

Class A Office Market Buenos Aires

2Q 2024

NEWMARK



Market Overview 2Q 2024

In an economic adjustment context, relocation transactions predominate within the market.

The Buenos Aires Class A office market was characterized during the second quarter of 2024 by elastic demand, with many relocation transactions, despite few changes in asking prices.

Net absorption showed positive values for the third consecutive quarter, closing at 112,964 SF. The leased area increased by 70.14% compared with the previous quarter, while the vacated area increased by 50.35%.

Vacancy continues to decrease after the increase throughout the previous year, closing at 16.6%. Asking rent values began to show declines, closing the average at 2.12 USD BNA/SF/month.

Regarding future space, 2,530,579 SF are under construction, with 1,558,835 SF expected to be delivered in the coming months, many of which will be pre-leased, leaving a healthy remainder to meet this year's demand and part of next year's. Politics and construction costs will directly influence market behavior.

Main Indicators

	2Q 2024	1Q 2024	2Q 2023	12 Month Forecast
Total Rentable Inventory	19,354,373 SF	19,354,373 SF	19,172,049 SF	—
Availability Rate	16.6 %	17.9 %	16.8 %	↓
Quarterly Net Absorption	112,964 SF	55,247 SF	-45,431 SF	↑
Average Asking Rent	2.12 USD BNA/SF/month	2.17 USD BNA/SF/month	2.18 USD BNA/SF/month	↓
Surface Under Construction	2,530,579 SF	2,227,351 SF	2,874,763 SF	↑

Market Outlook

Economy

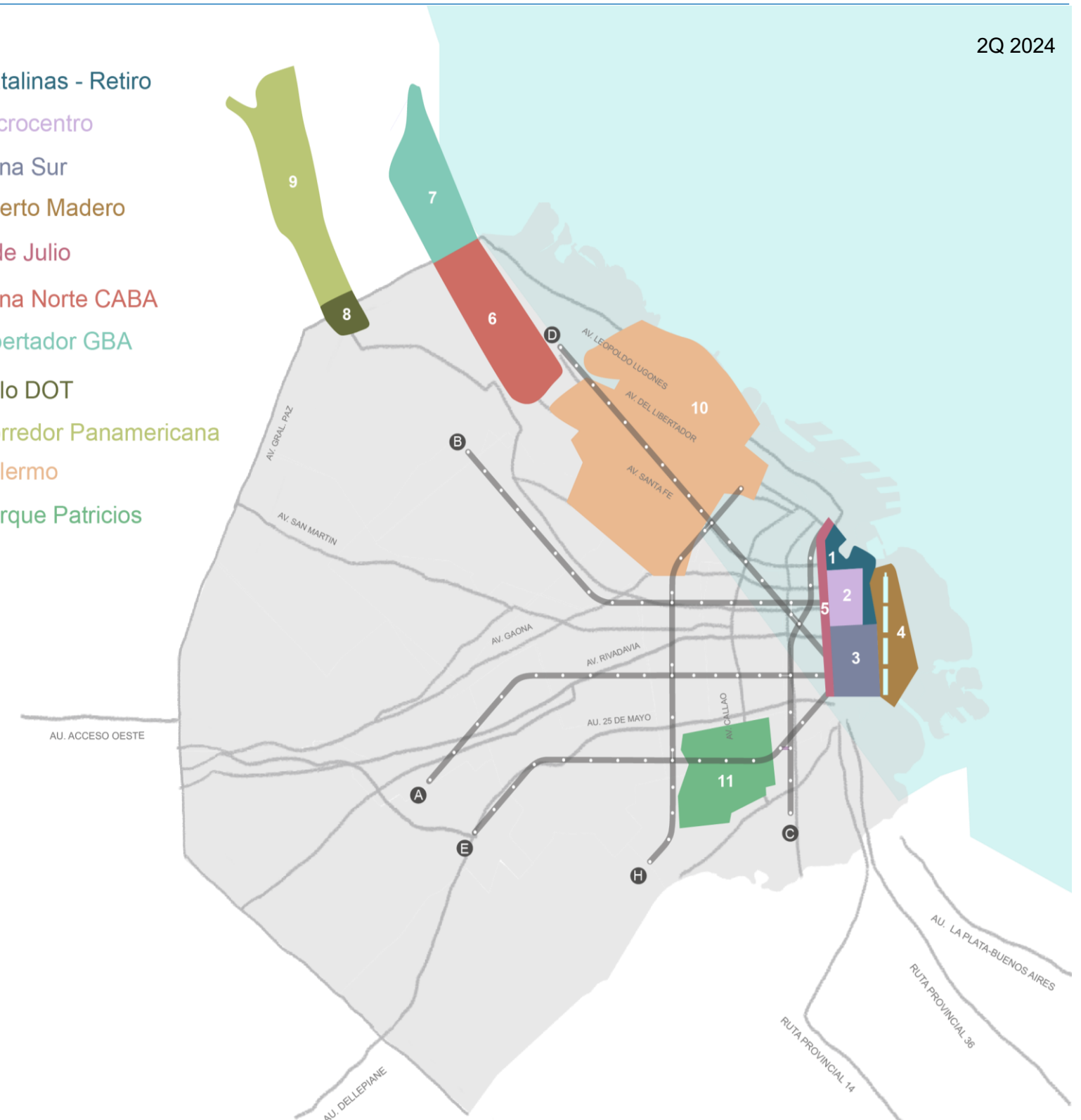
- The country's economy suffered an adjustment in relative prices, devaluation, and a drop in real wages, causing a sharp decline in GDP, experiencing a decline of 5.1% year over year.
- Imports and investment were particularly affected in the construction and manufacturing sectors. Agricultural and mining activities experienced notable growth.
- Expectations regarding the eventual recovery of activity levels are high, especially with the approval of the *Ley de Bases*.

Market Fundamentals

- The average asking rent for Class A office space closed the quarter at 22.8 USD BNA/m²/month (2.12 USD/SF/month), showing a decline compared with the market situation.
- Market vacancy showed a slight decrease of 0.7 percentage points.
- Positive signs continue during the second period of 2024, with net absorption of 112,964 SF, resulting from 257,345 SF taken and 144,381 SF vacated, showing an increase in market movements.

