

Industrial Market Buenos Aires

2Q 2024



NEWMARK

Market Overview 2Q 2024

Given the urgent need for Class A spaces, the industrial market in Buenos Aires is repurposing built square meters to meet its needs.

During the second quarter of 2024, the industrial market recovered after one of adjustments due to political and economic measures.

The **net absorption** for the period closed at 376,737 SF. This is mainly as result of the occupation of new logistics centers delivered last quarter in the TSE and Zona Sur submarkets.

In line with the net absorption indicator, the **average market vacancy rate** perceived a decrease and closed at 3.1%.

The **average asking** rent value remained stable, closing the first quarter of 2024 at \$0.75 USD BNA/SF/month, with almost no variation.

As for **future space**, more than 2,152,782 SF are estimated to be delivered this year, which are expected to be quickly occupied. Due to the low remaining supply in a market that demands large volumes of SF, the current opportunity focuses on optimizing supply chains and correctly identifying needed products, which is relevant for both the occupant and the developer.

Main Indicators

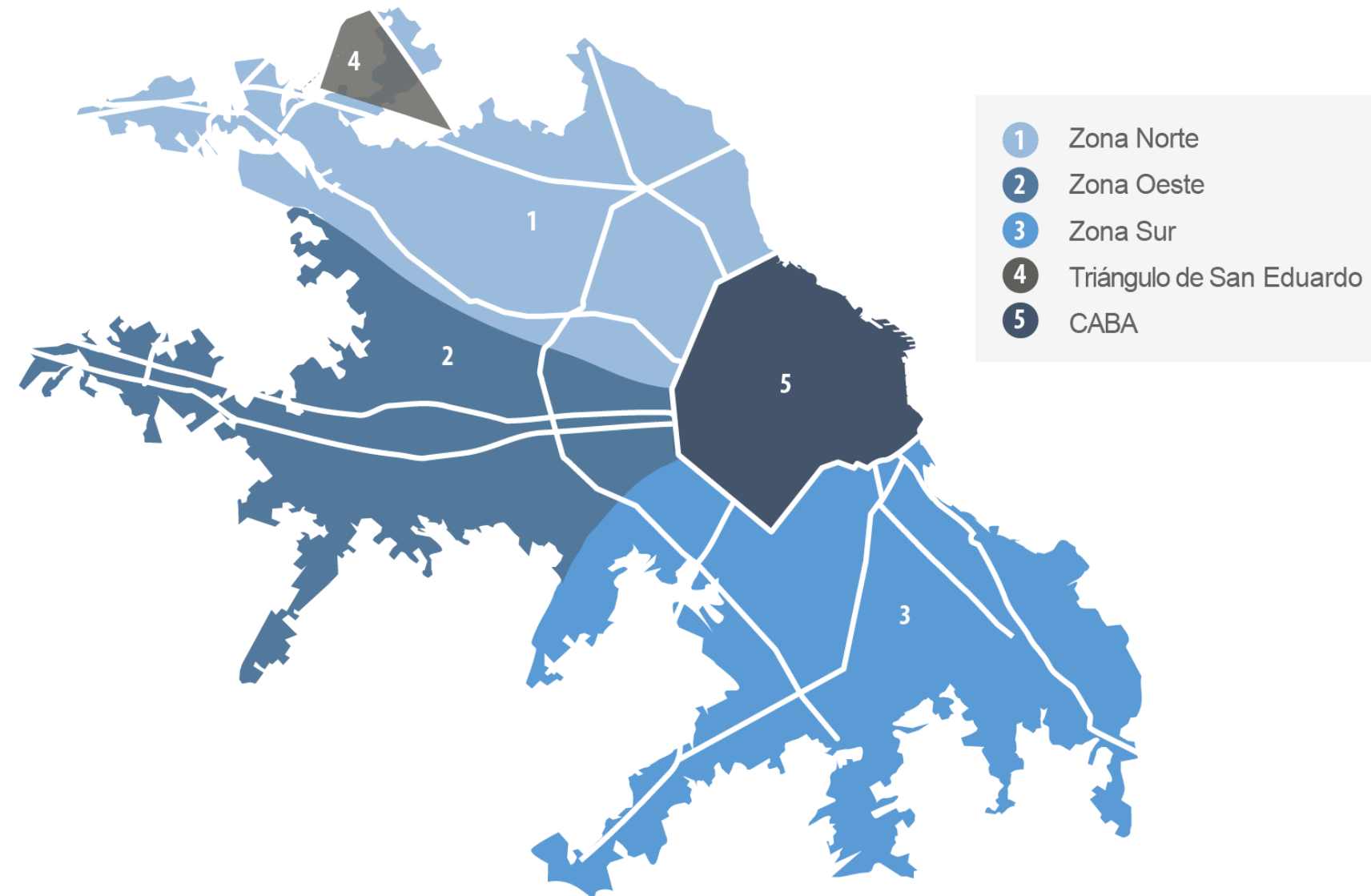
	2Q 2024	1Q 2024	2Q 2023	12 Month Forecast
Total Rentable Inventory	18,559,276 SF	18,344,185 SF	16,811,059 SF	↗
Availability Rate	3,1 %	5,2%	1,8 %	↘
Quarterly Net Absorption	379,825 SF	-451,918 SF	215,278 SF	↗
Average Asking Rent	0.75 USD BNA/SF/month	0.74 USD BNA/SF/month	0.71 USD BNA/SF/month	—
Surface Under Construction	2,530,229 SF	2,249,694 SF	2,416,771 SF	↗

