building stands out, with 44,746 SF leased.

On the other hand, the released area closed the period with 95,982 SF. The largest movements were in the NCBD, which represented 64% of the vacated area, particularly in the GBA Libertador corridor, with 39,493 SF released in several buildings such as the Master Office I A and II B buildings.

Offer

Vacancy remained almost the same as last quarter, with a decrease of 0.43%, reaching 17.9%. GBA Libertador showed an increase of 3.49% with respect to the vacancy of the previous quarter, while the rest of the submarkets remained stable. The CBD continues to show the highest vacancy rates.

In terms of available space, it closed at 3,443,016 SF, 4.6% lower than in the previous quarter. With respect to the first quarter of 2023, the available area shows an increase of 7.7%. Rental values stood at \$26.10/SF. These values offer an opportunity for a flight-to-quality jump for tenants.

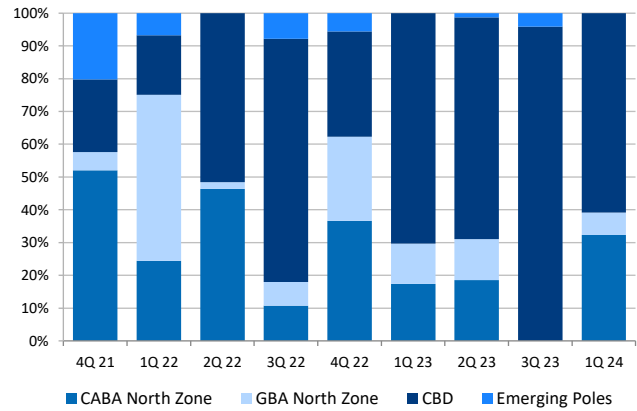
Future Availability

There are 2,217,000 SF under development. At the end of the quarter, there were no new projects in the pipeline.

By 2024, 1,218,743 SF are expected to enter the market.

Quarterly Gross Absorption by Submarkets

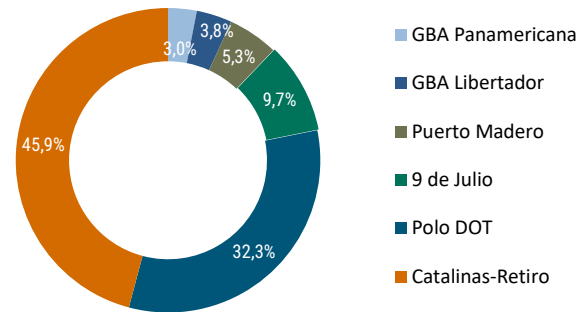
4Q 2021 – 1Q 2024. SQUARE FEET



**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.

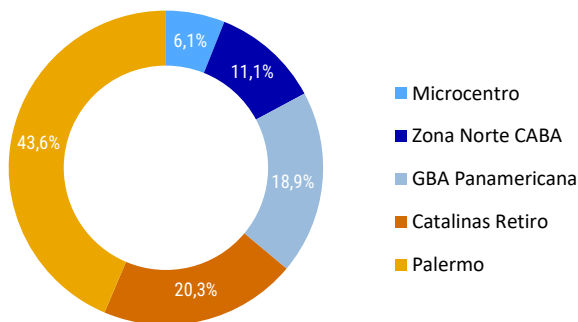
Leased Area by Submarkets: 151,220 SF

1Q 2024. SQUARE FEET



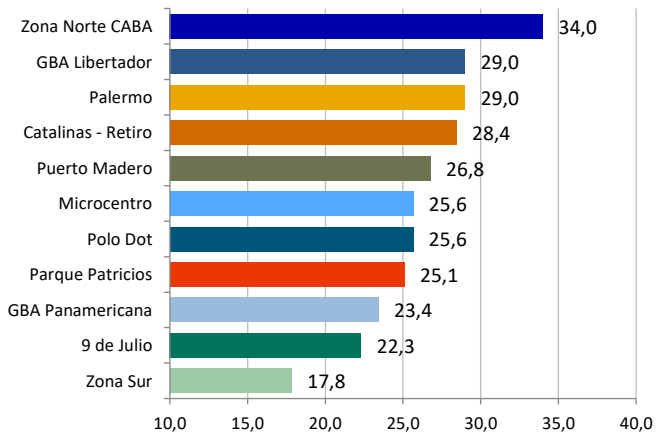
Area Under Construction: 2,226,653 SF

1Q 2024. SQUARE FEET



Average Asking Rent

1Q 2024. (U\$S/SF/MES)

