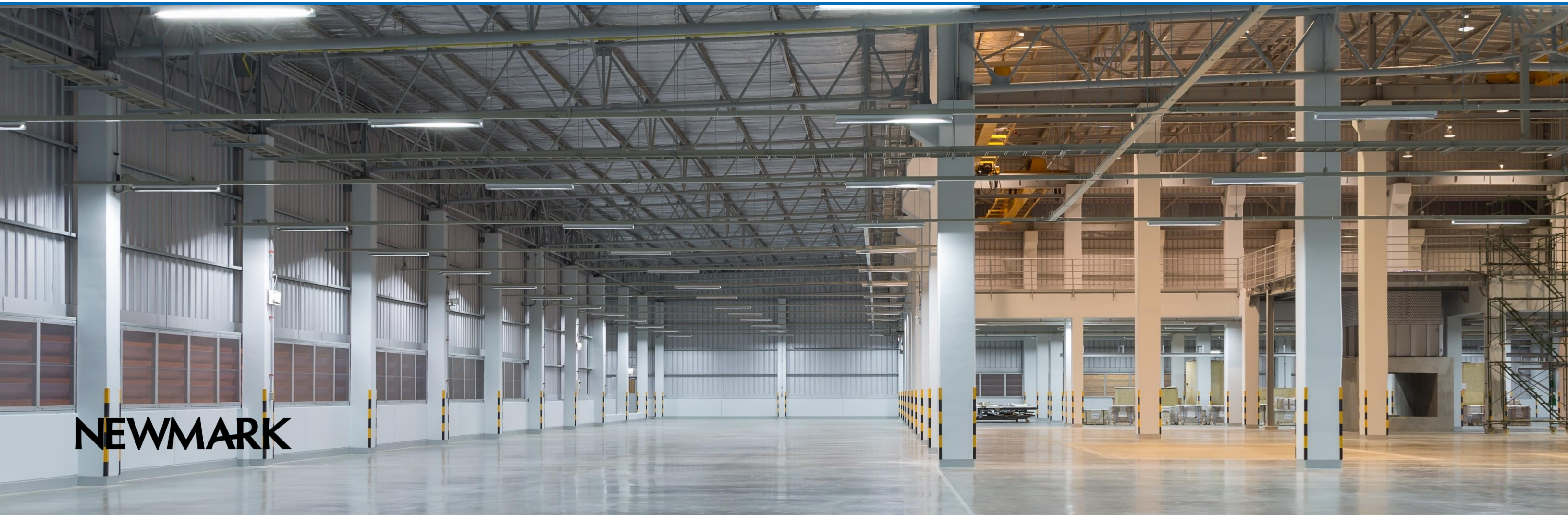


4Q24

São Paulo Industrial/Logistics Market Report



NEWMARK

Market Information

Economy

- The world economy has shown itself resilient, given restrictive monetary policies, with a decrease in inflation. This scenario resulted in moderate growth of the global economy. Following the US presidential elections, the economic policies of the president-elect such as an expansionist and more protectionist fiscal policy, have already influenced the price of goods and assets. Thus, the US Dollar has increased in value all over the world. Wars wage on in both Europe and the Middle East, with no end in sight, making the international scenario even more challenging;
- The YTD GDP (through September) was R\$ 299 trillion, accumulating a 3.3% increase compared to the same period in 2023, but there was a slowdown in the 3rd quarter; Brazilian manufacturing also slowed in 4Q24. Output in November dropped 0.6% compared to October, this is the second consecutive dropped, leading to an accumulated 0.8% in the period. Manufacturing output dropped in 19 of the 25 sectors, in particular automotive vehicles (11.5% drop), and crude oil deliveries (3.5% drop).
- The labor market has been quite active, with an increase in the percent population employed and a decrease in unemployment to 6.1%. The trade balance was positive, reaching record levels, primarily due to exports to China. However, loss of confidence due to the fiscal policy, high levels of public debt, and growing inflation all have a strong impact on the nation's economic performance.

