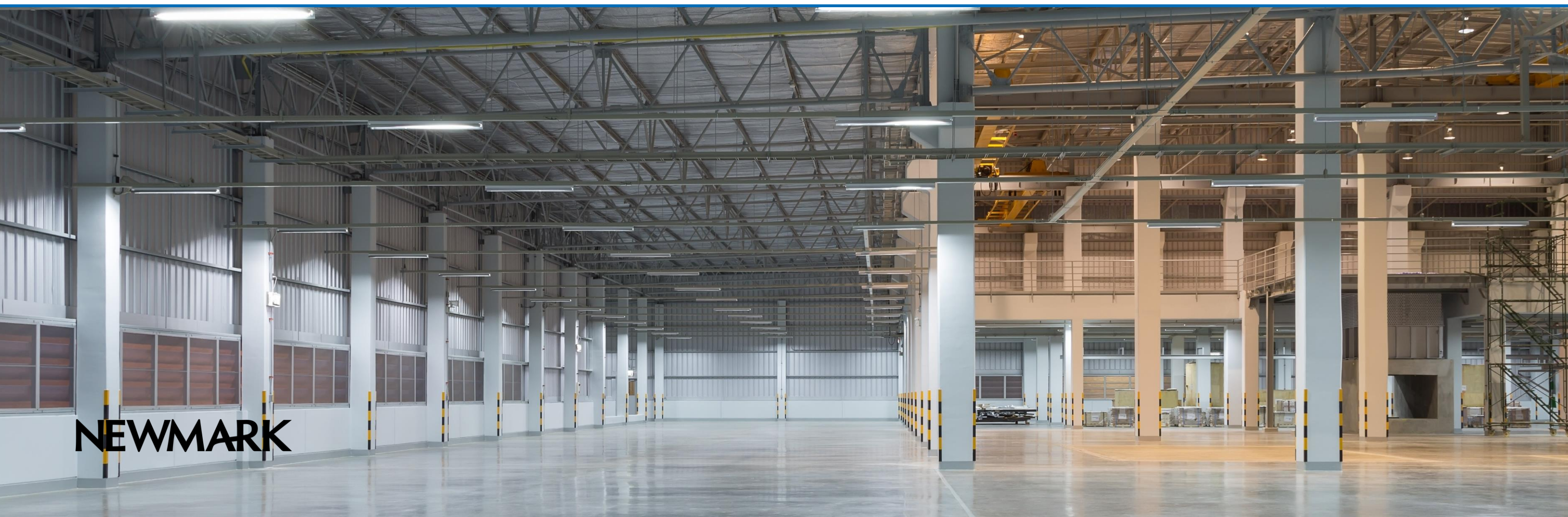


1Q24

# São Paulo Industrial/Logistics Market Report



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# Market Information

## Economy

- In 2023, the GDP grew 2.9%, ending the year at R\$ 10.9 trillion. However, results for the first quarter of the year reveal a slower economy, with a GDP growth projection of only 1.9% in 2024.
- The labor market is dynamic and active, with unemployment dropping to 7,8%, and increasing wages. Household spending is slowly recovering, thus driving up the use of services and purchases of non-durable goods, in particular food.
- According to the National Federation of Industry (CNI), most manufacturing industry indicators improved compared to December, 2023. Although actual turnover and installed capacity utilization remained stable, the total number of manufacturing hours worked increased. The job market is also on the rise, along with salaries and average manufacturing worker productivity.

## Transactions

- Of the transactions in the quarter involving known parties, most involved service players, specifically shipping, storage, and logistics.
- Most net absorptions in the quarter were in the submarket of Guarulhos, Barueri, and Jundiaí.

## Market Indicators

- Gross and net absorption remained essentially unchanged in the first quarter; and the Occupied space has grown 275 thousand m<sup>2</sup> in the first quarter of the year. However, in a y-o-y comparison, these numbers are 24% lower, suggesting more flat demand growth.
- The vacancy remained essentially stable, going from 10.7% to 10.9%.
- As a result of intense demand and the high volume of new quality inventory being delivered, the average asking rental rate remain in upward movement, finishing the quarter at R\$ 26,6/sq.m/month.