2Q 2024

- 1 Catalinas - Retiro
- 2 Microcentro
- 3 Zona Sur
- 4 Puerto Madero
- 5 9 de Julio
- 6 Zona Norte CABA
- 7 Libertador GBA
- 8 Polo DOT
- 9 Corredor Panamericana
- 10 Palermo
- 11 Parque Patricios



Office Submarkets map | Bs.As. | Argentina

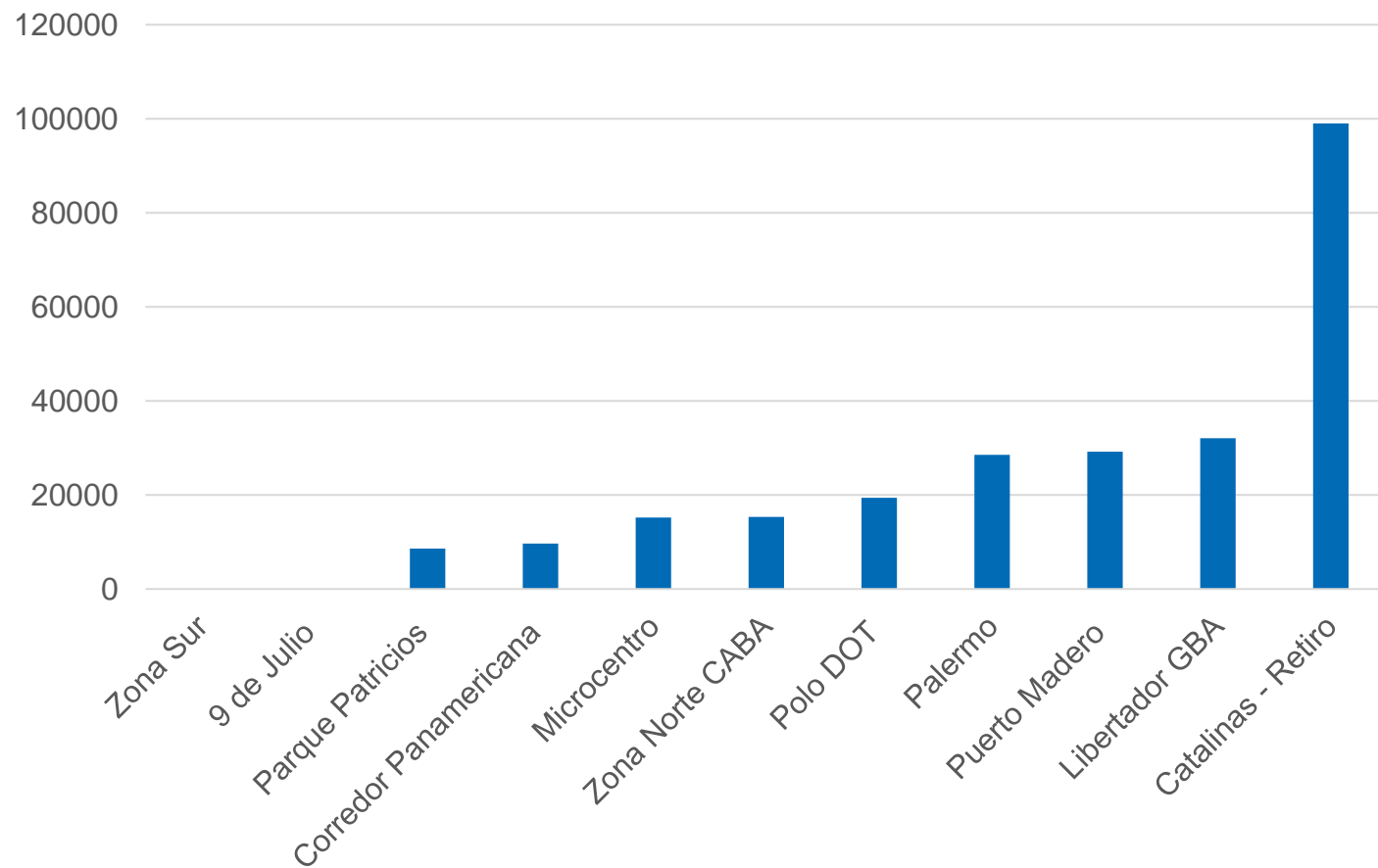
Demand

2Q 2024

The second quarter of 2024 experienced a net absorption of 112,964 SF, more than double the amount recorded in the first quarter of 2024. The total area leased during this period was 257,345 SF, representing a 70.14% increase compared with the previous quarter. The Central Business District (CBD) had the highest demand, accounting for 79.4% of the activity. During this quarter, all zones, including emerging areas, recorded positive absorption. In Catalinas - Retiro, 99,028 SF were leased, of which 61,354 SF were in a single building. The vacated area totaled 144,381 SF, with many transactions being relocations driven by both a flight to quality tendency and relocations within the same Class A segment.