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 closed the quarter at \$0.75 USD BNA per square foot per month, showing stability compared to the previous quarter's value of \$0.74 USD BNA per square foot per month.
- The market vacancy rate decreased by 2.1 percentage points.
- Positive signs returned during the second period of 2024, with net absorption of 379,982 SF, resulting from 442,342 SF taken and 62,441 SF vacated, showing a strong increase in market movements and a quick response to new deliveries.

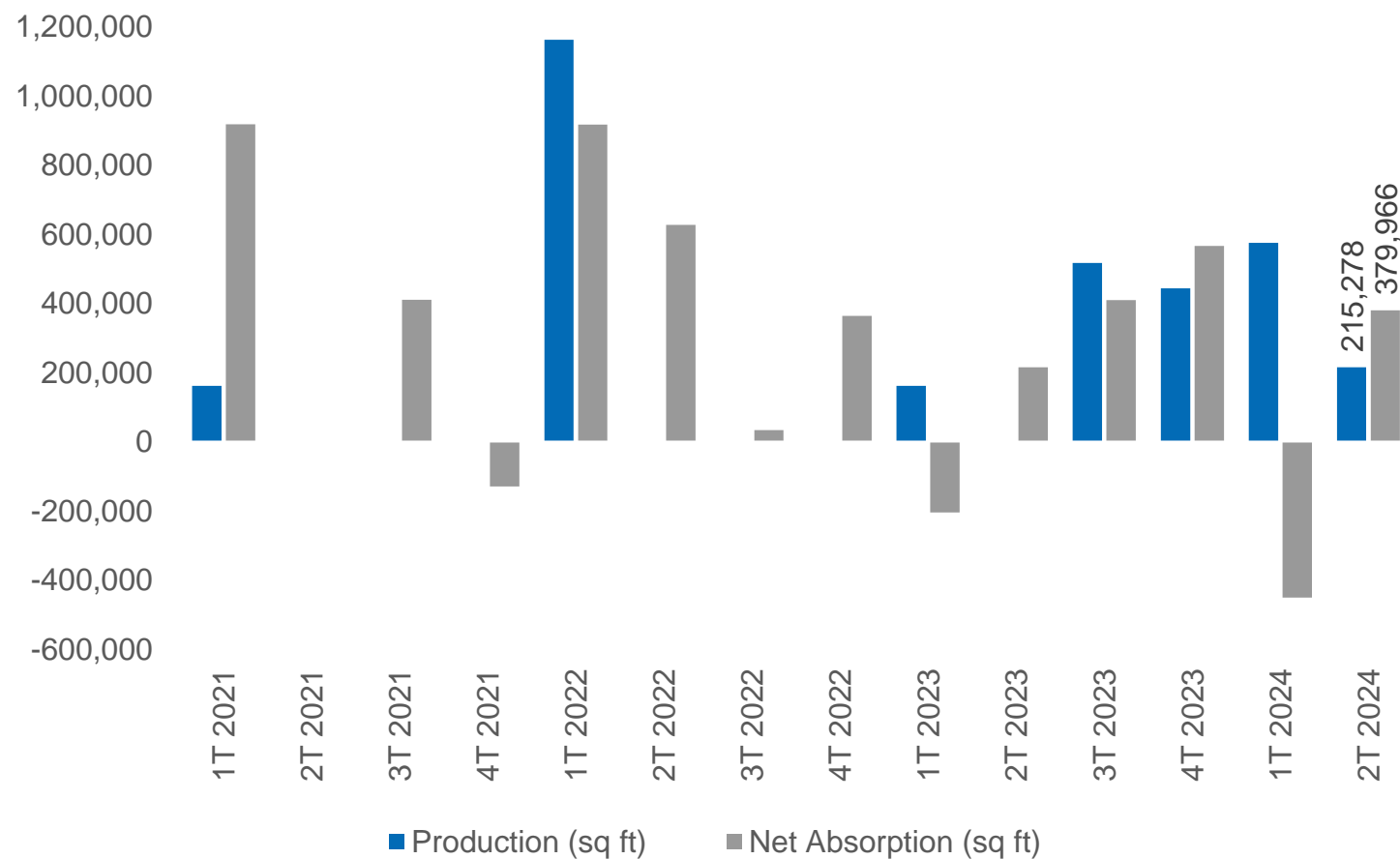


Mapa Industrial con división de Zonas | Bs.As. | Argentina

Demand

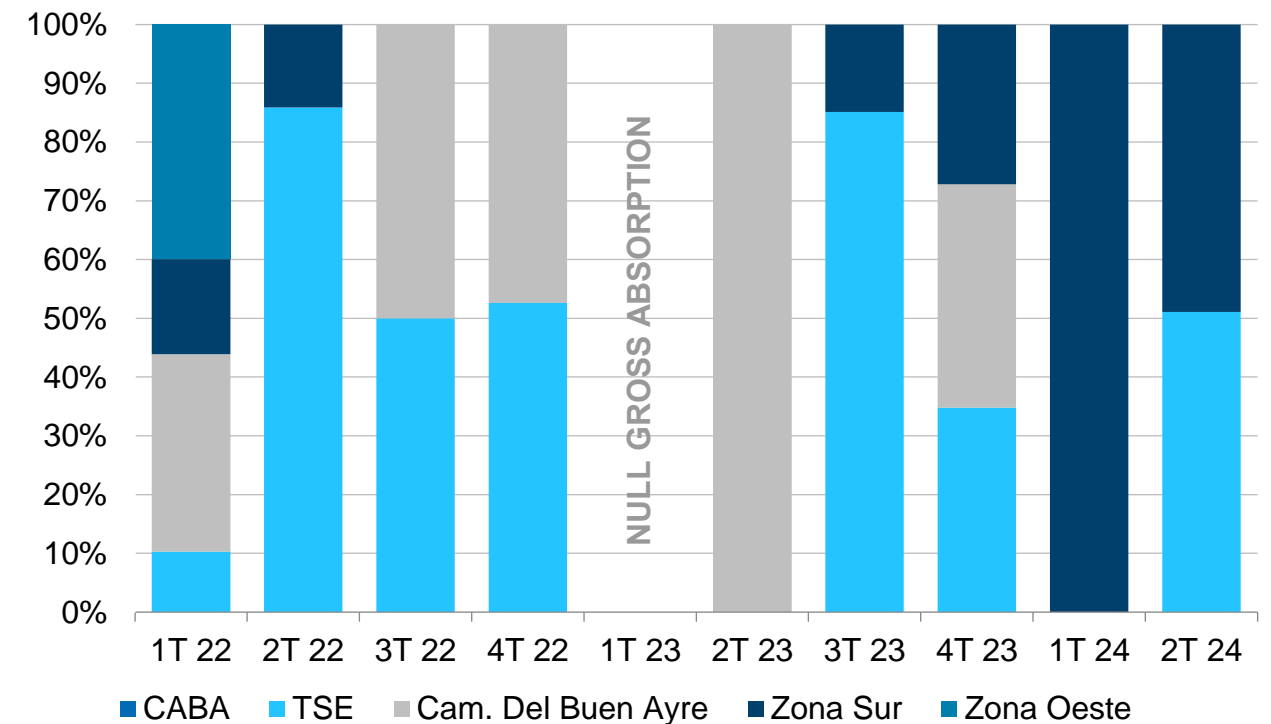
The second quarter of 2024 showed a net absorption of 379,966 SF. Unlike the first quarter of 2024, where this indicator showed negative values due to the entry of SF into the market, the last three months demonstrated the quick response of the demand for high-specification products. The area taken during the quarter was 442,396 SF, with 226,042 SF taken in the Triángulo de San Eduardo area. The remaining 216,354 SF in the Zona Sur, with an additional 62,431 SF vacated.. Most of the occupied SF came from the spaces that entered the market in the previous quarter.