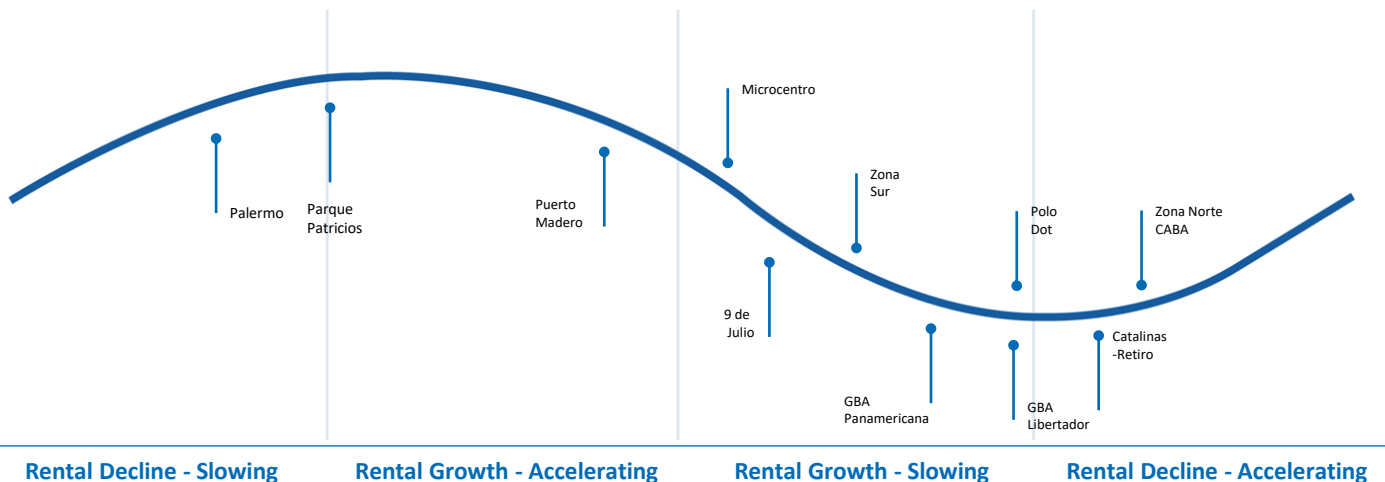


RESEARCH 1Q 2024

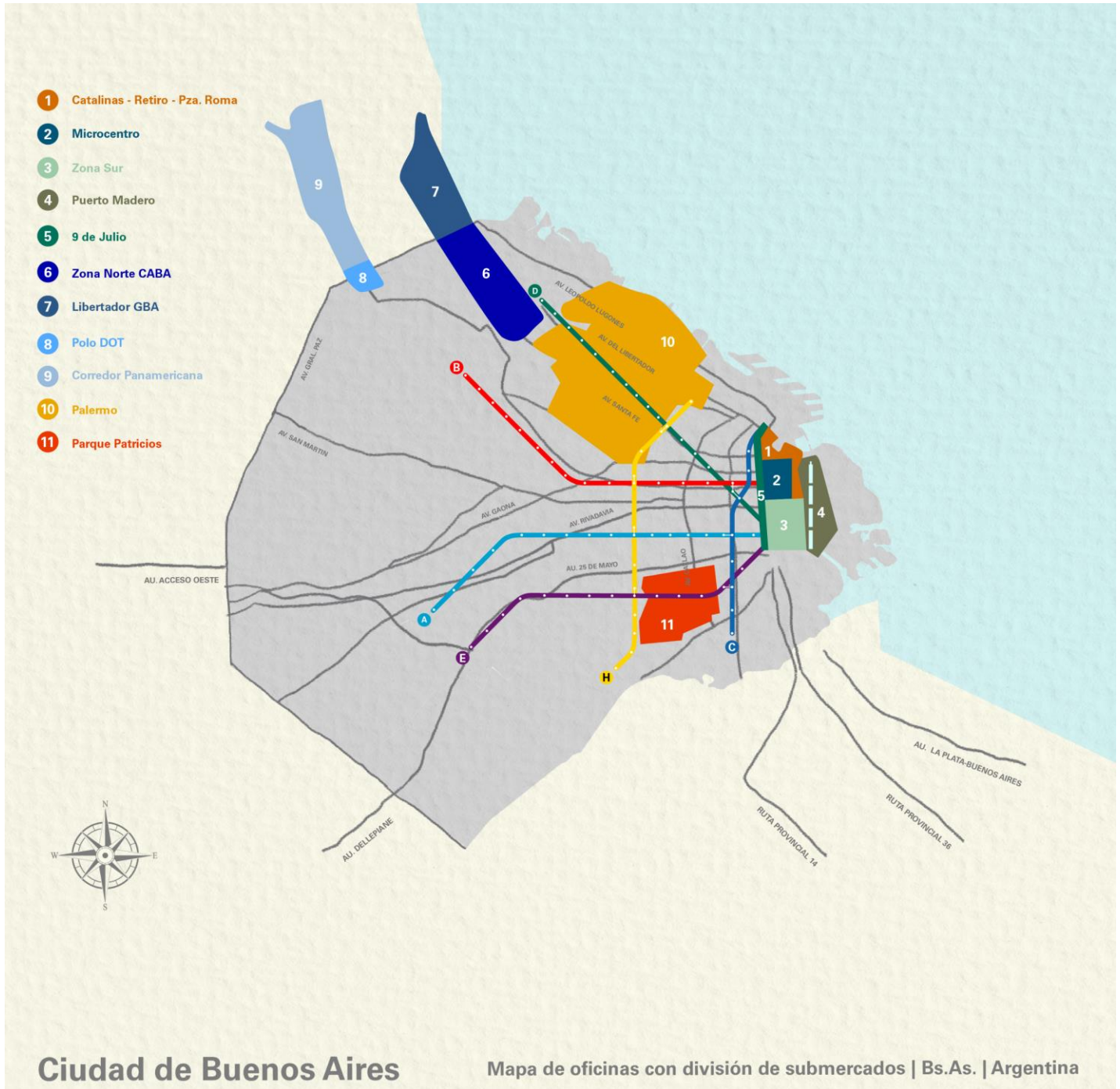
Market Statistics

By Submarket	Total Inventory (SF)	Under Construction (SF)	Projects (SF)	Total Availability Rate (%)	Qtr. Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (\$/SF/YR)
<b>CABA</b>							
Puerto Madero	3.149.592	-	-	12,4%	-13.530	-13.530	26,8
Zona Sur	1.098.725	-	198.056	20,1%	0	0	17,8
Microcentro	934.134	134.947	-	29,6%	0	0	25,6
Catalinas-Retiro. Pza. San Martín. Pza. Roma	5.384.178	452.084	1.098.585	18,5%	56.790	56.790	28,4
9 de Julio	1.062.300	-	209.896	25,4%	14.650	14.650	22,3
Zona Norte CABA	1.083.494	247.516	1.614.585	17,2%	0	0	34,0
Polo Dot	1.240.453	-	1.758.412	19,8%	39.170	39.170	25,6
<b>GBA</b>							
Corredor Panamericana	2.320.557	421.019	276.632	27,8%	-8.062	-8.062	23,4
Corredor Libertador	966.900	-	1.148.314	14,6%	-33.788	-33.788	29,0
<b>Subtotal</b>	<b>17.240.334</b>	<b>1.255.566</b>	<b>6.630.627</b>	<b>20,6%</b>	<b>55.240</b>	<b>55.240</b>	<b>25,9</b>
<b>Emergent Poles</b>							
Parque Patricios	1.855.524	-	704.939	1,6%	0	0	25,1
Palermo	173.783	971.087	-	24,5%	0	0	29,0
<b>Subtotal</b>	<b>2.029.307</b>	<b>971.087</b>	<b>704.939</b>	<b>13,1%</b>	<b>0</b>	<b>0</b>	<b>27,1</b>
<b>TOTAL</b>	<b>19.269.641</b>	<b>2.226.653</b>	<b>7.335.566</b>	<b>17,9%</b>	<b>55.240</b>	<b>55.240</b>	<b>26,1</b>

Class A office market cycle by submarkets



Office market by submarket – Buenos Aires



Economic Outlook

The first quarter of 2024 began 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 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% of GDP by 2024. In January and February 2024, this plan showed that the country had a fiscal surplus for the first time in many years.

The exchange rate has presented a quarterly variation of 5.5%, closing at AR \$876.00.

