

# Class A Office Market Buenos Aires

4Q 2024

NEWMARK



## Market Overview 4Q 2024

### With No New Projects in the Pipeline, Existing Buildings Face the Challenge of Reinvention

The Class A office market in Buenos Aires is at a turning point. During the fourth quarter of 2024, the delivery of a single premium project in Palermo added 452,084 SF (42,000 m<sup>2</sup>) of leasable area to the inventory, pushing the vacancy rate to 18.8%. While this highlights the growing prominence of modern spaces, the reality is clear: no new developments are in sight, and the three (3) projects under construction will add only 1,144,795 SF (106,334 m<sup>2</sup>)—a volume that may fall short of revitalizing the sector in the future.

Demand remains centered on quality, with a positive net absorption of 59,676 SF (5,544 m<sup>2</sup>) and an average asking rent increasing to \$26.13 USD/SF/year (\$23.7 USD/m<sup>2</sup>/month). However, the future poses an unavoidable challenge: the absence of new developments shifts the focus to existing buildings, which must now meet the evolving expectations of the market.

In this scenario, the only path to competitiveness is reinvention. Existing buildings must modernize, adapt to current corporate demands, and transform into spaces that enhance productivity. This is not just an opportunity but an urgent necessity to respond to a market where innovation sets the standard.

The challenge is clear: with no new projects underway, the success of the office market will depend on the ability of its stakeholders to redefine and revalue existing assets.

## Main Indicators

	4Q 2024	3Q 2024	4Q 2023	12 Month Forecast
Total Rentable Inventory	20,142,056 SF	19,657,873 SF	19,693,513 SF	↗
Availability Rate	18.8 %	16.9 %	18.3 %	↗
Quarterly Net Absorption	59,675 SF	232,061 SF	36,607 SF	↘
Average Asking Rent	26.42 USD BNA/SF/year	26.04 USD BNA/SF/year	26.00 USD BNA/SF/year	↗
Surface Under Construction	1,144,569 SF	1,596,667 SF	2,226,653 SF	↘

# Market Outlook

## Economy

- Inflation, while still high, began to slow in the last quarter of the year, raising hopes for a moderate recovery in the medium term. However, consumption remained under pressure due to the loss of purchasing power.
- The retail and service sectors saw a slight rebound, driven by exchange rate stability and government policies, but industries like construction and manufacturing continued to struggle with high costs and currency restrictions.
- The official exchange rate reached AR\$ 1,044.50, and the gap with the parallel market narrowed as volatility in the currency market eased.

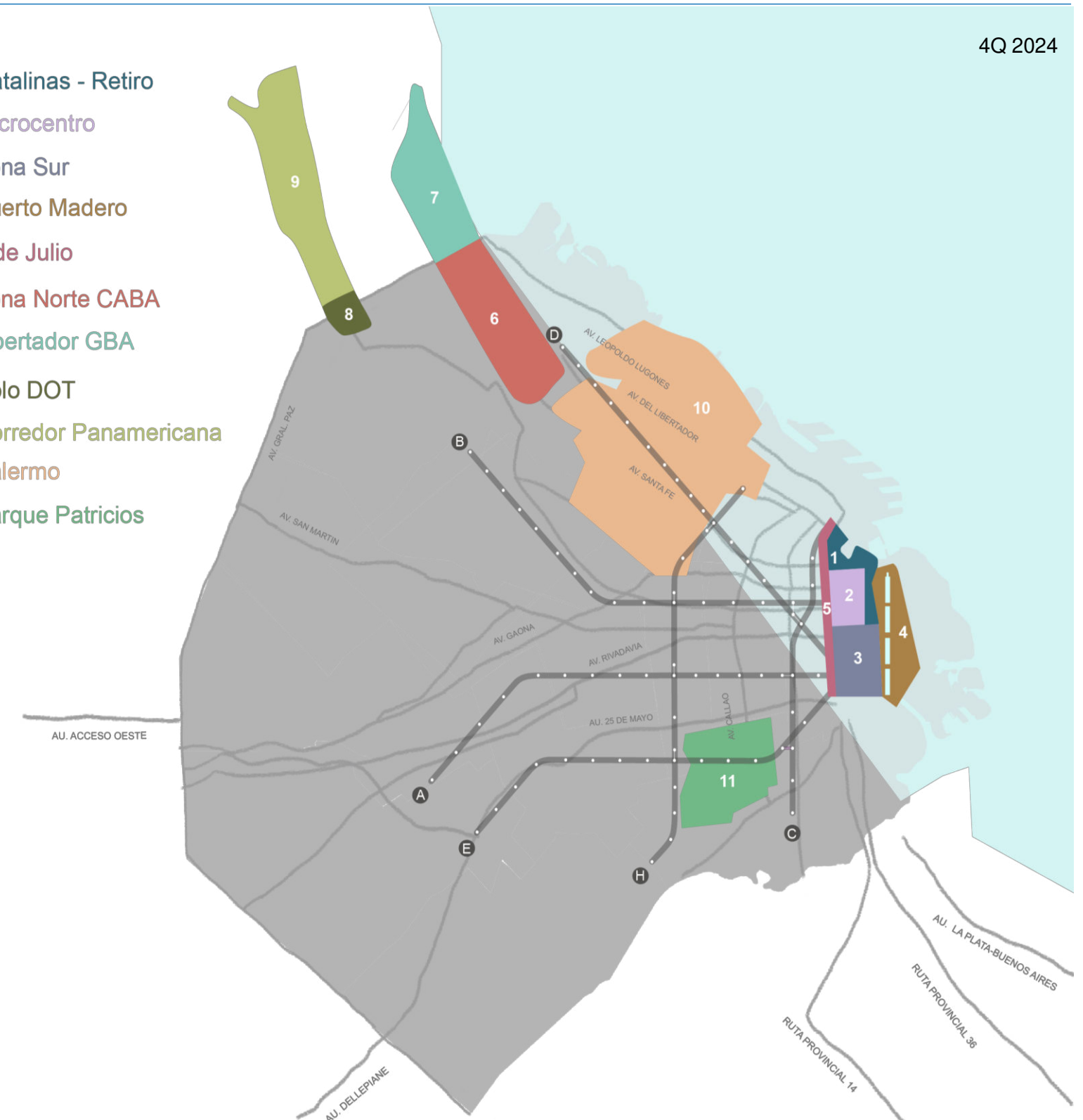
## Market Fundamentals

- Despite the increase in vacancy to 18.8%, the market recorded a positive net absorption of 59,675 SF (5,544 m<sup>2</sup>), concentrated in new developments.
- With only three projects totaling 1,144,569 SF (106,334 m<sup>2</sup>) under construction, there will be limited new supply, increasing pressure on existing buildings.
- Vacancy rose to 18.8% (3,792,680 SF) due to the addition of a 452,084 SF (42,000 m<sup>2</sup>) building in Palermo. Meanwhile, the average asking rental price increased to \$26.42 USD/SF/year (\$23.7 USD/m<sup>2</sup>/month), reinforcing the importance of high-quality spaces.