## Outlook

- The market for industrial and warehouse condominiums in SP has been growing so far. It should continue to grow, along with asking rents as supply continues to drop.
- However, expected deliveries and absorption in recent quarters suggest this expansion should slow down to more modest levels.



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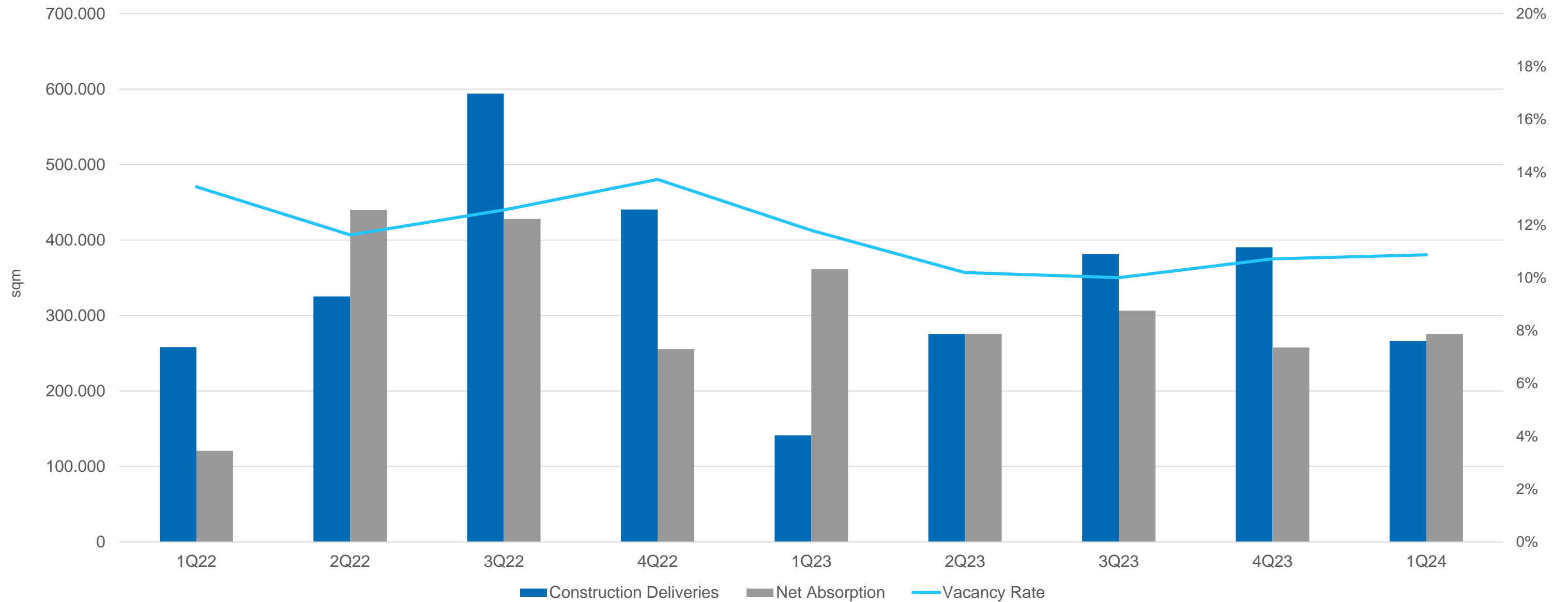
# Market Indicators



# Vacancy Stability Even With High Volumes of New Construction Deliveries

Despite high volumes of new inventory delivered and exceeding net absorption in the previous 9 months, the vacancy rate has remained stable, mainly due to intense demand and cooling in new construction deliveries.