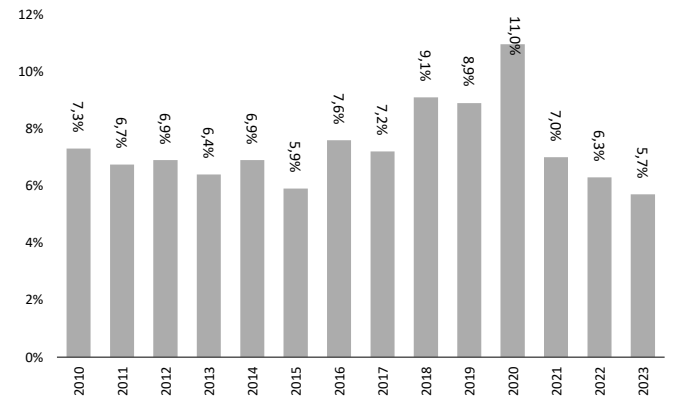
Despite this, unemployment rates have remained relatively stable since the end of last year, although this indicator will continue to be monitored.

Economic indicators 1Q 2024

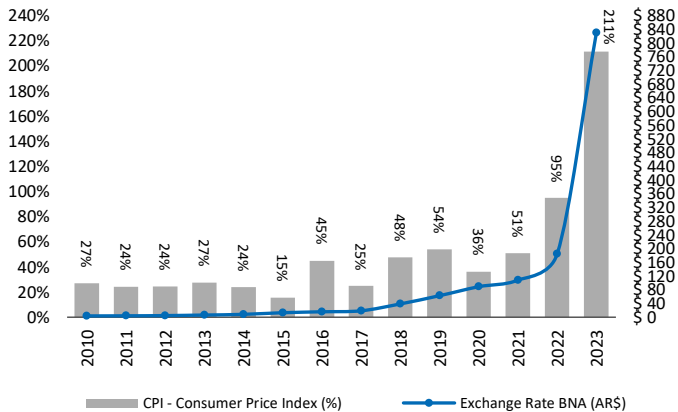
Capital City	Buenos Aires
Population (estimated 2023)	47.067.641
GDP MM	US\$ 228.582
GDP per capita MM	US\$ 4.856
Currency	Peso
Unemployment Rate	5,7%



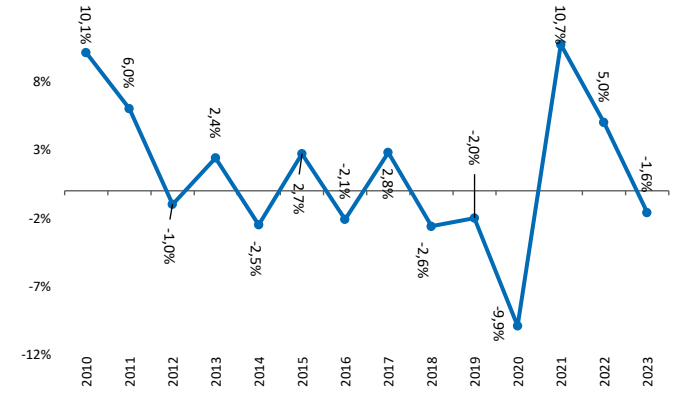
Unemployment rate (%)



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)

Class A Buildings under Construction						
	Proyct	Submarket	Total Area (SF)	Lettable Area (SF)	Date	LEED Certification
	Mirabilia 851	Palermo	735.713	452.084	2Q 2024	
	Centro Empresarial Núñez (CEN)	Zona Norte CABA	538.195	247.516	2Q 2024	
	Bureau Diagonal	Microcentro	185.505	134.947	3Q 2024	
	Paseo Gigena	Palermo	428.780	303.725	4Q 2024	
	Worko	GBA Panamericana	526.279	421.019	-	
	Mirabilia Central	Palermo	398.264	215.278	-	
	Alem y Córdoba	Catalinas Retiro	645.834	452.084	-	

Areas of the projects are approximate.  
Pictures are illustrative.

*For more information:*

**Headquarters**

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

**Fernando Novoa**

*Director*

[fnovoa@ngbacre.com.ar](mailto:fnovoa@ngbacre.com.ar)

**Martina Roldán Nosetti**

*Research, Valuations, Data Analytics*

[mroldan@ngbacre.com.ar](mailto:mroldan@ngbacre.com.ar)

[nmrk.com.ar](http://nmrk.com.ar)

## 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](http://ngkf.com/research).

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.