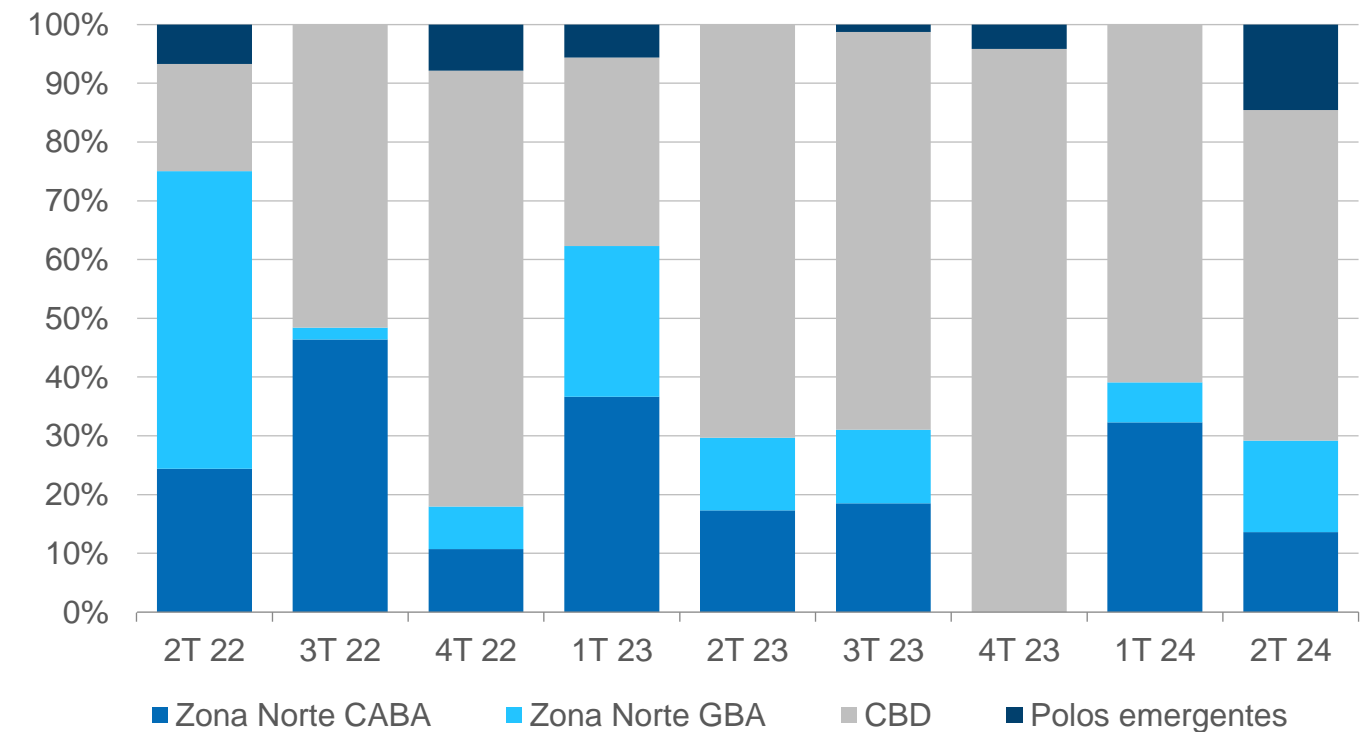
Leased area by submarkets: 257,302 SF

2Q 2024



Quarterly Gross Absorption by Area

2Q 2022 – 2Q 2024



Zona Norte CABA: Polo DOT. Zona Norte CABA.

Zona Norte GBA: Corredor Panamericana. Libertador GBA.

CBD: Catalinas - Retiro. Puerto Madero. Microcentro. 9 de Julio. Zona Sur.

Polos emergentes: Palermo. Parque Patricios.

Source: Information Compiled and Analyzed by Newmark Argentina

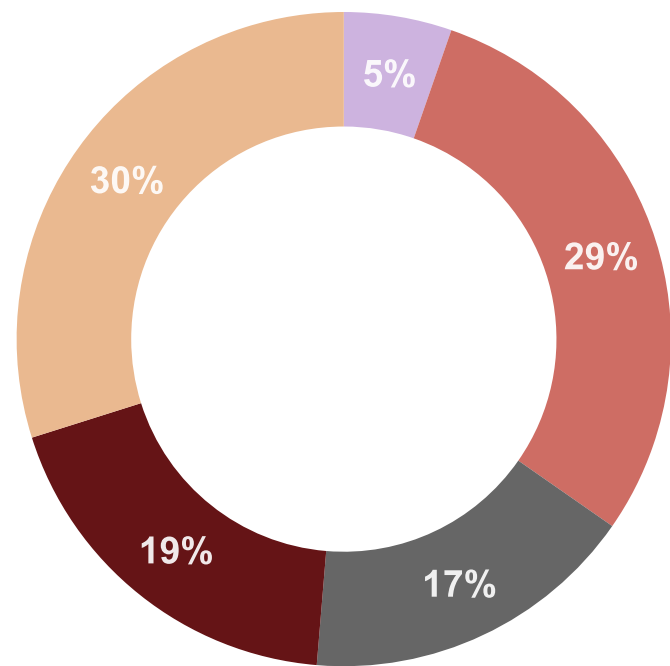
Availability and Future Surface

2Q 2024

Vacancy rates dropped by more than one percentage point compared with the previous quarter, closing at 16.6%. This significant decrease reflects demand trends and the absence of new supply during the period. The areas with the largest reductions in vacancy were GBA and the emerging areas, particularly Palermo and the Libertador Corridor, which closed at 8.1% and 8.8%, respectively. The available space closed at 3,207,243 SF, representing a 7.3% decrease from the previous period and slightly lower than the same period last year. The average asking rent was 2.12 USD/SF/month, 2.6% less than at the end of the first quarter of 2024. This reduction begins to narrow the gap between asking and closing prices.