New Inventory Delivered, Net Absorption and Vacancy Rate – Class A, AA and AAA

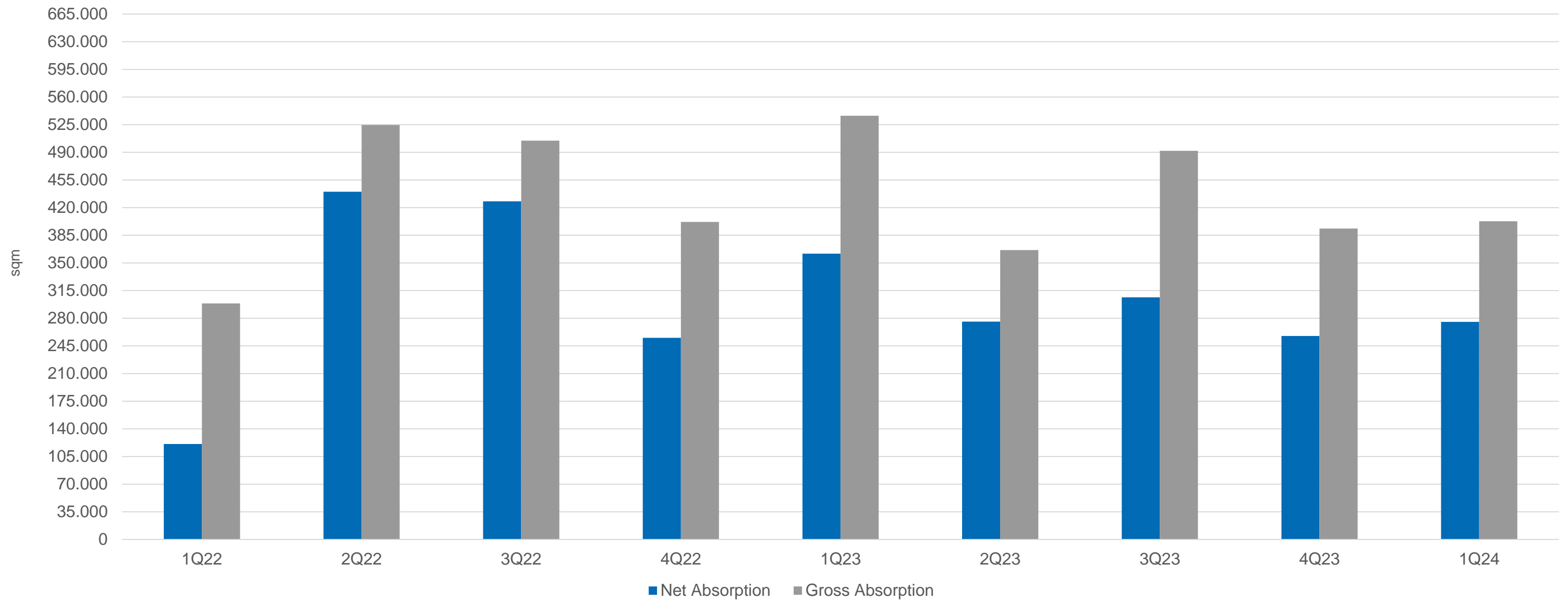


Source: Newmark Brasil – Market Research

# Leasing Activity Remains at High Levels, Although With Certain Loss of Dynamism

Growth in demand has become stable and we have seen an increase in space returns, especially in the 2<sup>nd</sup> half of 2023.