Source: INDEC, CAC and Information Compiled and Analyzed by Newmark Argentina

4Q 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

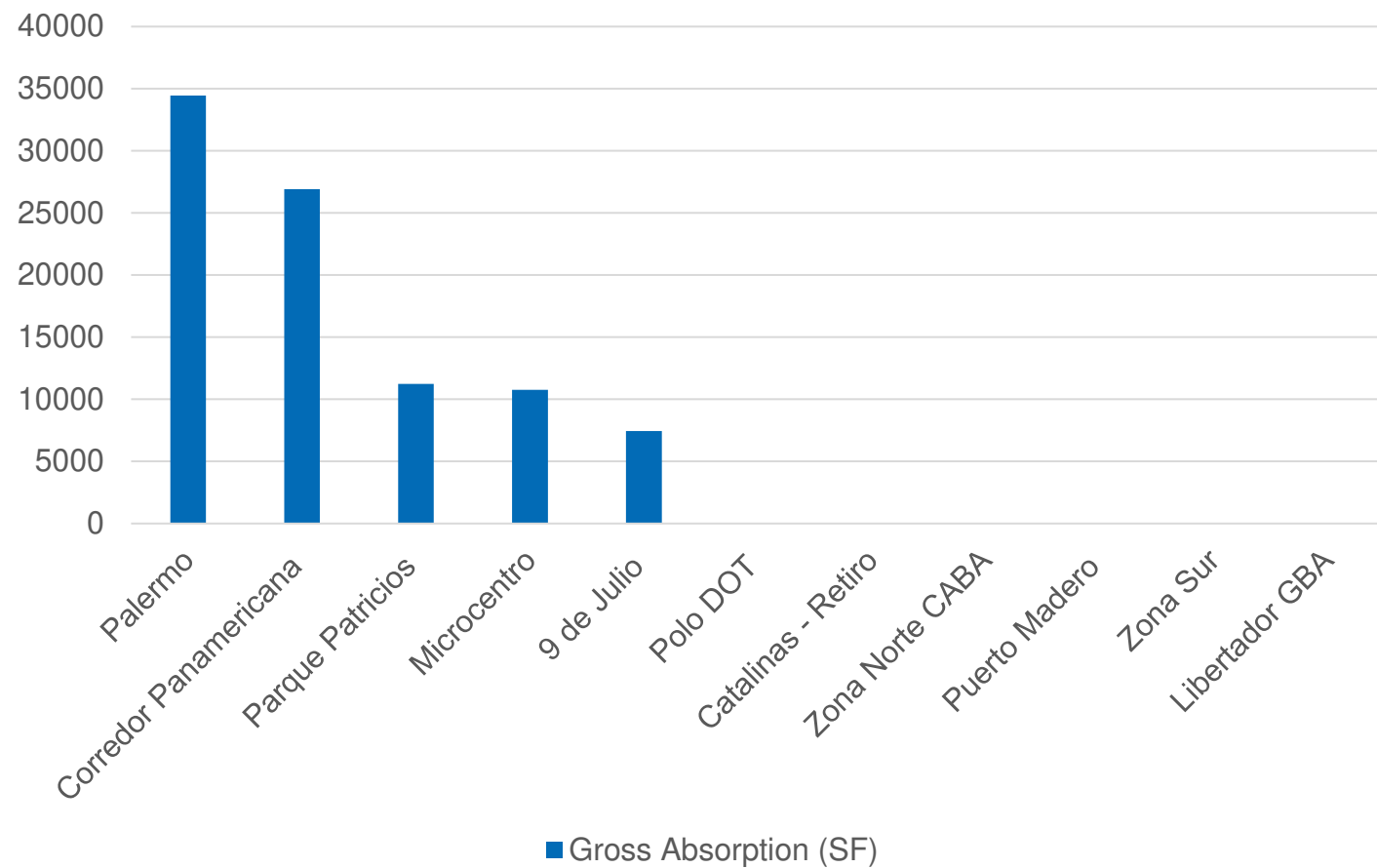
4Q 2024

In the fourth quarter of 2024, the office market recorded a net absorption of 59,675 SF (5,544 m<sup>2</sup>) and a total leased area of 90,794 SF (8,436 m<sup>2</sup>). Emerging hubs accounted for most of the activity, with Palermo standing out as the most dynamic submarket, adding 32,292 SF (3,000 m<sup>2</sup>) of leased space.

The vacant area reached 31,131 SF (2,892 m<sup>2</sup>), reflecting a moderate pace in demand, with several submarkets showing no significant absorption. This behavior highlights a market in transition, where new projects capture attention, while other submarkets face greater challenges in attracting tenants.