Area under construction: 2,530,774 SF

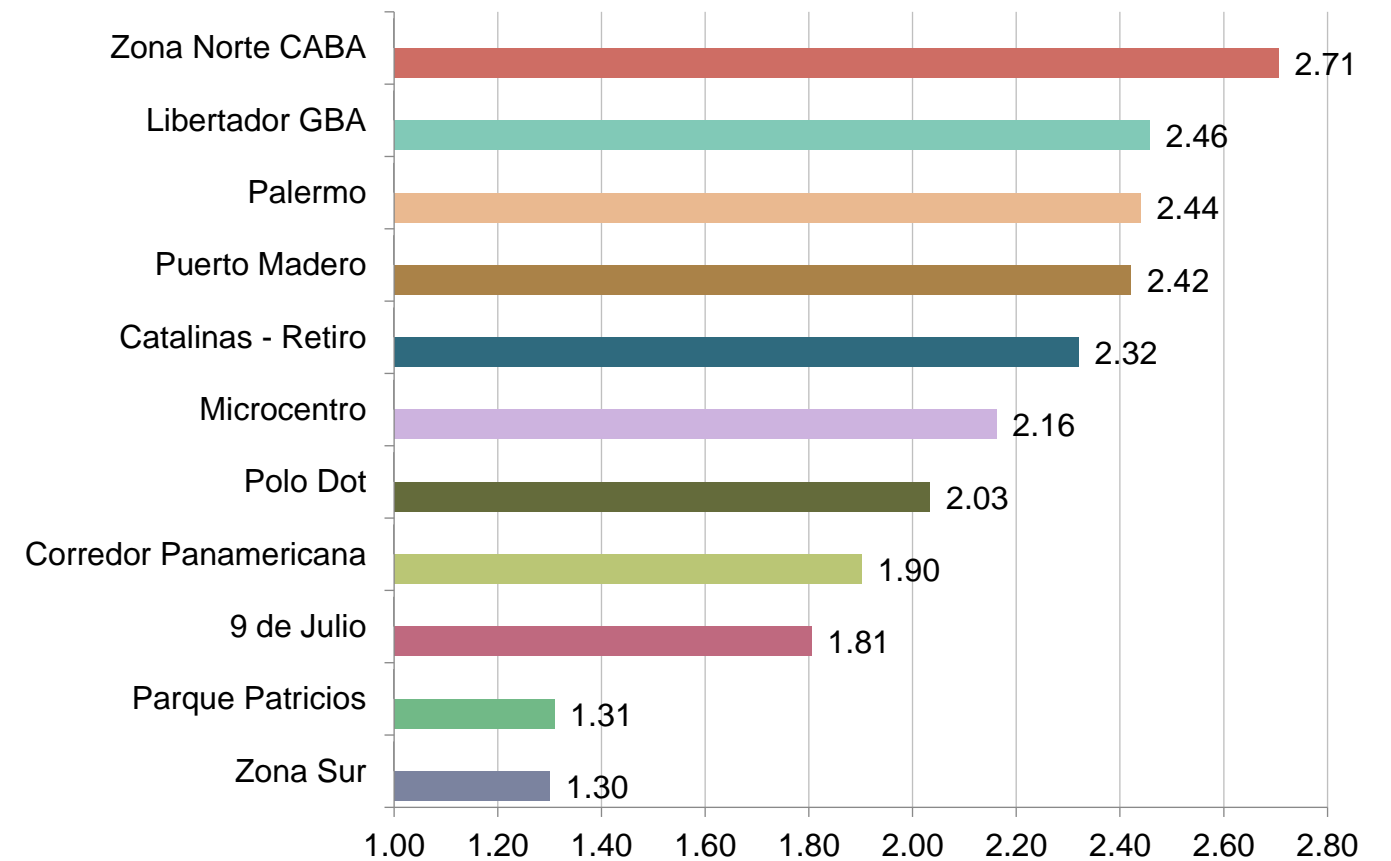
2T 2024



Microcentro Zona Norte CABA GBA Panamericana Catalinas Retiro Palermo

Asking Rent (USD BNA/SF/month)