## Gross and Net Absorption (sqm) – Class A, AA and AAA



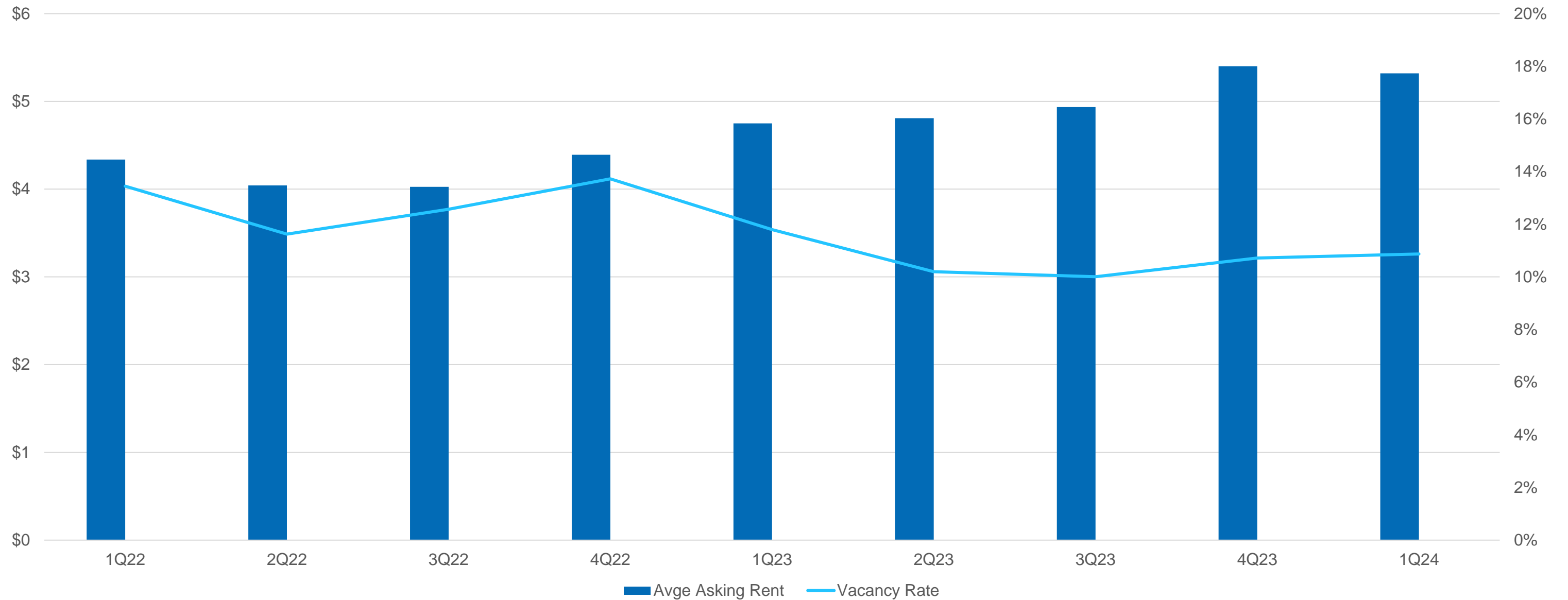
Source: Newmark Brasil – Market Research



# Average Asking Rents Continues to Climb, Although on a Lower Rise This Quarter

Intense demand and volume of new quality inventory resulted in an appreciation in the average of asking rents (even with exchange rate fluctuations).