Market Indicators

- The trend of recent years continued in the fourth quarter, with strong demand indicators.
- Despite new inventory delivered in the quarter, the vacancy rate dropped from 8% to 7.7%;
- The average asking monthly rent continued to go up, ending the quarter the quarter at R\$ 28,20/m².

Transactions

- Demand indicators for industrial and logistics warehouses have been growing consistently in recent years. Gross and net absorption in the quarter were 372 and 257 thousand m² respectively, in line with previous quarters. Year-to-date net absorption was a record 1.3 million m².
- Among the tenants in our survey, most are in the manufacturing and service industries, more specifically transportations, logistics, and chemicals.
- As in the third quarter of the year, most net absorptions in the quarter were in Cajamar, Jundiaí, and Guarulhos.

Outlook

- The market for high end industrial and logistics warehouses in São Paulo has been growing steadily, with balanced increase and valuation of these assets, consolidating their position as the main segment hub in Brazil.
- The 1.3 million m² of new deliveries expected for 2025 confirms increased construction activity to supply growing demand. Robust demand could pressure asking rents, making the segment even more competitive, especially in the areas close to Sao Paulo where supply is still limited.
- Segment expansion will demand on continued demand by key segments and economic stability. Investments in infrastructure and technology may be important differentials to keep the market growing at a fast pace.

4Q24

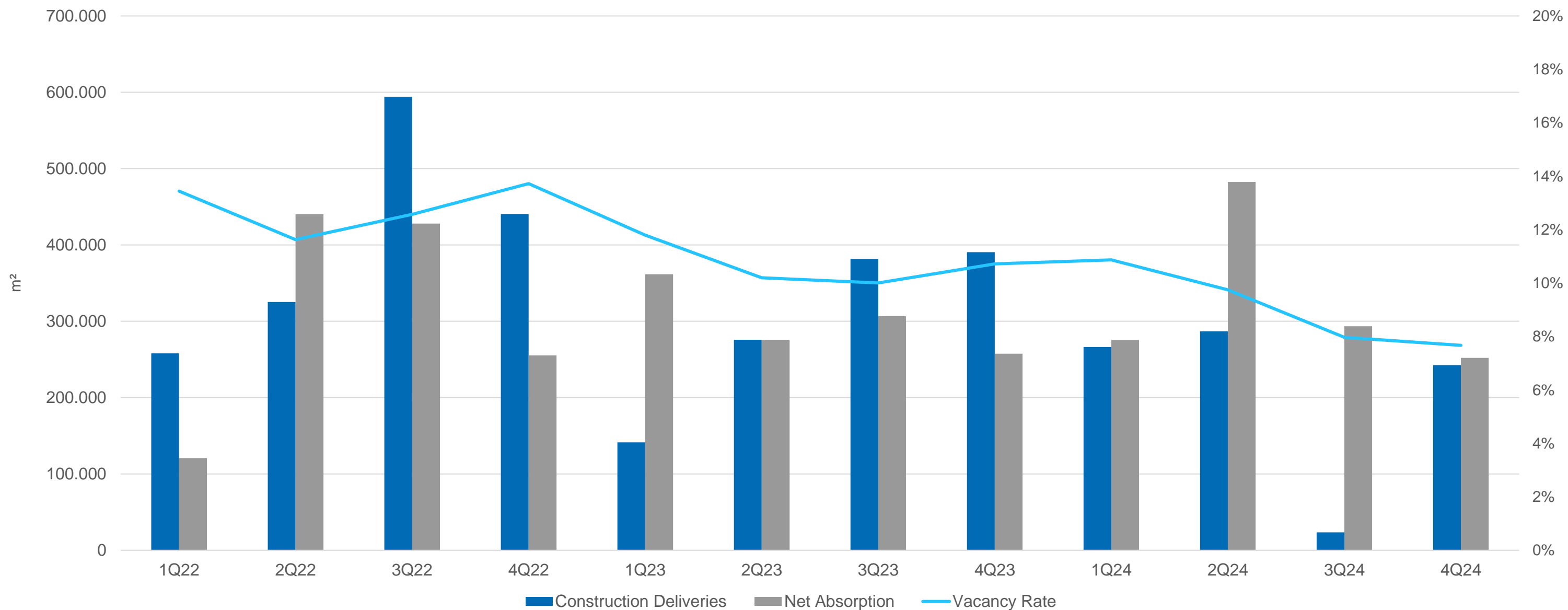
Market Indicators



Historical growth in demand in 2024

Net absorption this quarter exceeded the figures from recent quarters, leading to a decline in the vacancy rate – the lowest percentage since 2022