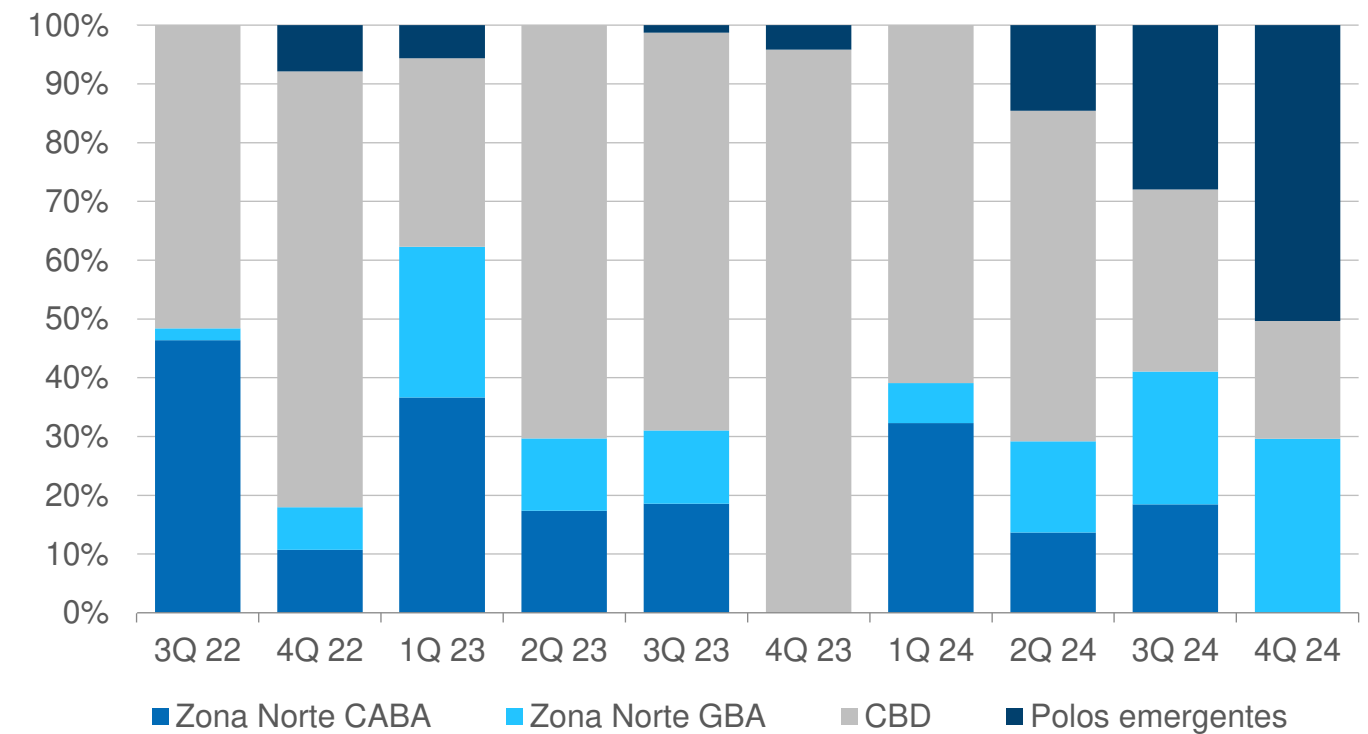
## Leased area by submarkets: 90,804 SF

4Q 2024



## Quarterly Gross Absorption by Area

4Q 2022 – 4Q 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

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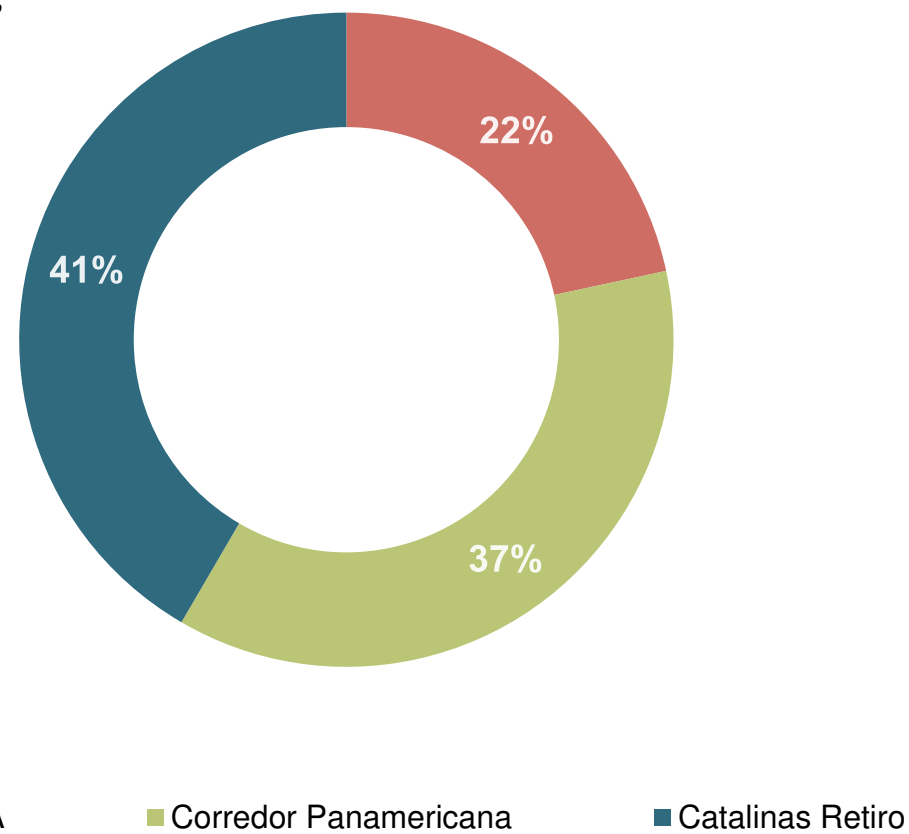
The vacancy rate for Class A office space in Buenos Aires increased by 1.9 percentage points compared to the previous quarter, representing a relative increase of 11.24%, closing at 18.8% (3,792,680 SF). Palermo led the vacancy rate with a significant 69.74%, driven by the addition of a premium project (452,084 SF) still in the process of being occupied.

The average asking rent rose to \$26.42 USD/SF/year (\$23.7 USD/m<sup>2</sup>/month), with Palermo ranking among the most expensive areas, averaging \$32.55 USD/SF/year (\$29.25 USD/m<sup>2</sup>/month). The total area under construction amounts to 1,144,569 SF (106,334 m<sup>2</sup>), concentrated in only three submarkets.