Average of Asking Rent and Vacancy Rate – Class A, AA and AAA

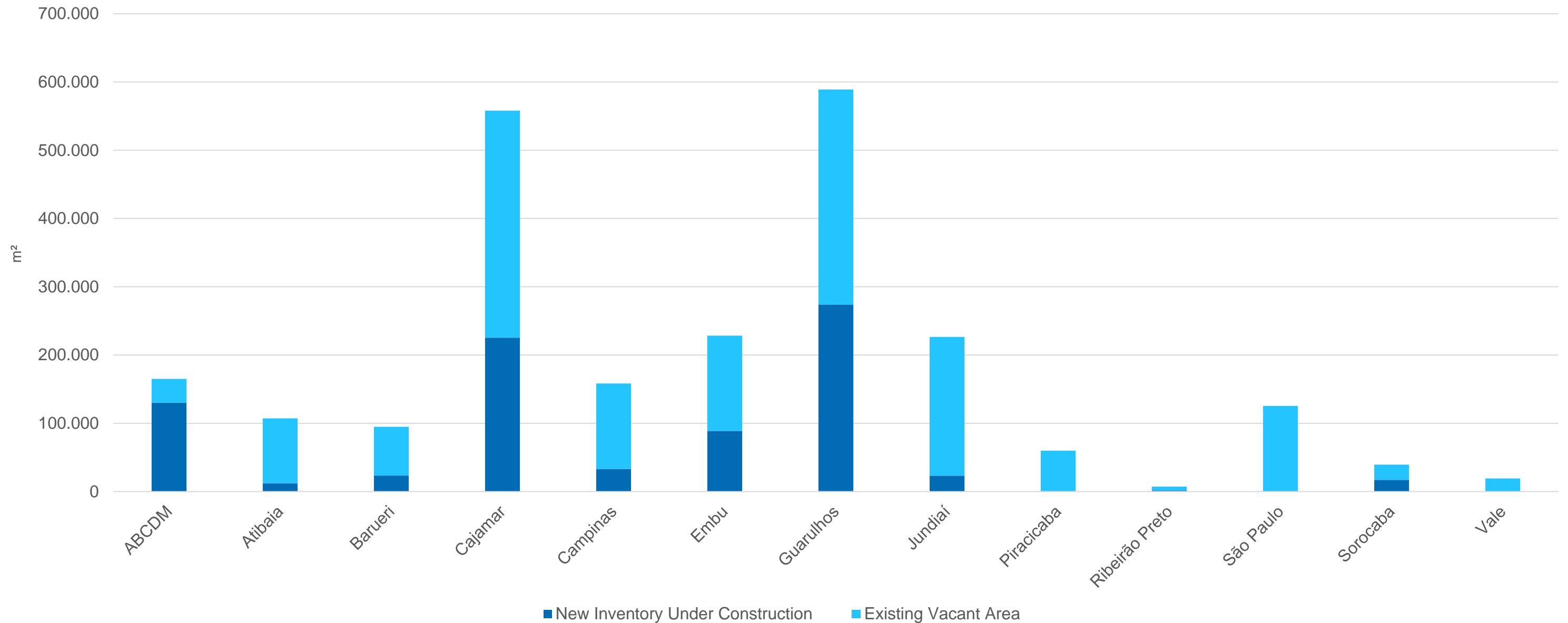


Source: Newmark Brasil – Market Research

# New Inventory Forecasted in Overall Is Below the Existing Vacant Area

With the exception of Guarulhos, Cajamar and ABCDM, regions with a high concentration of vacant area due to their intense development in recent years, in general, the other markets present a low level of existing and future supply.

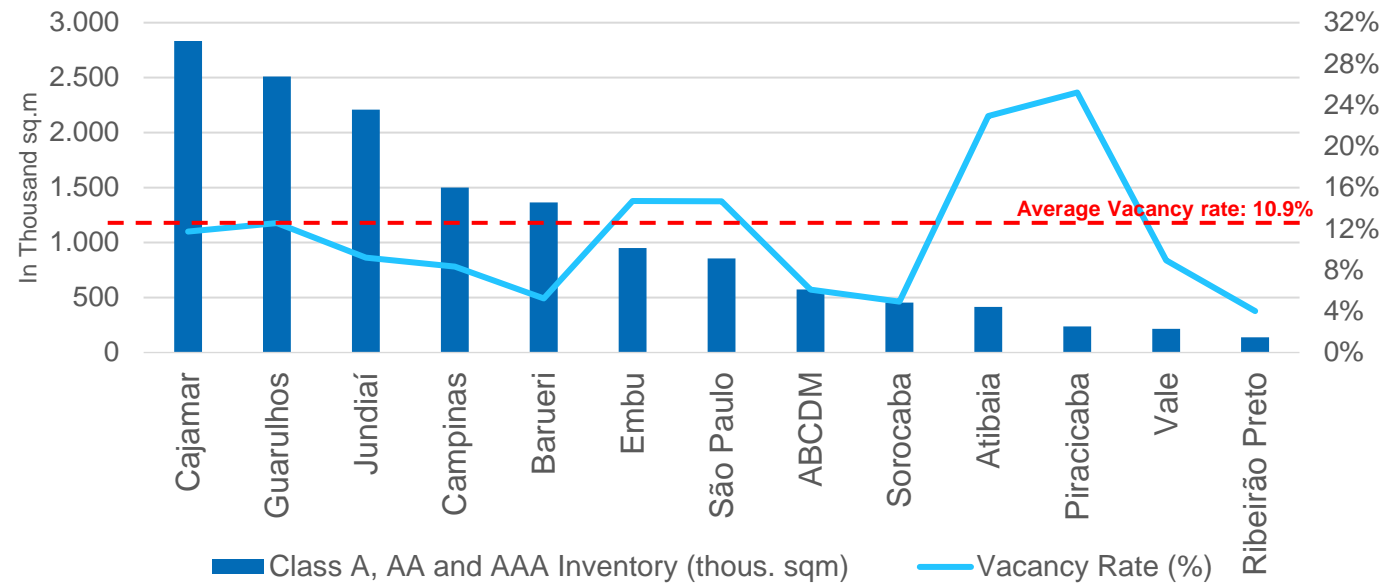
Existing Vacant Rate vs. New Inventory in Construction per Submarket (sqm) – Class A, AA and AAA, forecasted to 2024