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

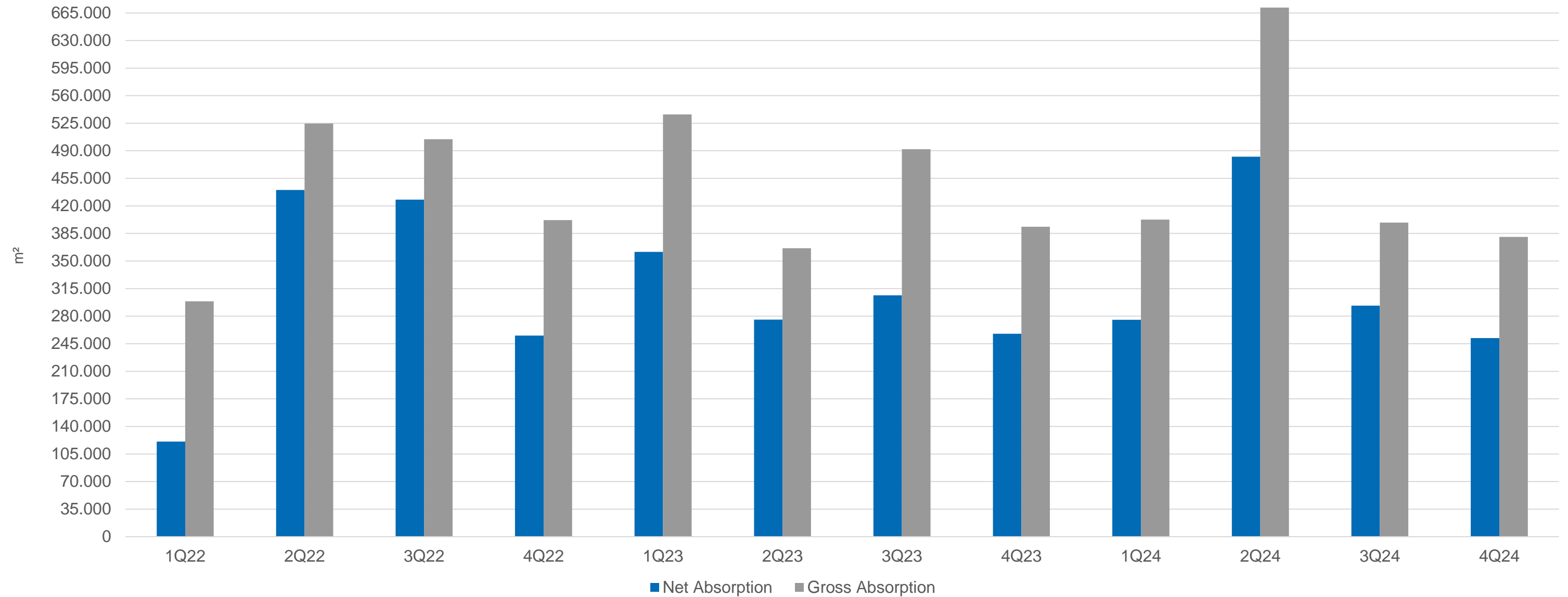


Source: Newmark Brasil – Market Research

Net absorption reaches a record for the year

The quarterly gross and net absorption figures remained in line with previous periods, reaching 380 thousand m² and 252 thousand m², respectively. In accumulated terms, net absorption closed at 1.3 million m², surpassing past records