2T 2024

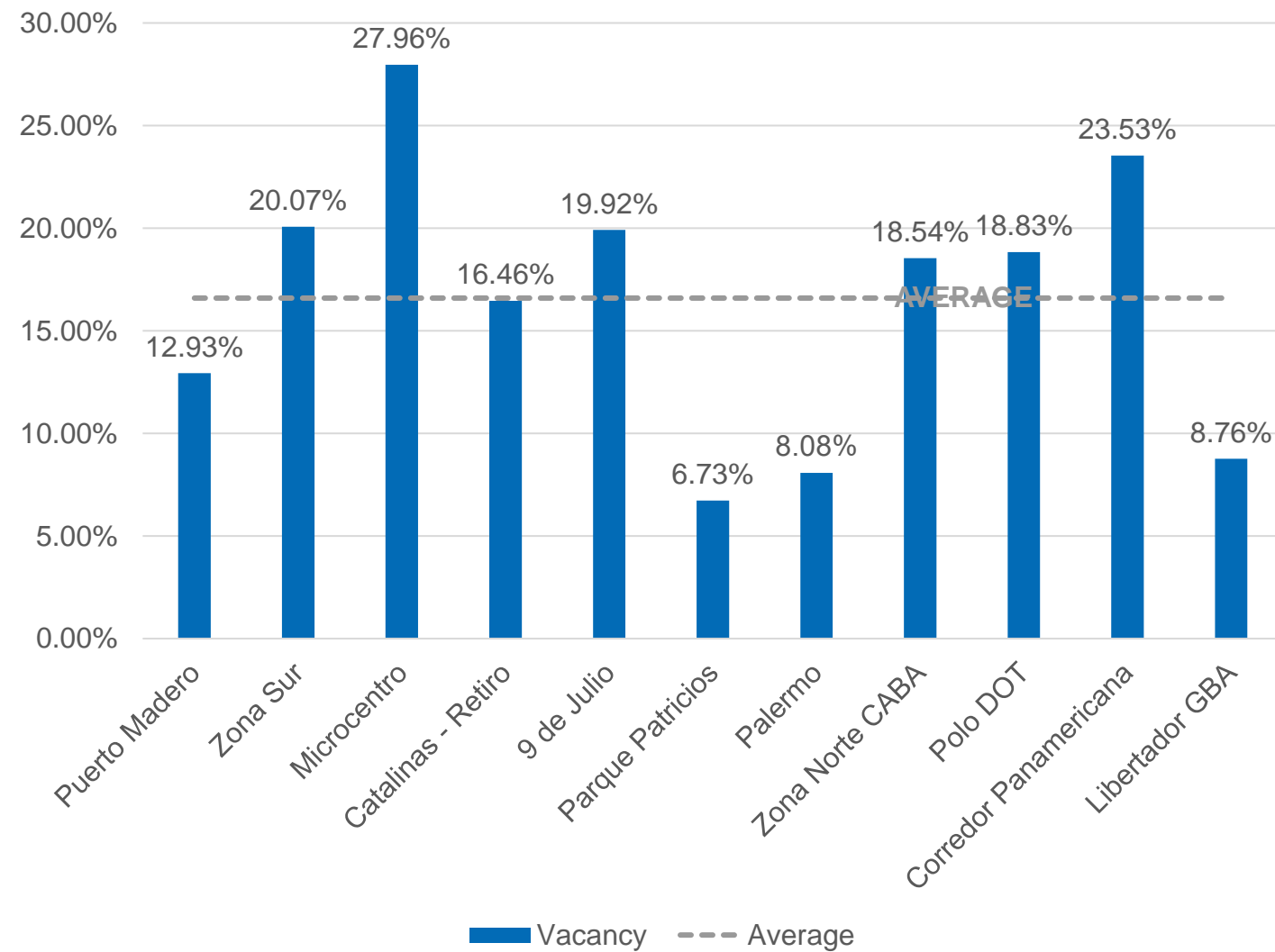


Source: Information Compiled and Analyzed by Newmark Argentina

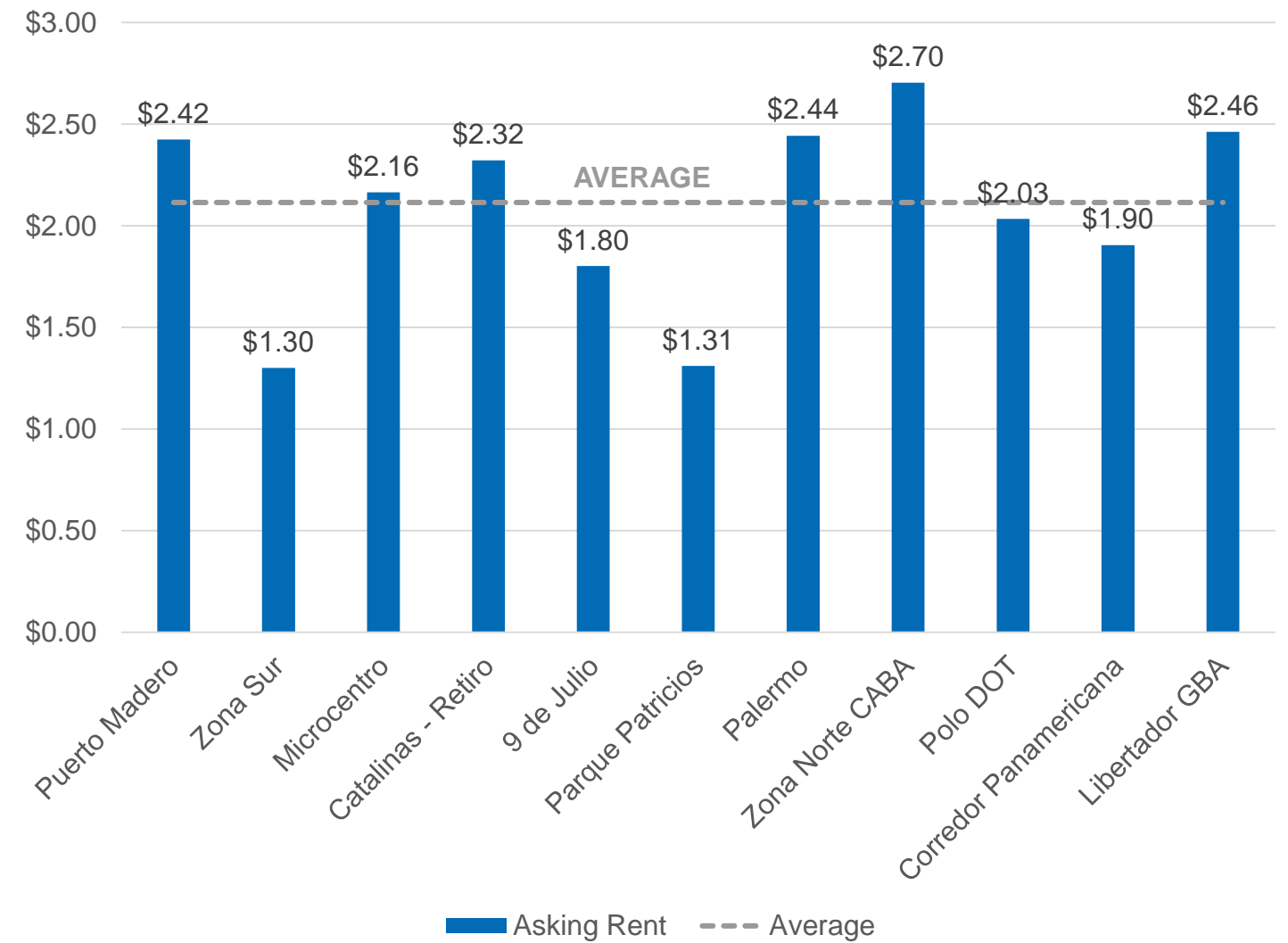
Submarket Indicators

2T 2024

Vacancy by Submarket (%)



Average Asking Rent by Submarket (USD BNA/SF/month)