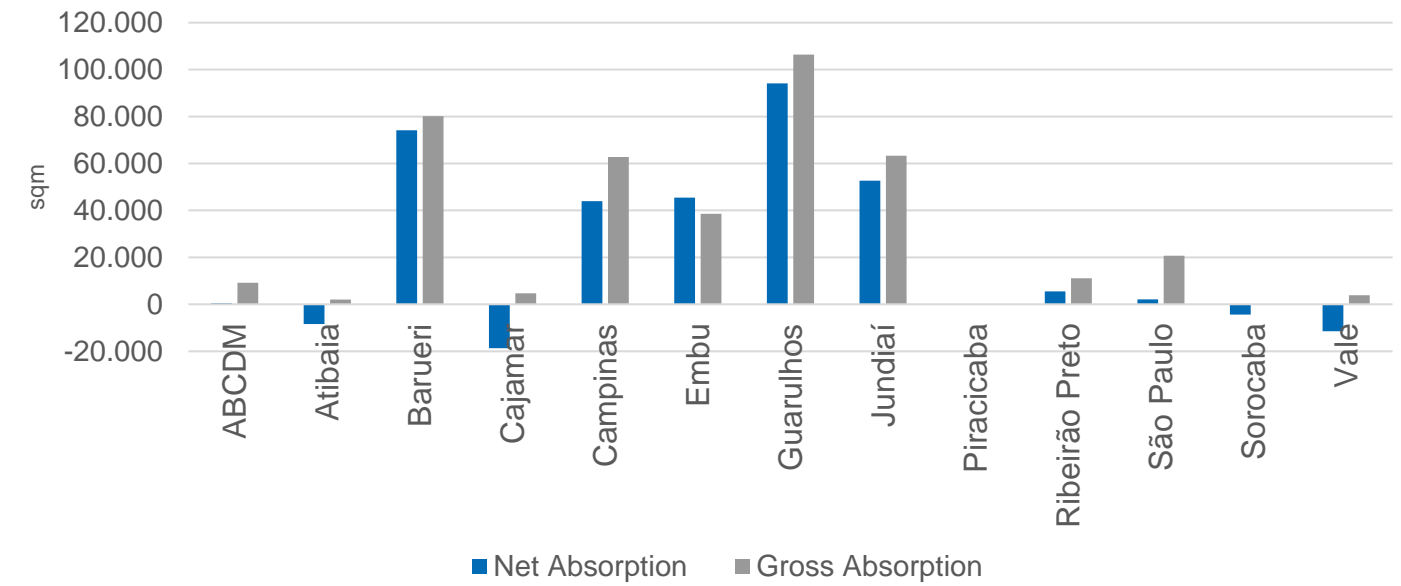
Source: Newmark Brasil – Market Research