Quarterly Net Absorption and Production 1Q 2021 – 2Q2024



Quarterly Gross Absorption by Zone

2Q 2022 – 2Q 2024



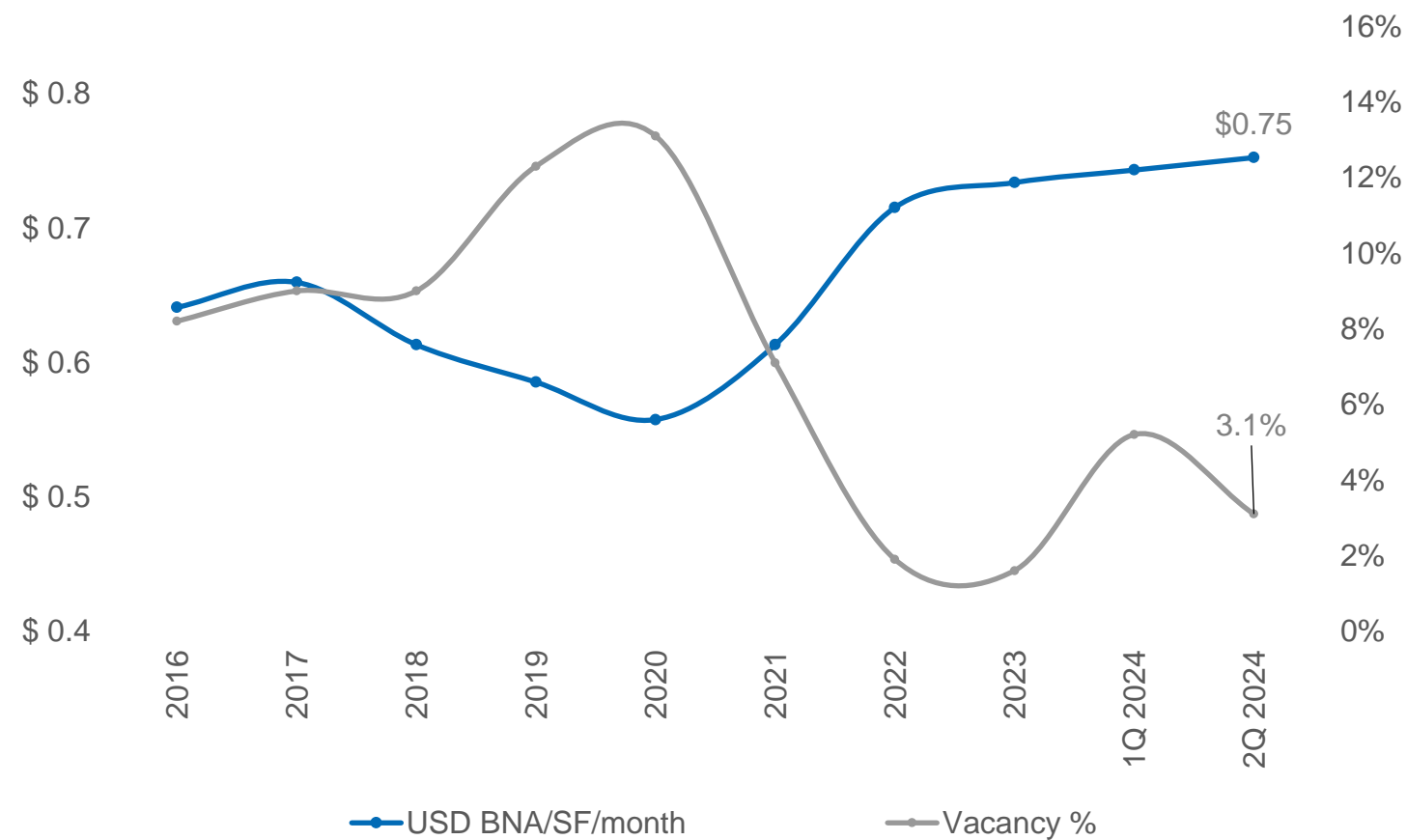
Zona Norte: TSE, Cam. Del Buen Ayre, Escobar- Campana-Zárate, Pilar-Fátima
Zona Sur: Corredor Sur, **Zona Oeste:** Corredor Oeste
CABA: Ciudad Autónoma de Buenos Aires