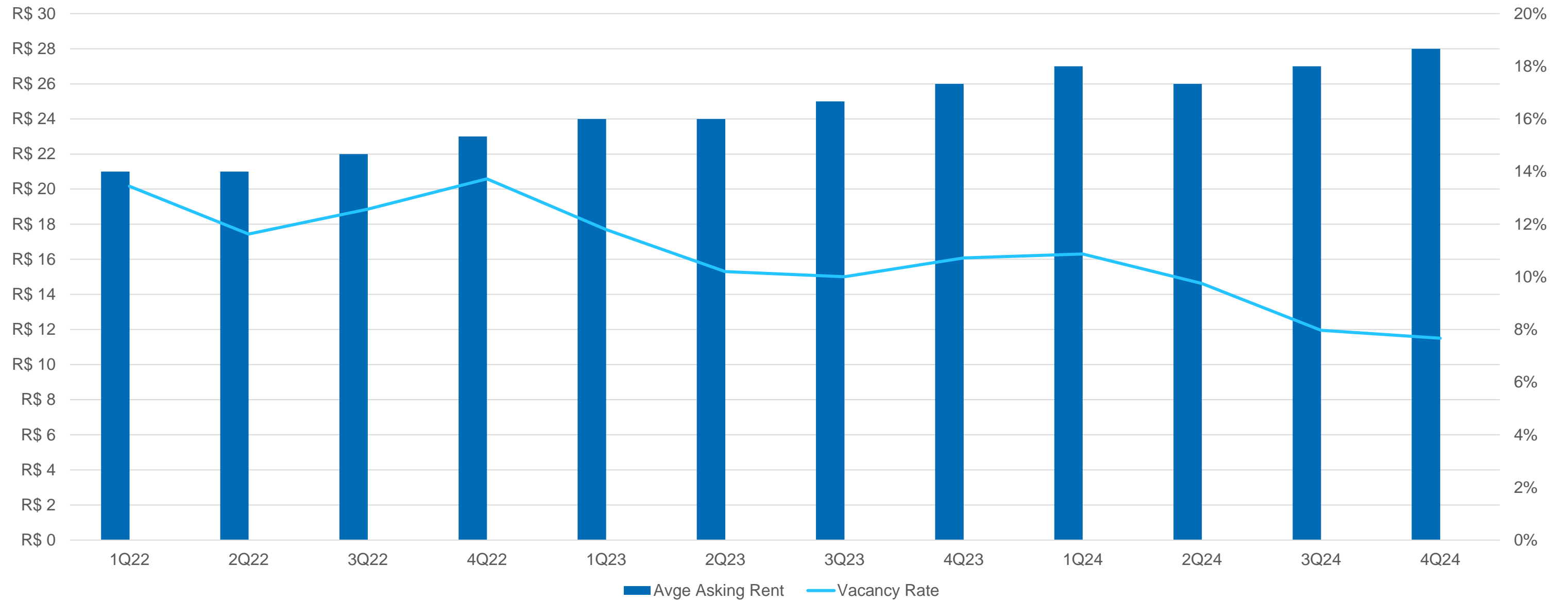
Gross and Net Absorption (sqm) – Class A, AA and AAA



Market heating: asset appreciation driven by the declining supply

The strong demand led to another drop in the vacancy rate, from 8% to 7.7%. On an annual basis, the decline is even more significant: 3 percentage points