# Submarket Analysis

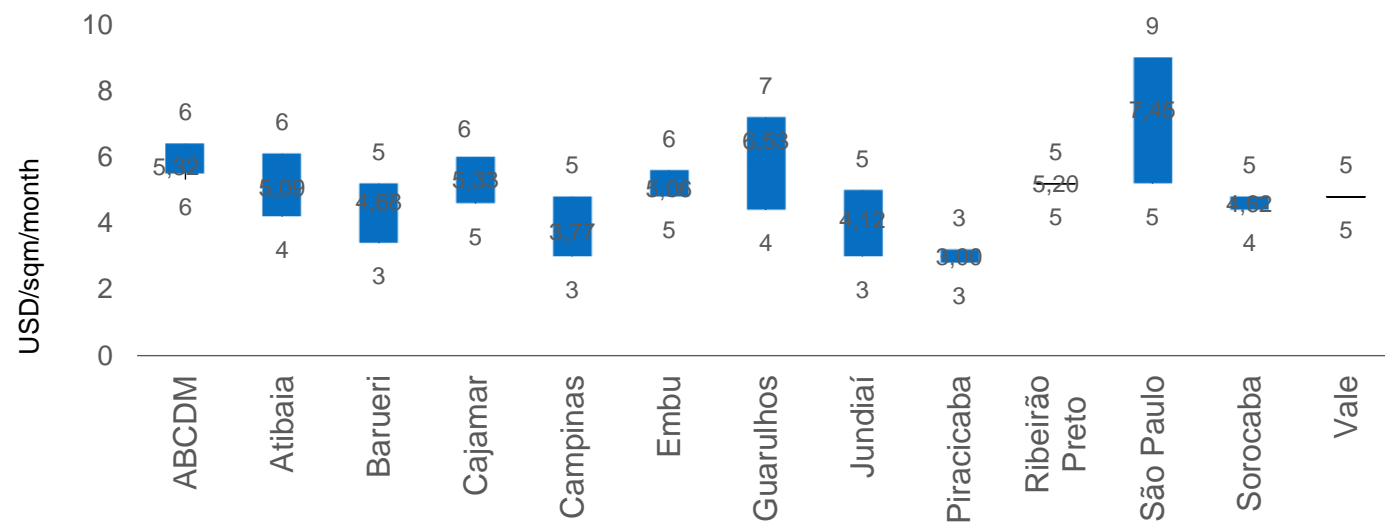
## Inventory vs. Vacancy Rate



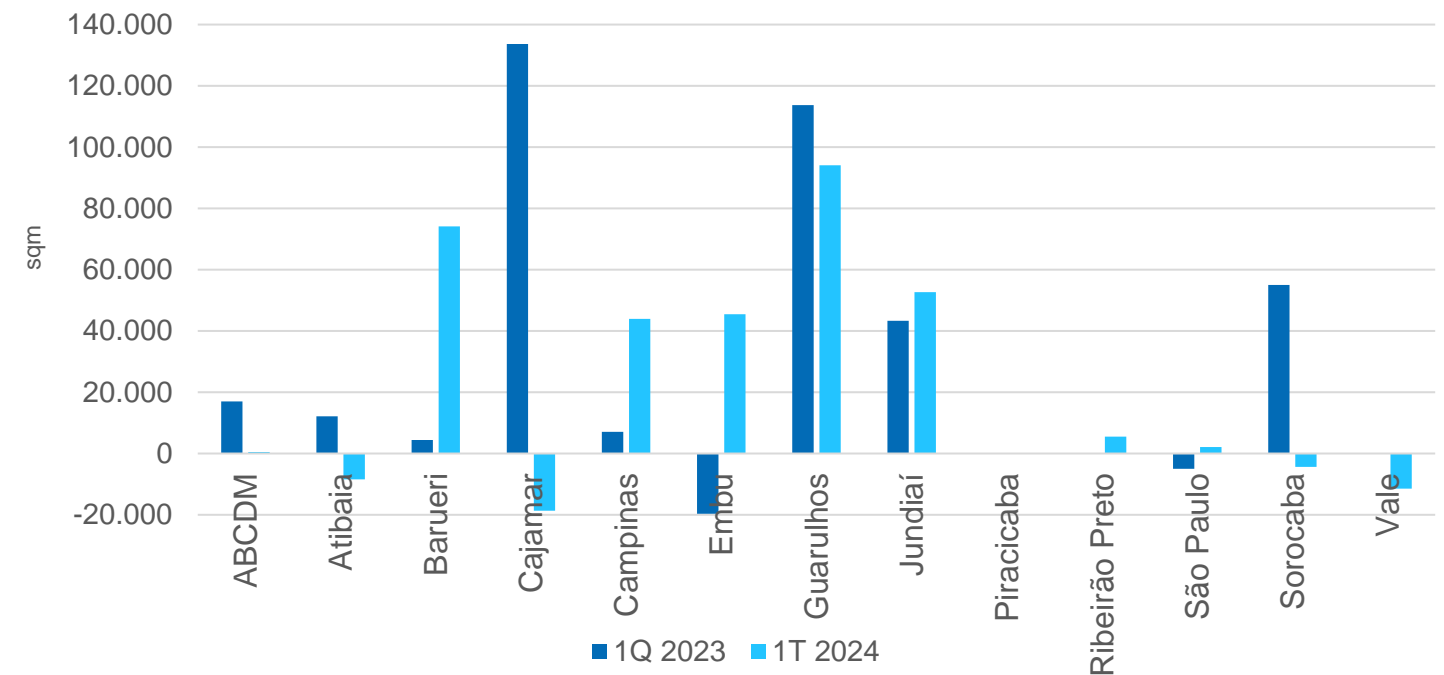
## Net and Gross Absorption per Submarket



## Minimum, Average and Maximum Asking Rent (USD/sqm/month)



## Net Absorption – Y-o-Y Variation







For more information,  
please reach out your business contact at Newmark Brasil.



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