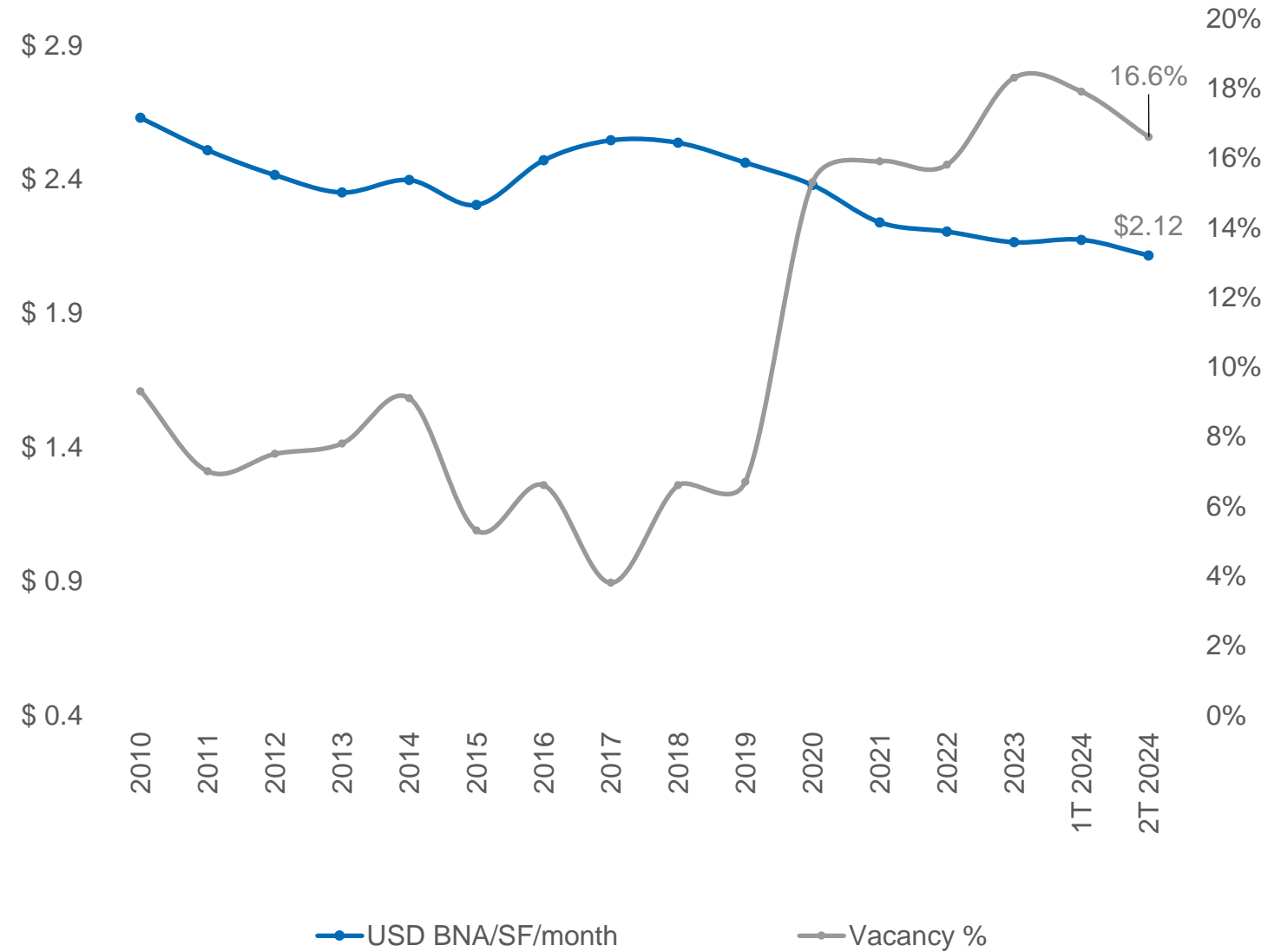


Fuente: Relevamiento propio Newmark Argentina

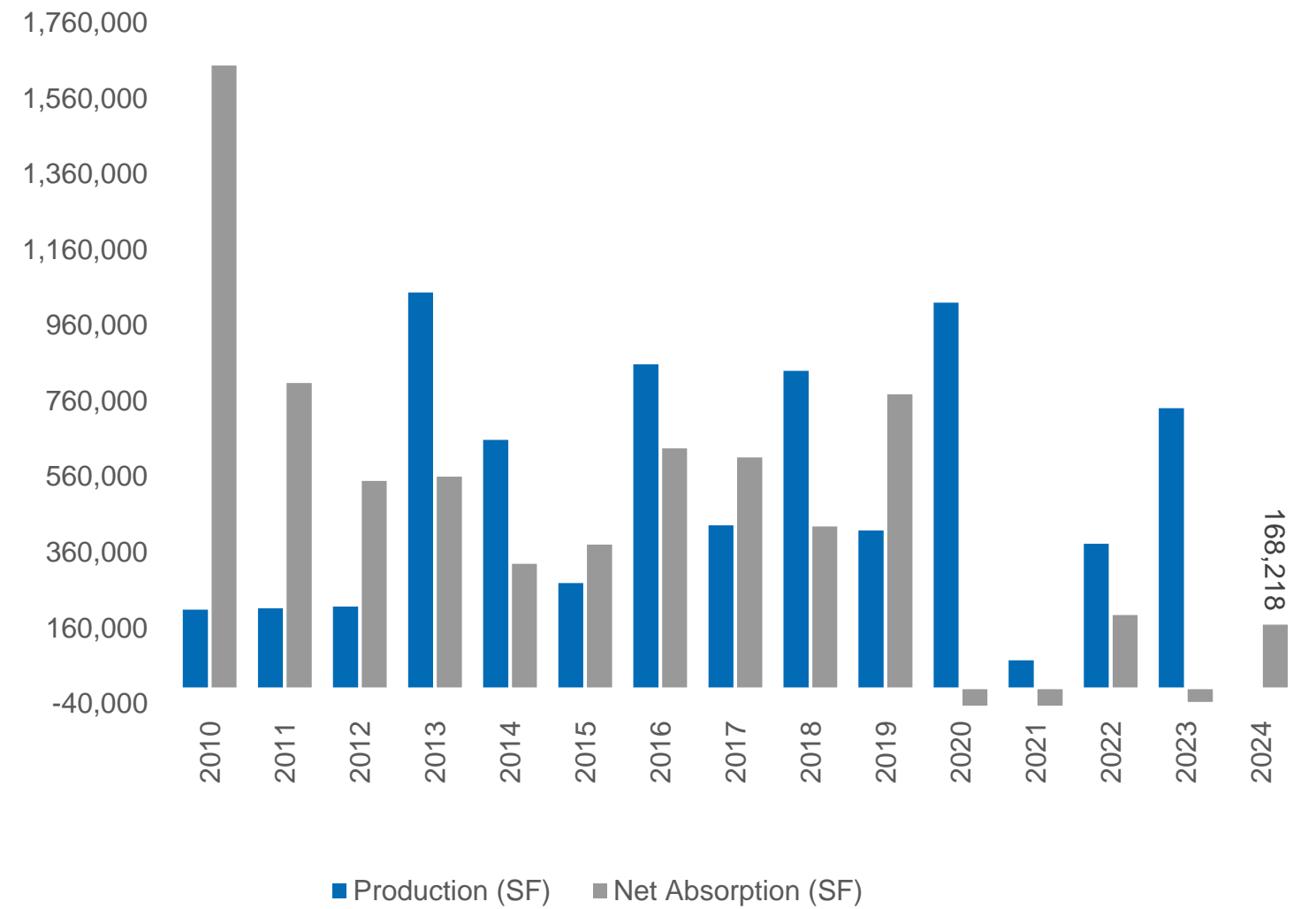
Historical Data Series

2T 2024

Asking Rent & Vacancy (2010 - 2Q 2024)



Annual Accumulated Net Absorption and Production (2010 - Q2 2024)



Fuente: Relevamiento propio Newmark Argentina

Projection: Impact of Upcoming Office Space on Market Availability

2Q 2024










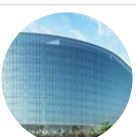

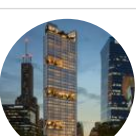

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Under Construction

2T 2024

There are 2,530,579 SF under construction, and no new project starts were recorded at the end of the quarter. For 2024, the entry of 1,558,835 SF is expected, with at least 322,917 SF pre-leased.