Source: Information Compiled and Analyzed by Newmark Argentina

Availability and Future Surface

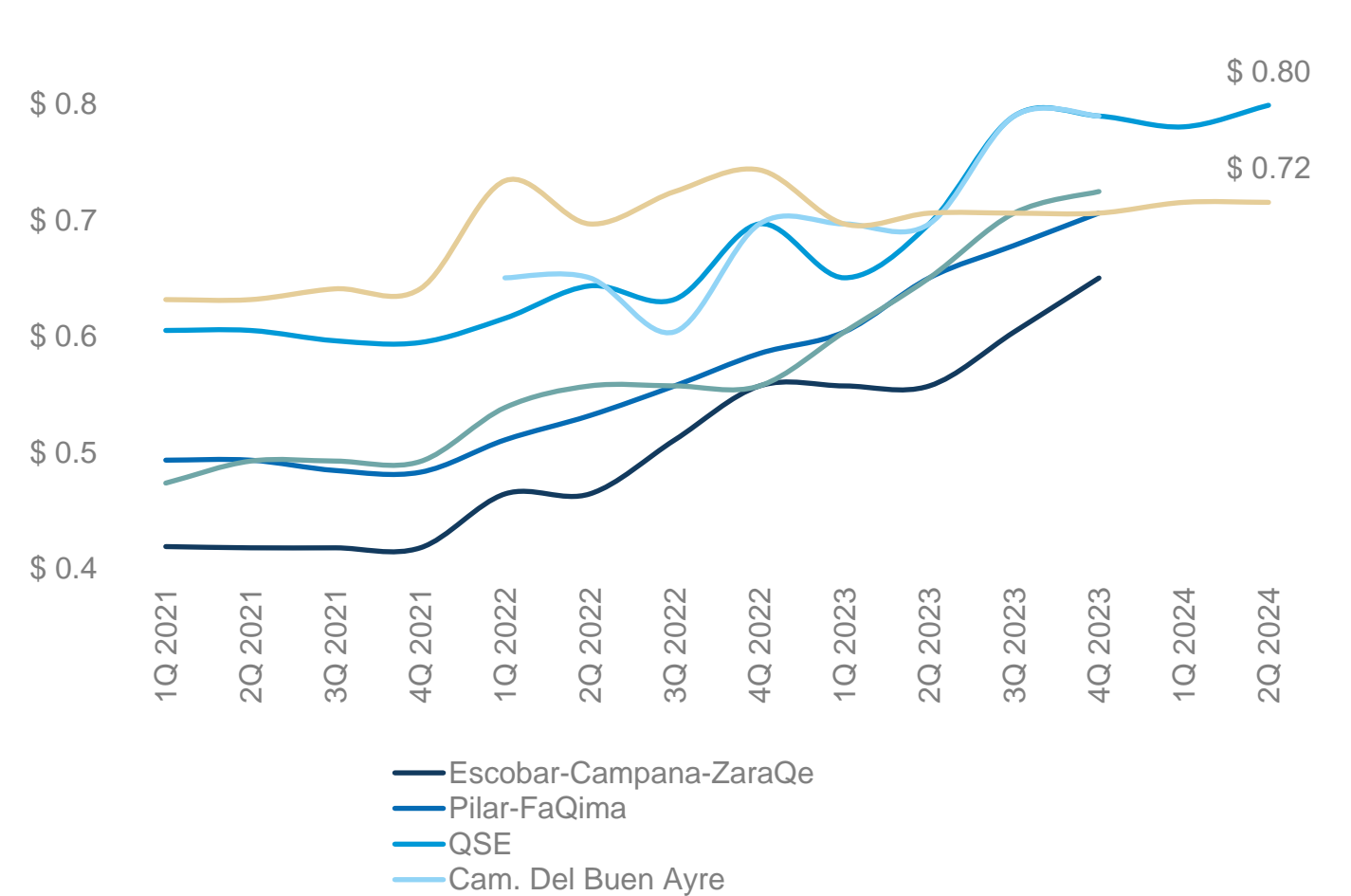
Vacancy decreased by 2.1 percentage points compared with the previous quarter, closing at 3.1%. This quarter was characterized by few new entries into the market, with only 215,278 SF from an expansion, all of which were fully occupied upon entry. The market's quick response led to nearly all available SF being occupied. The available space closed at just 575,869 SF, well below what is needed for a market characterized by its volatility and demand for large volumes of space. The average asking rent stood at 0.75 USD BNA/SF/month, almost unchanged from the previous period. This value corresponds to the available SF, which have high specifications.

Asking Rent & Vacancy (2016 - 2Q 2024)



Average Asking Rent (USD BNA/SF/month)