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

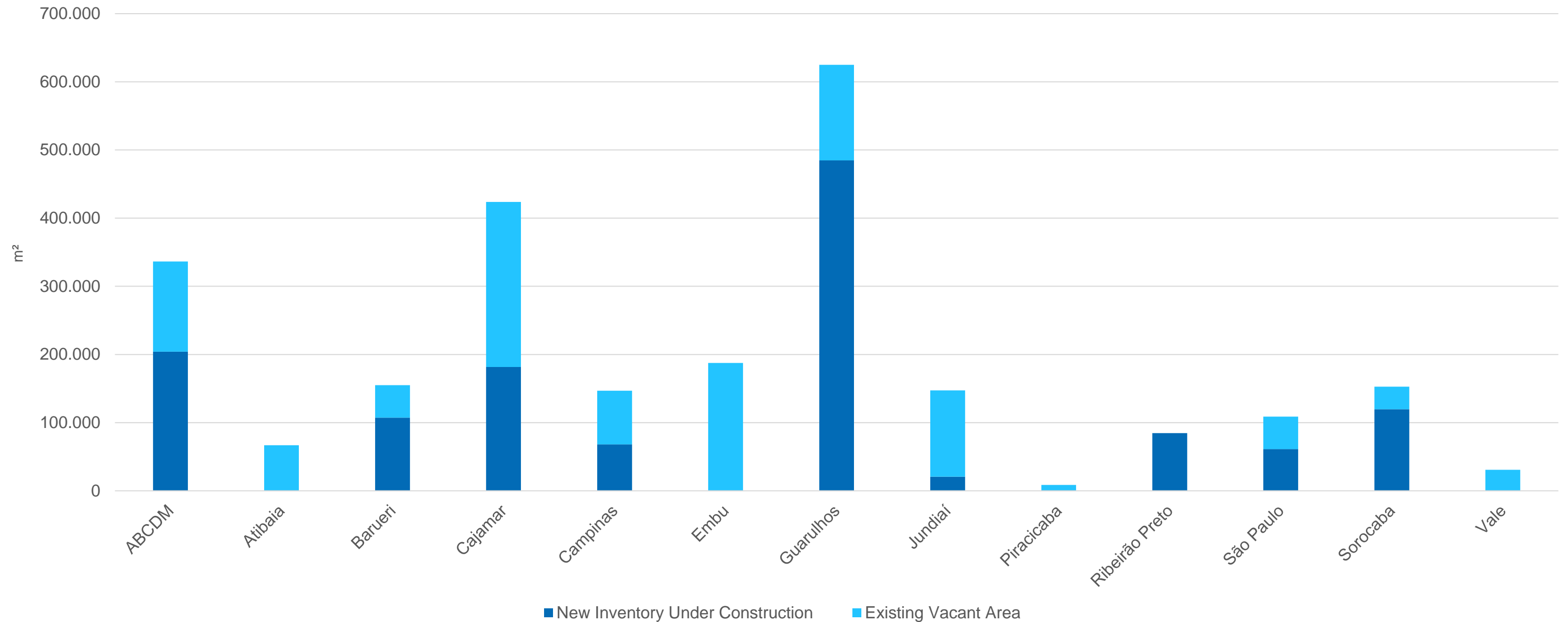


Source: Newmark Brasil – Market Research

New inventory forecasted to 2025

Guarulhos, ABCDM, and Cajamar are the regions with the highest concentration of new construction projects. Compared to the current supply, we conclude that the increase in construction activity is aimed at meeting the growing demand. Given the strong demand in recent years, there should be no risk of oversupply, especially in these regions

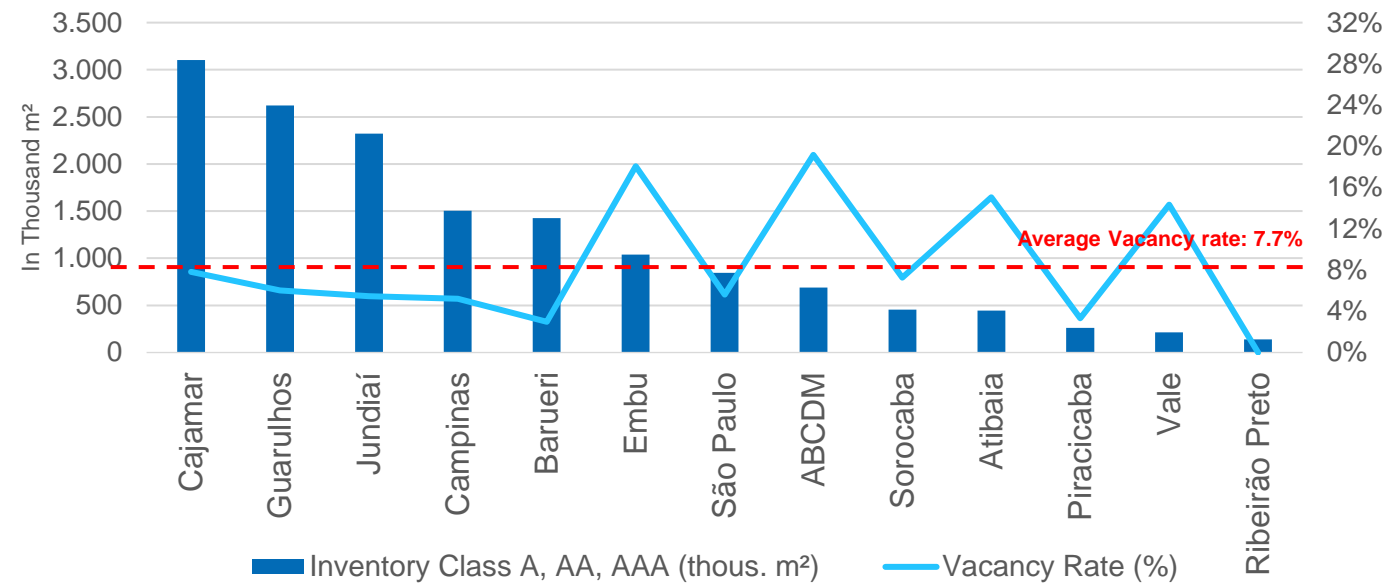
Existing Vacant Rate vs. New Inventory in Construction per Submarket (sqm) – Class A, AA and AAA, forecasted to 2024