Main Class A Buildings Under Construction

	Project	Submarket	Total Surface Available (SF)	Rentable Surface (SF)	Delivery Date	LEED Certification
	Mirabilia 851	Palermo	735,692	452,085	3Q 2024	
	Centro Empresarial Núñez (CEN)	Zona Norte CABA	538,196	247,551	3Q 2024	
	Bureau Diagonal	Microcentro	185,498	134,965	3Q 2024	
	Paseo Gigena	Palermo	428,745	303,723	4Q 2024	
	Worko	GBA Panamericana	526,313	421,033	4Q 2024	
	Alem y Córdoba	Catalinas Retiro	645,835	476,025	4Q 2024	

Fuente: Relevamiento propio Newmark

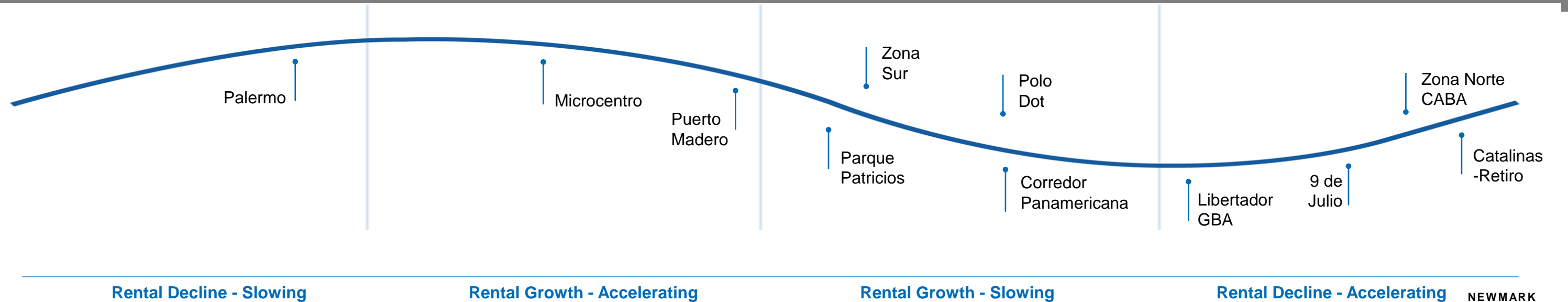
Data and Trends

2Q 2024

Market Statistics

Submarkets	Inventory (SF)	Under Construction (SF)	Project (SF)	Vacancy (%)	Qtr. Net Absorption (SF)	Annual Net Absorption (SF)	Average Asking Rent (USD BNA/SF/month)
CABA							
Puerto Madero	3,149,592	-	326,146	12.9%	10,010	-3,520	2.42
Zona Sur	1,098,725	-	198,056	20.1%	0	0	1.30
Microcentro	934,134	134,947	0	28.0%	15,231	15,231	2.16
Catalinas – Retiro	5,384,178	452,084	1,098,585	16.5%	60,988	117,779	2.32
9 de Julio	1,062,300	-	209,896	19.9%	-5,479	9,171	1.80
Zona Norte CABA	1,167,819	742,655	1,614,585	18.5%	-30,236	-30,236	2.70
Polo Dot	1,240,453	-	1,758,412	18.8%	11,969	51,139	2.03
GBA							
Corredor Panamericana	2,320,557	421,019	276,632	23.5%	-11,238	-19,300	1.90
Libertador GBA	966,900	-	1,148,314	8.8%	32,109	-1,679	2.46
Subtotal	17,240,334	1,774,655	6,630,627	17.8%	83,356	138,585	2.15
Polos Emergentes							
Parque Patricios	1,855,524	-	704,939	6.7%	1,033	1,033	1.31
Palermo	173,783	755,809	-	8.1%	28,589	28,589	2.44
Subtotal	2,029,307	755,809	704,939	6.8%	29,622	29,622	1.42
TOTAL	19,353,955	2,530,464	7,335,566	16.6%	112,978	168,207	2.12

Office Market Cycle



Economic Outlook

2Q 2024

During the second quarter of 2024, the country's economy experienced the effects of a phase of relative price adjustment, devaluation, and a decline in real wages, resulting in a sharp temporary drop in GDP. This impacted imports and gross fixed investment.

The most affected sectors were construction and manufacturing. Conversely, the agricultural and mining sectors saw the most growth.

With the recovery of real income amid the deceleration of inflation being one of the main goals of the implemented measures, the level of activity is expected to eventually recover, also considering that agricultural activities alleviate the situation during harvest recovery periods.

Construction costs continue to rise month by month, with a variation between the first two months of the quarter of 10.8%, where the labor component increased the most, above materials and general expenses. This trend is expected to continue, as the labor component is directly related to real wages.

Regarding the official exchange rate, it showed a quarterly variation of 5.9%, closing at AR\$ 928.

The unemployment rate was affected after three quarters, closing at 7.7%, with a difference of two percentage points compared with the previous period.