## Area under construction: 1,144,569 SF

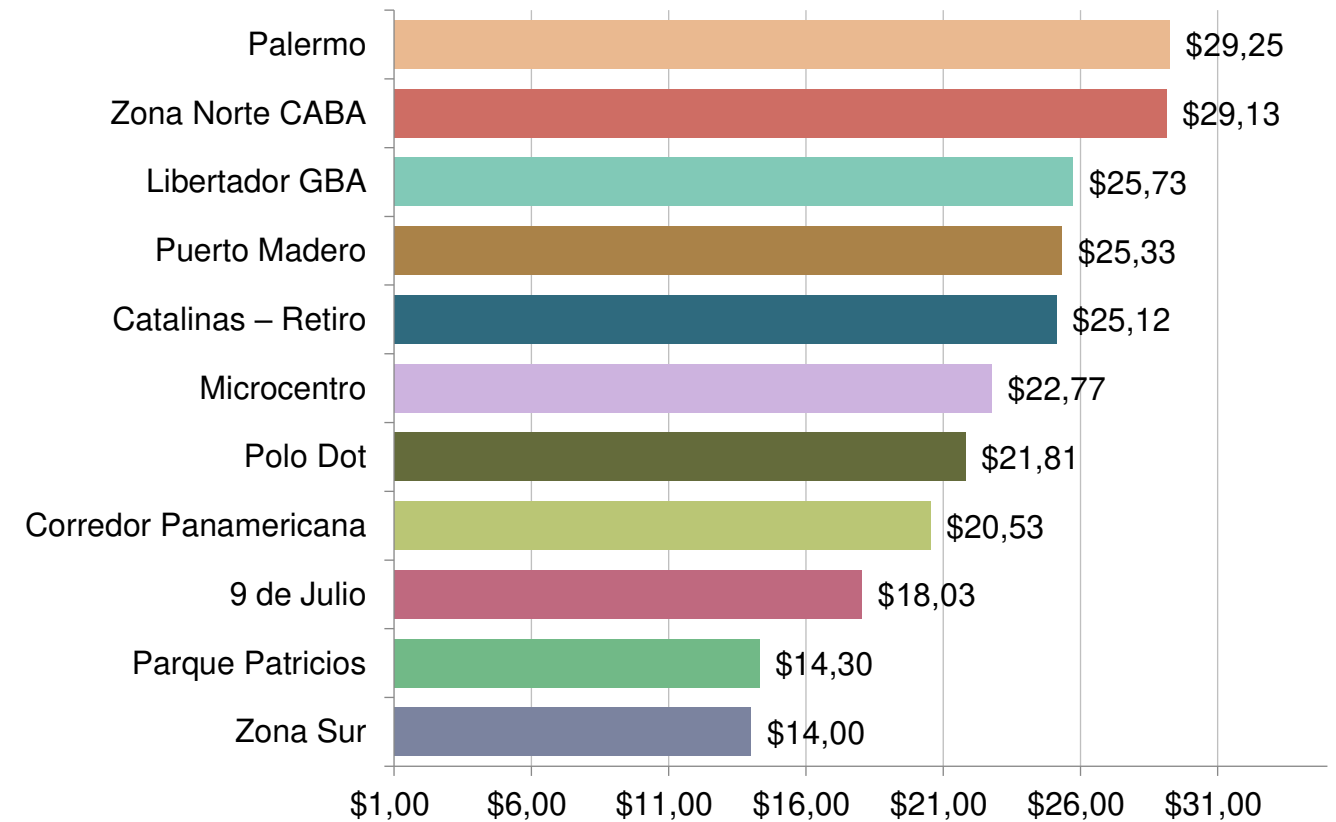
4Q 2024

Only three (3) projects under construction, totaling 1,144,569 SF



## Asking Rent (USD BNA/SF/year)

4Q 2024