2Q 2024



Source: Information Compiled and Analyzed by Newmark Argentina

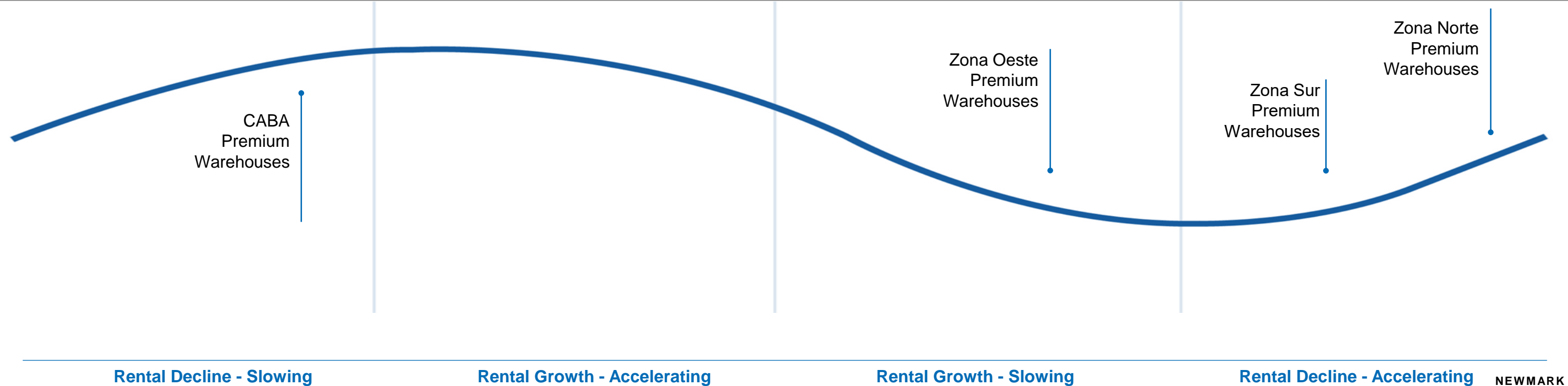
Data and Trends

2Q 2024

Market Statistics


	Zone	Total Inventory (SF)	Total Availability (SF)	Availability Rate (%)	Qtr. Net Absorption (SF)	Under Construction (SF)	Average Asking Rent (USD BNA/SF/month)
Campana – Zárate	Norte	807,292	-	0,0 %		592,015	
Pilar – Fátima	Norte	2,555,317	-	0,0 %		1,011,807	
Triángulo San Eduardo	Norte	8,219,400	229,271	2,8 %	226,042		0.80
Camino Del Buen Ayre	Norte	753,473	-	0,0 %			
Zona Oeste	Oeste	983,282	-	0,0 %		861,112	
Zona Sur	Sur	478,024	346,598	7,3 %	153,924		0.72
Ciudad de Buenos Aires	CABA	462,847	-	0,0 %		37,674	
TOTAL		18,561,861	575,869	3,1%	379,966	2,502,607	0.75

Industrial Market Cycle



Optimization: Enhancing Business Efficiency with Logistics Properties

2Q 2024



To acquire this information,
please reach out to your Newmark advisor.