Economic Indicators

Capital City	Buenos Aires
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Population (estimated 2024)	47,067,641
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GDP MM	US\$ 446,542
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GDP per capita MM	US\$ 9,487
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Currency	ARS
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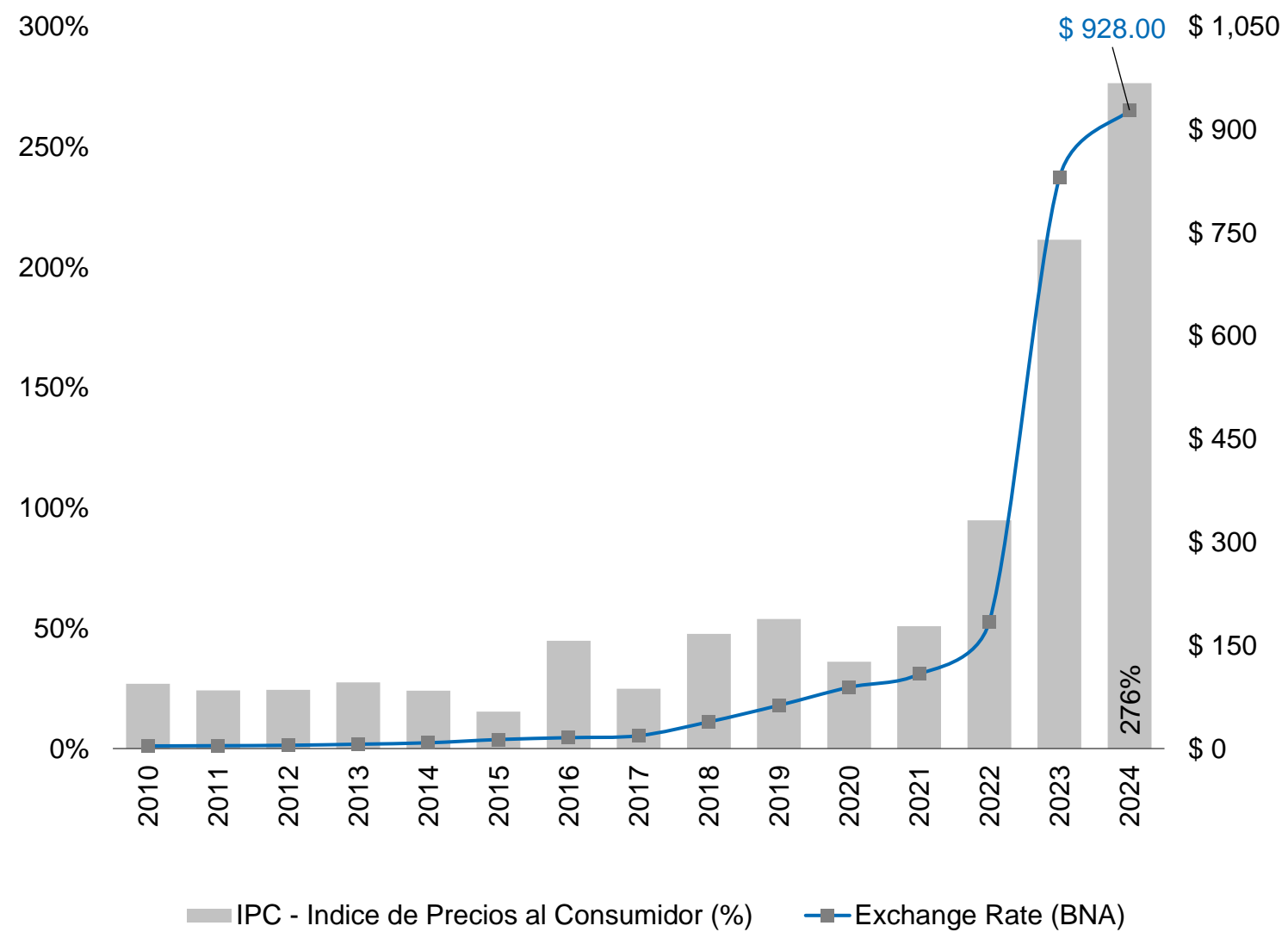
Unemployment Rate	7,7 %
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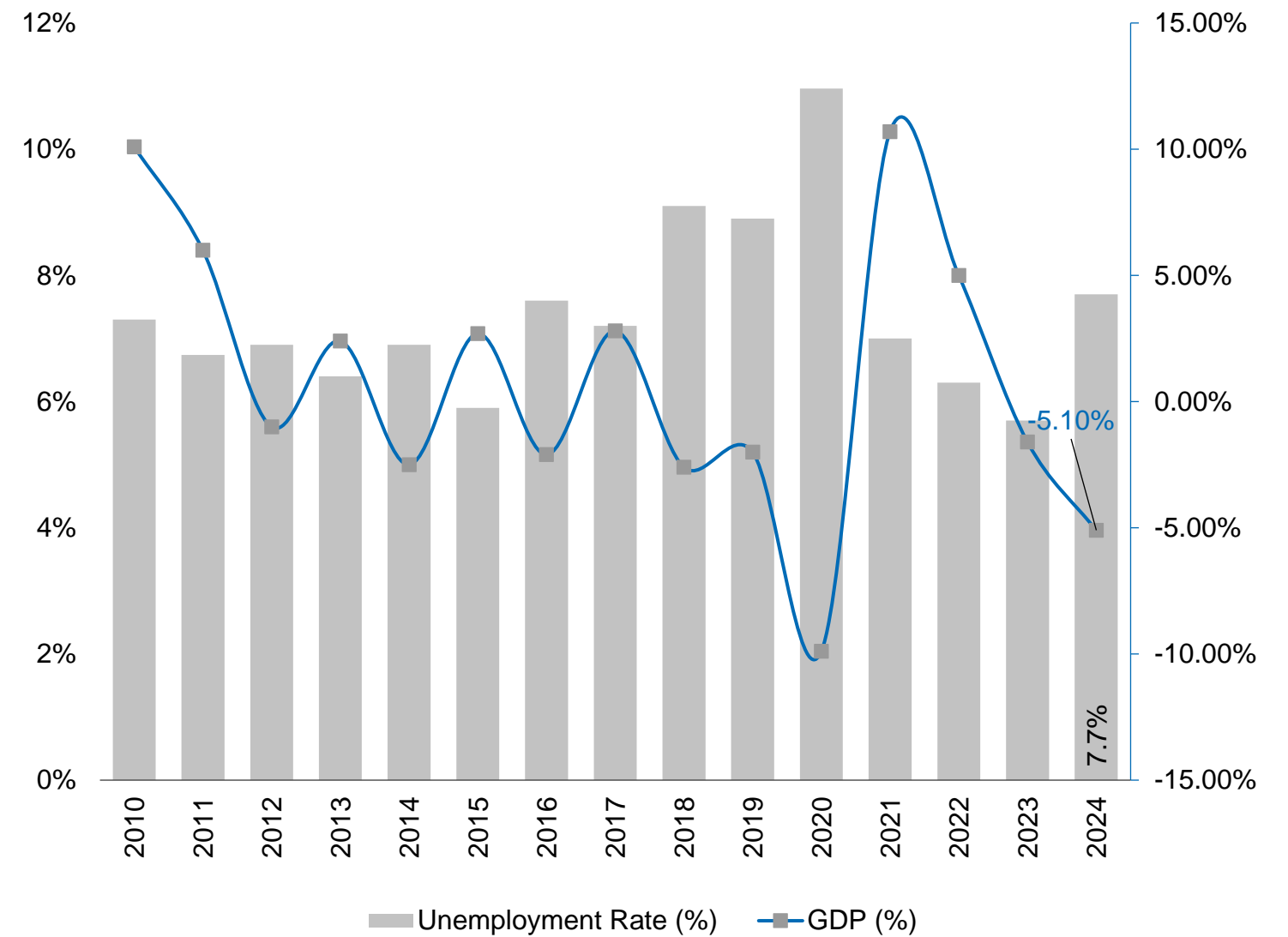
Economic Outlook

2Q 2024

Exchange Rate (BNA) – Consumer price index (%)



GDP : Percentage Variation & Unemployment rate (%)



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.

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

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Newmark has implemented its own database and the tracking methodology has been reviewed. With this expansion and refinement of our data, there may be adjustments to historical statistics, including availability, rental prices, absorption, and effective rents. Our market reports are available at <https://nmrk.lat/reportes-de-mercado/>.

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Key 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 SF 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).