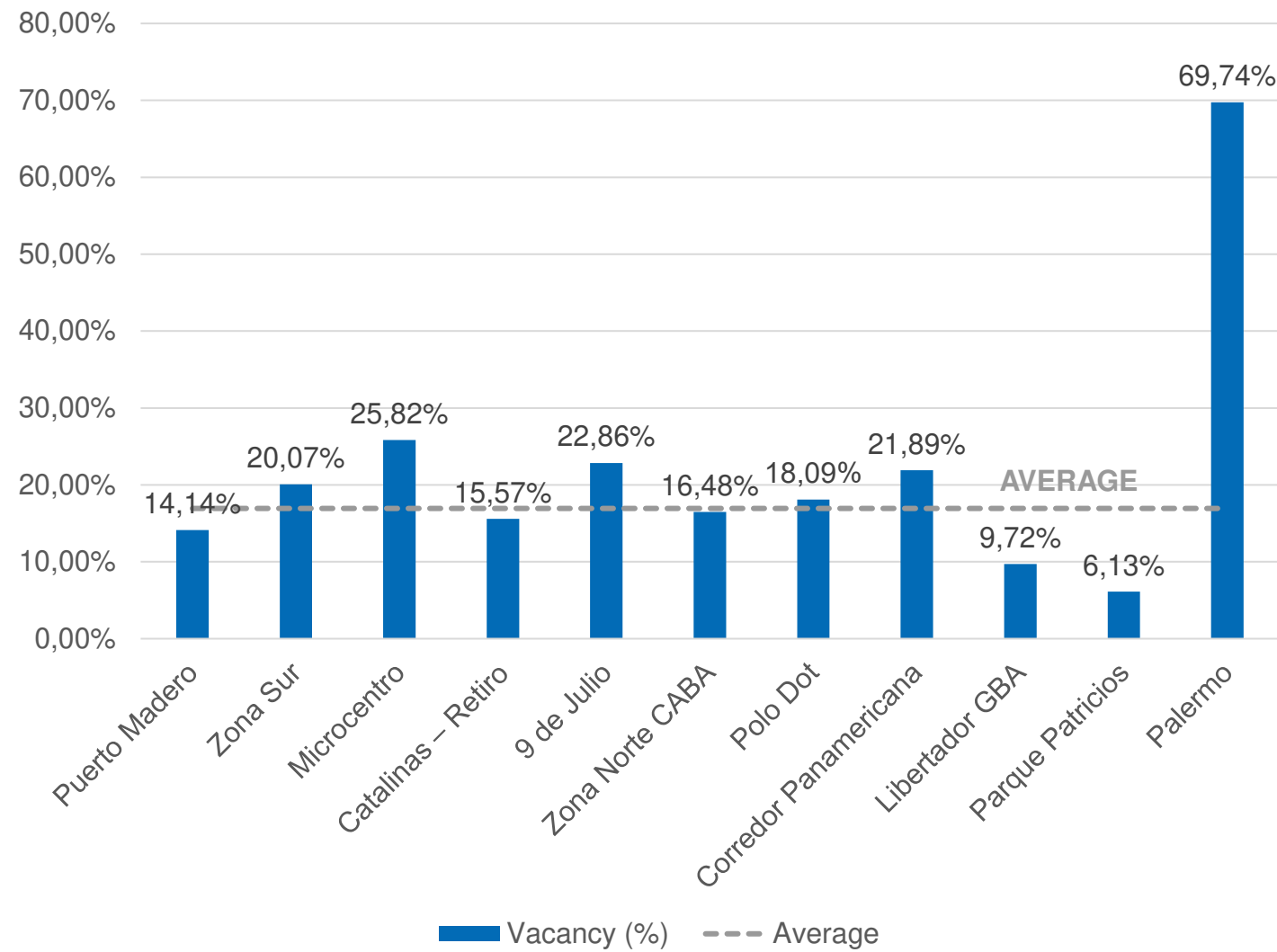


Source: Information Compiled and Analyzed by Newmark Argentina

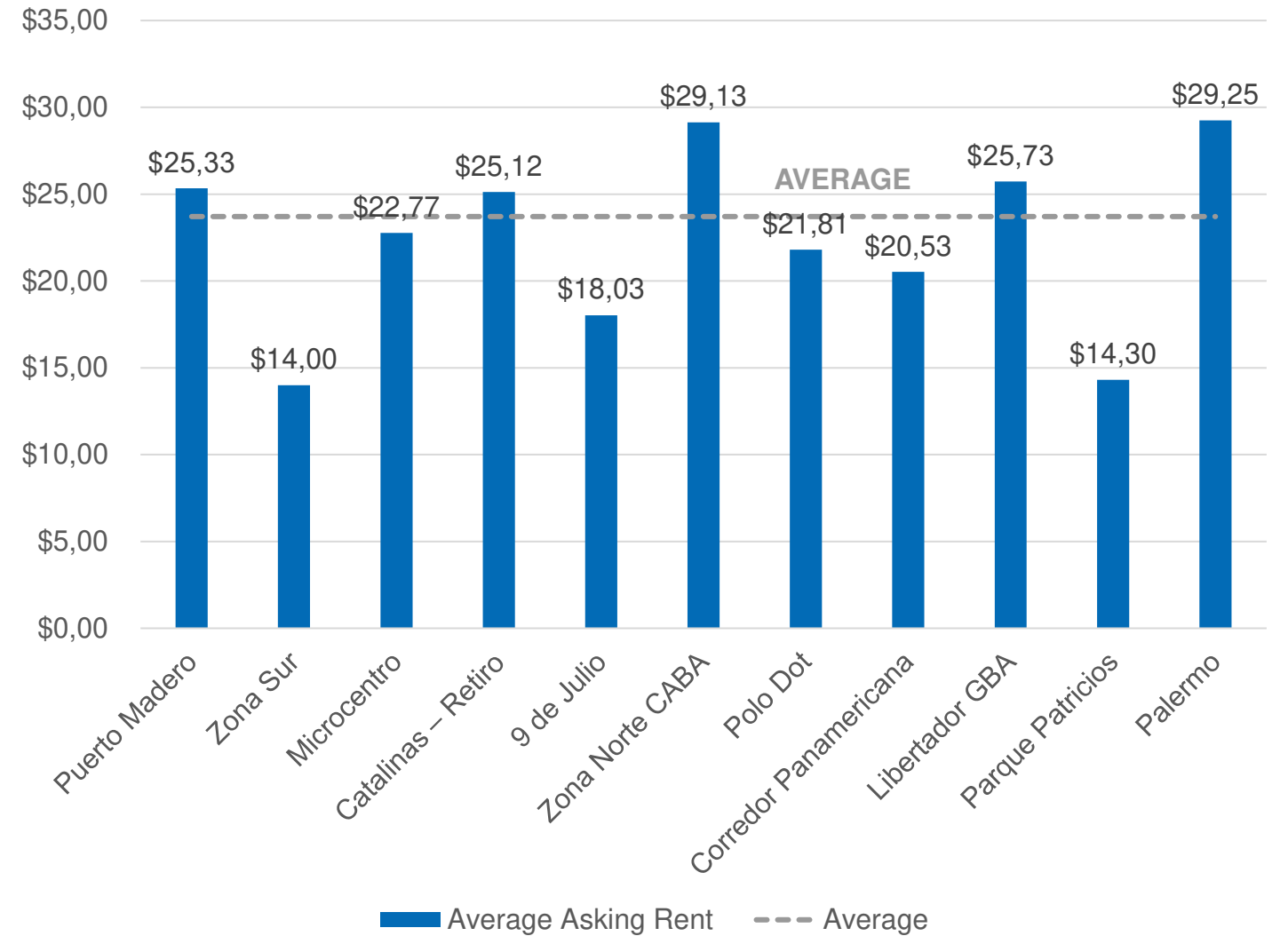
# Submarket Indicators

2T 2024

Vacancy by Submarket (%)