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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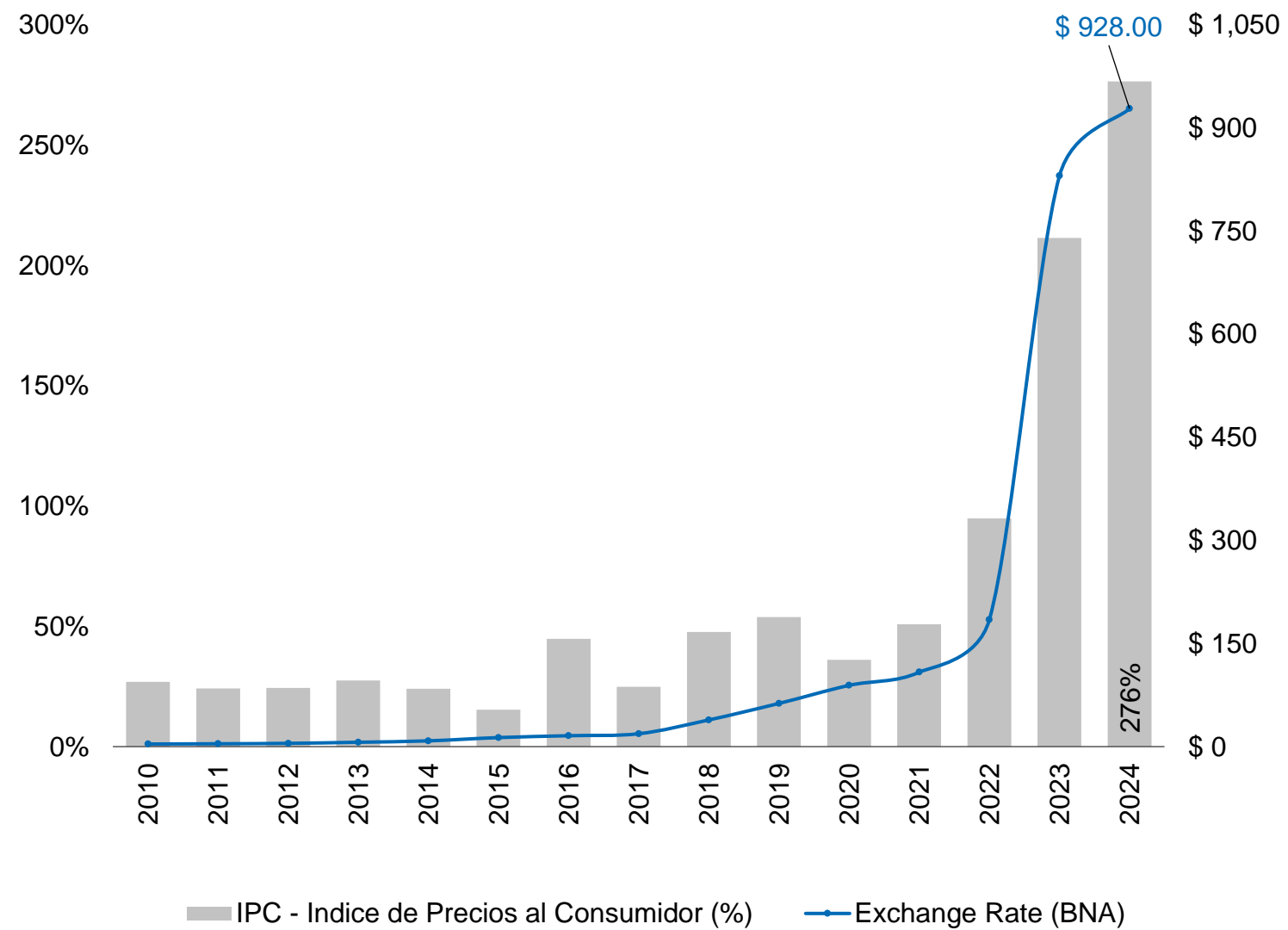