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

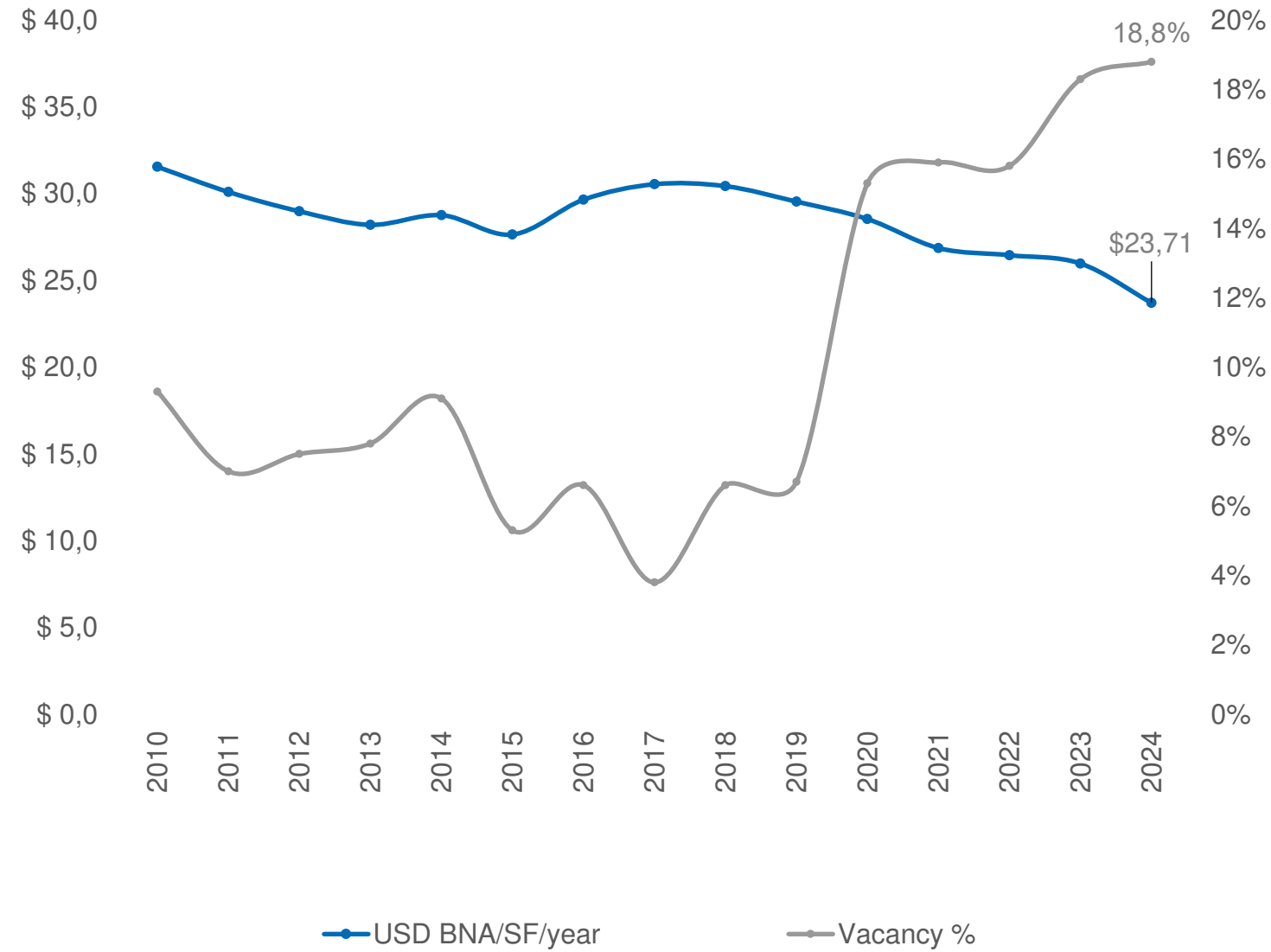


Fuente: Relevamiento propio Newmark Argentina

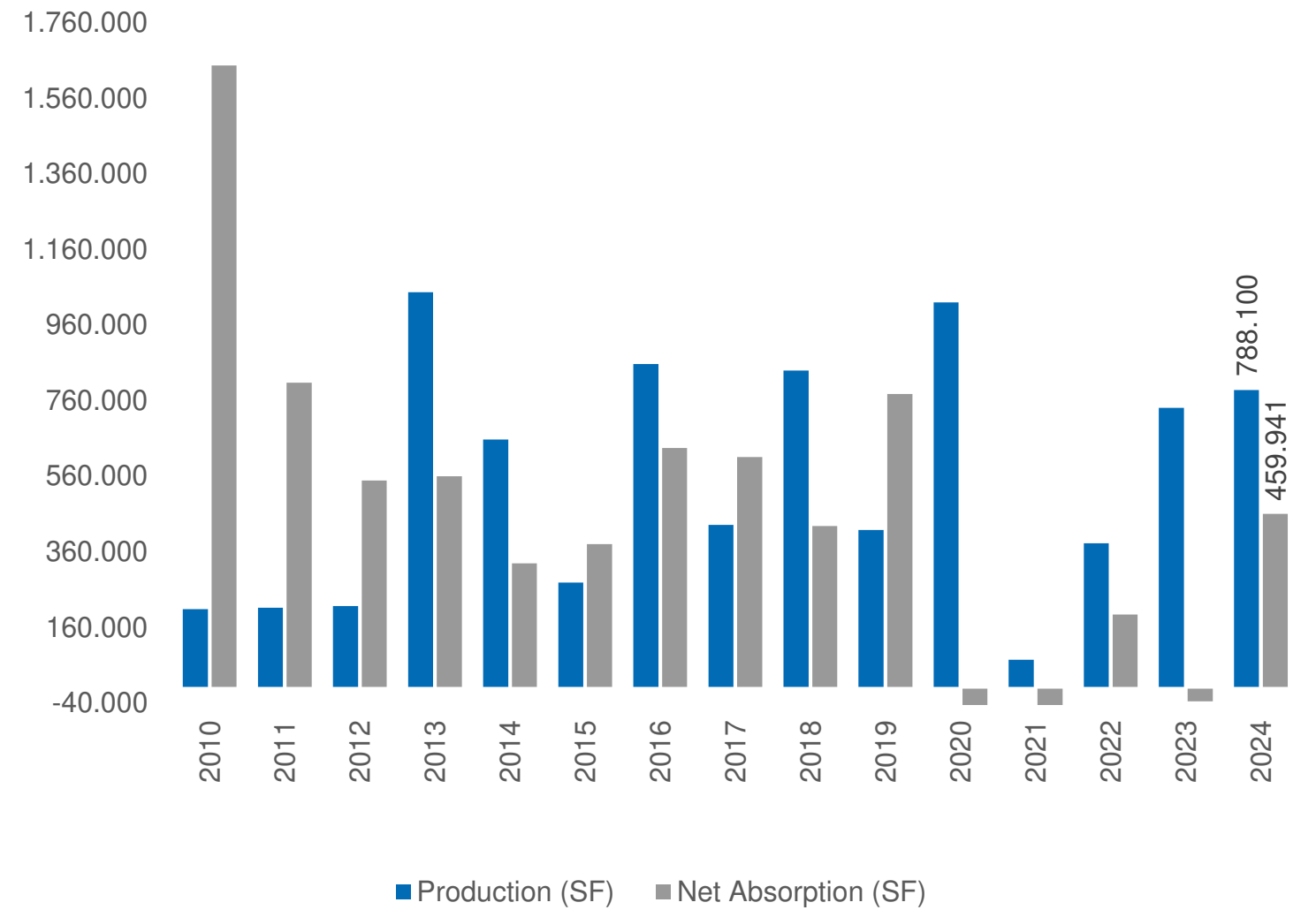
# Historical Data Series

2T 2024

Asking Rent & Vacancy (2010 - 4Q 2024)



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



Fuente: Relevamiento propio Newmark Argentina

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# Reinvention and New Projects: The Market's Push for Premium Office Spaces

4Q 2024



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# Under Construction

2T 2024

Due to the completion of an ongoing construction project, only **1,144,508 SF (106,334 m<sup>2</sup>)** of Class A office space remains available by the end of 2024. No new projects have been recorded so far. For the coming year, more than **645,835 SF (60,000 m<sup>2</sup>)** are expected to enter the market, with at least **215,278 SF (20,000 m<sup>2</sup>)** pre-leased..