Unemployment Rate	7,7 %
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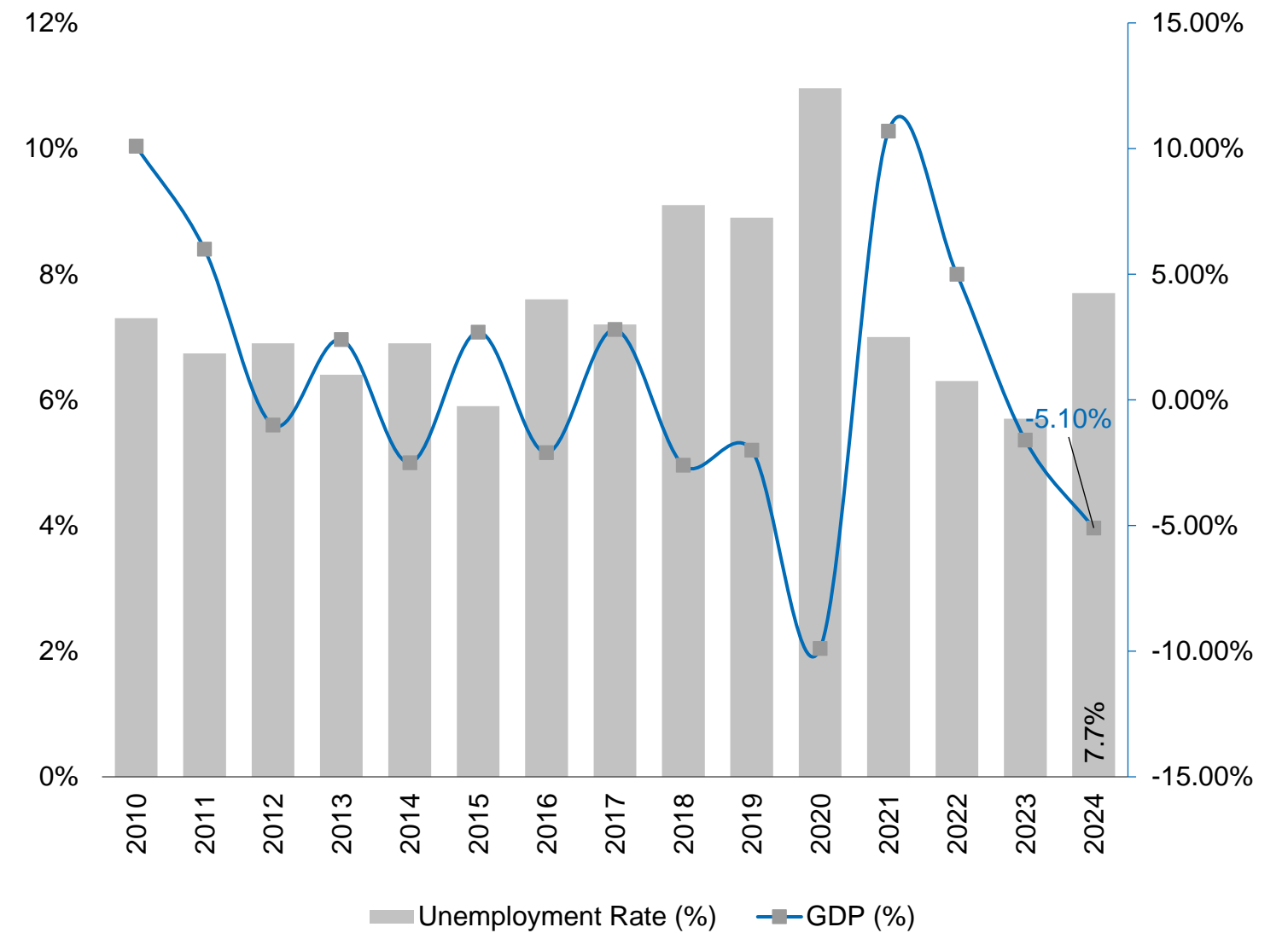
Economic Outlook

2Q 2024

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



GDP : Percentage Variation & Unemployment rate (%)



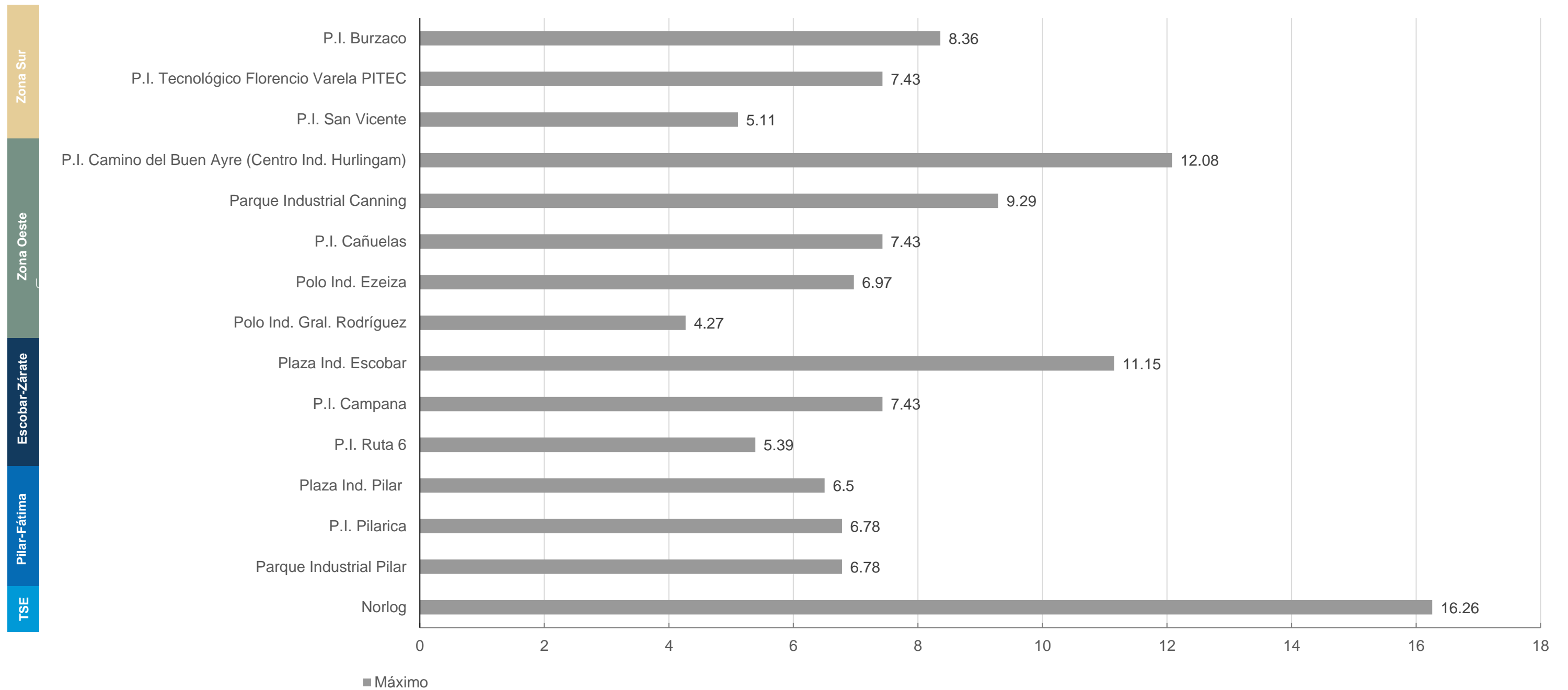
Source:
 Banco de la Nación Argentina, INDEC
 1999-2007/2015-2021 INDEC. 2008-2014 Calculated using the weighted geometric average of the consumer price indexes provided by the provisional statistics institutes.

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

Industrial Parks

2Q 2024

Average Asking Price (USD BNA/SF)



Source: Information Compiled and Analyzed by Newmark Argentina

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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).