## Main Class A Buildings Under Construction

	Project	Submarket	Total Surface Available (SF)	Rentable Surface (SF)	Delivery Date	LEED Certification
	Centro Empresarial Núñez (CEN)	Zona Norte CABA	538,196	247,551	4Q 2024	
	Worko	GBA Panamericana	526,313	421,033	4Q 2024	
	Alem y Córdoba	Catalinas Retiro	645,835	476,025	4Q 2027	

Fuente: Relevamiento propio Newmark

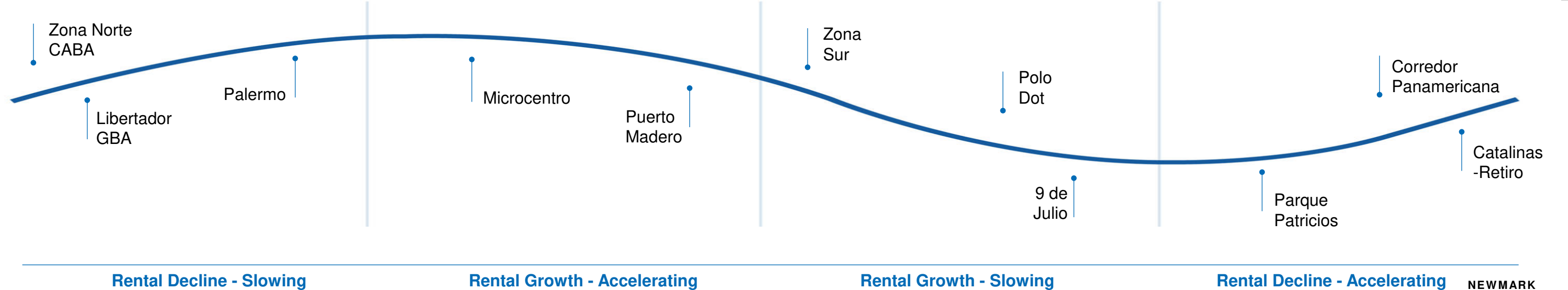
# Data and Trends

4Q 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)
<b>CABA</b>							
Puerto Madero	3,149,592	-	326,146	14,14%	-	-20,020	28.24
Zona Sur	1,098,725	-	198,055	20,07%	-	-	15.61
Microcentro	934,134	-	-	25,82%	10,763	35,208	25.38
Catalinas – Retiro	5,384,178	476,033	1,098,585	15,57%	-13,993	180,338	28.00
9 de Julio	1,062,300	-	209,896	22,86%	-9,698	-527	20.10
Zona Norte CABA	1,167,818	247,515	1,614,585	16,48%	-	-29,277	32.48
Polo Dot	1,240,453	-	1,758,412	18,09%	-	60,342	24.31
<b>GBA</b>							
Corredor Panamericana	2,320,556	421,019	276,632	21,89%	26,909	72,624	22.89
Libertador GBA	966,899	-	1,148,314	9,72%	-	-10,936	28.68
<b>Subtotal</b>	<b>17,322,375</b>	<b>1,144,583</b>	<b>7,044,204</b>	<b>17.36%</b>	<b>1,299</b>	<b>26,733</b>	<b>22.83</b>
<b>Polos Emergentes</b>							
Parque Patricios	1,855,524	-	704,938	6,13%	11,248	12,281	15.94
Palermo	961,883	-	-	69,74%	34,444	159,908	32.61
<b>Subtotal</b>	<b>2,817,875</b>	<b>-</b>	<b>704,851</b>	<b>27.84%</b>	<b>4,245</b>	<b>15,997</b>	<b>27.08</b>
<b>TOTAL</b>	<b>20,142,055</b>	<b>1,596,652</b>	<b>7,335,565</b>	<b>18,82%</b>	<b>59,675</b>	<b>459,941</b>	<b>23.71</b>

## Office Market Cycle



# Economic Outlook

In the last months of 2024, the Argentine economy showed some signs of stabilization, although significant challenges persist. The effects of the August devaluation and high inflation continued to impact purchasing power, while consumption and investment in key sectors remained limited. However, at the beginning of the year's last quarter, monthly inflation showed signs of slowing down, generating moderate expectations of improvement in the medium term.

In the labor market, the unemployment rate closed the third quarter at **7.6%**, higher than the **5.7%** recorded in the same period last year. The construction and manufacturing industries continued to face difficulties due to limited access to foreign currency and high financial costs, while sectors such as retail and services experienced a gradual recovery driven by government measures and greater exchange rate stability.

The official exchange rate stands at **AR\$ 1,044.50**, with the gap against the parallel market gradually narrowing thanks to reduced volatility in the foreign exchange market. In the construction sector, costs continued to rise, driven mainly by increasing labor expenses.

GDP recorded **3.60% growth** for **4Q2024**, bringing the annual accumulated figure to **-2% year-on-year**, while cumulative CPI reached **166%**. Despite ongoing challenges, the last quarter of 2024 revealed a potential shift in some macroeconomic indicators. The sustainability of these improvements will largely depend on the government's ability to implement policies that attract investment and strengthen economic activity heading into 2025.

Source: INDEC, CAC and Information Compiled and Analyzed by Newmark Argentina

## Economic Indicators

Capital City	Buenos Aires
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Population (estimated 2024)	47,067,641
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GDP MM	US\$ 594.228
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GDP per capita MM	US\$ 12.625
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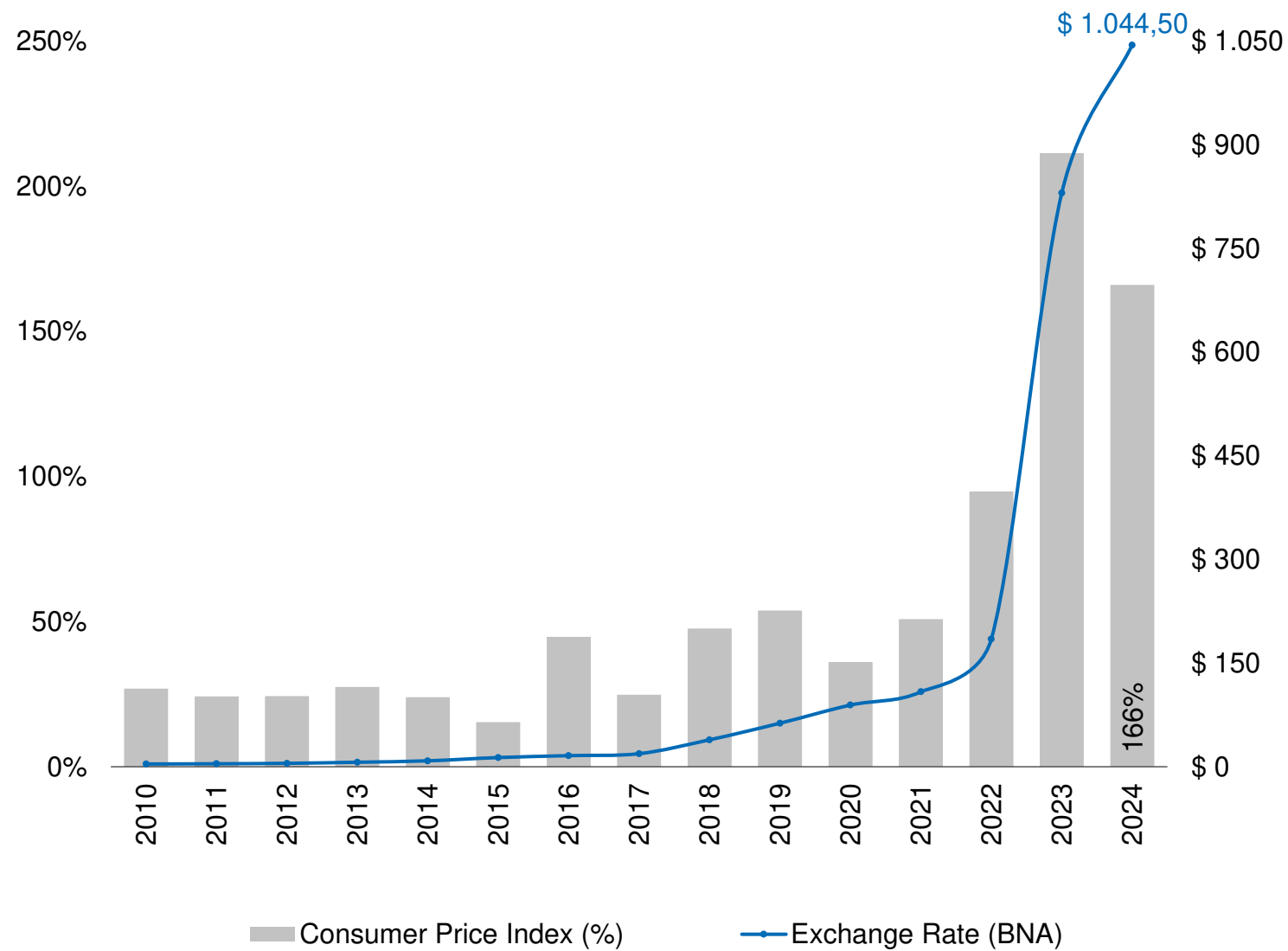
Currency	ARS
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Unemployment Rate	6,9 %
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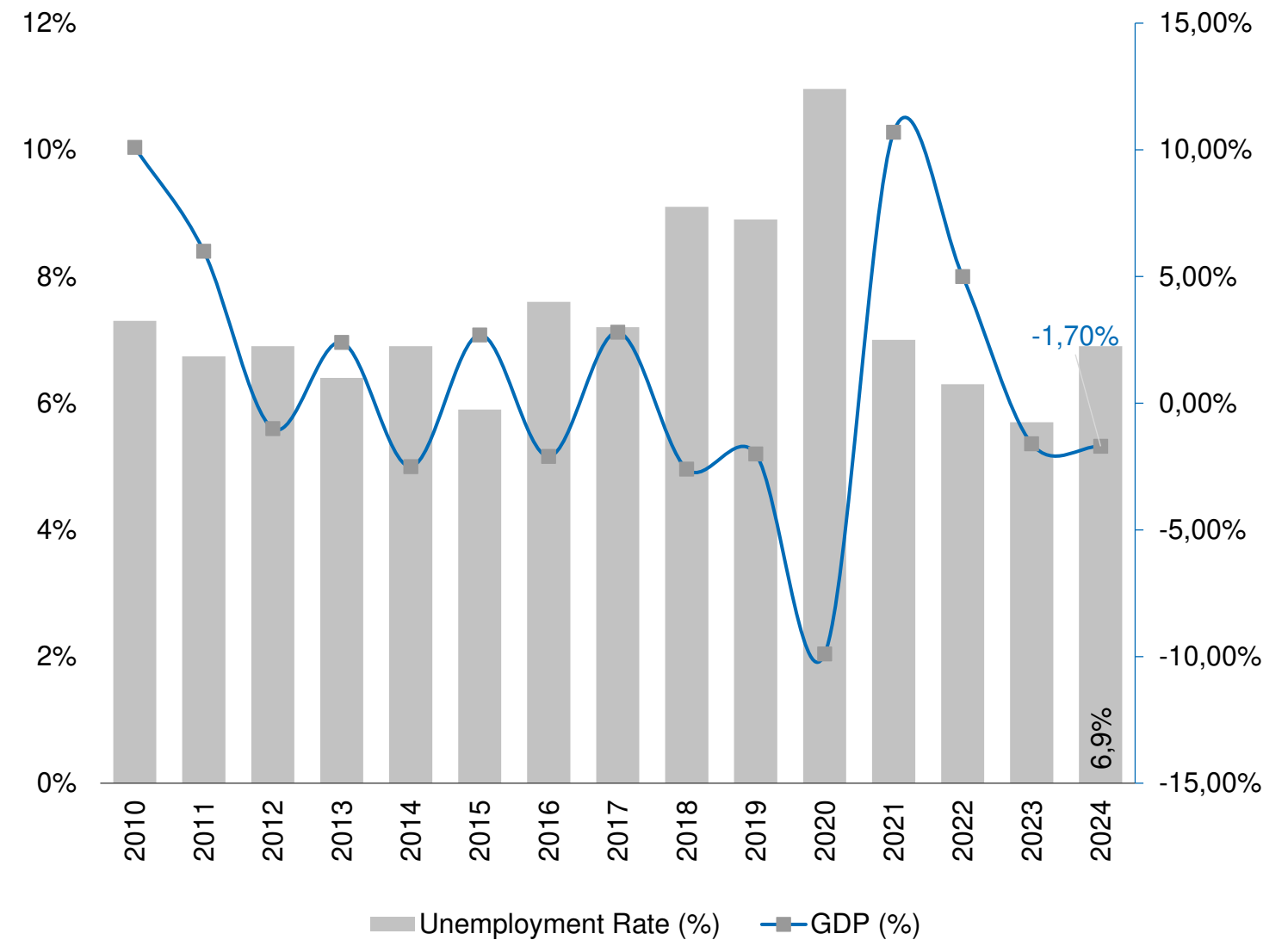


# Economic Outlook

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).