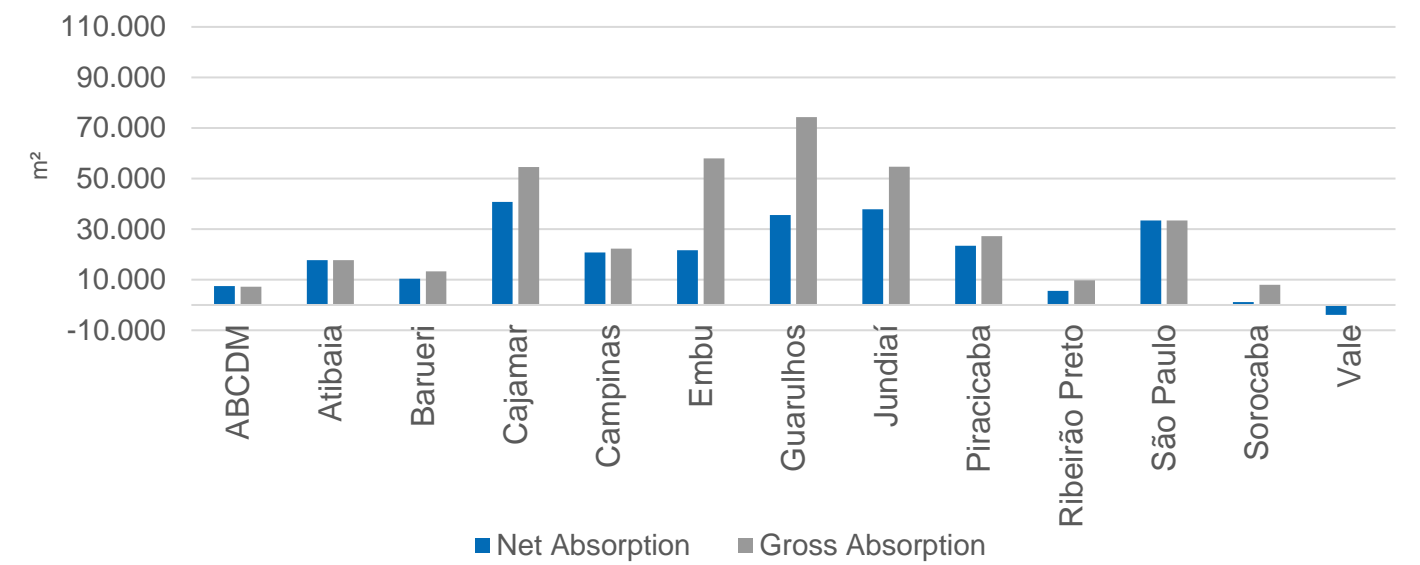
Source: Newmark Brasil – Market Research

Submarket Analysis

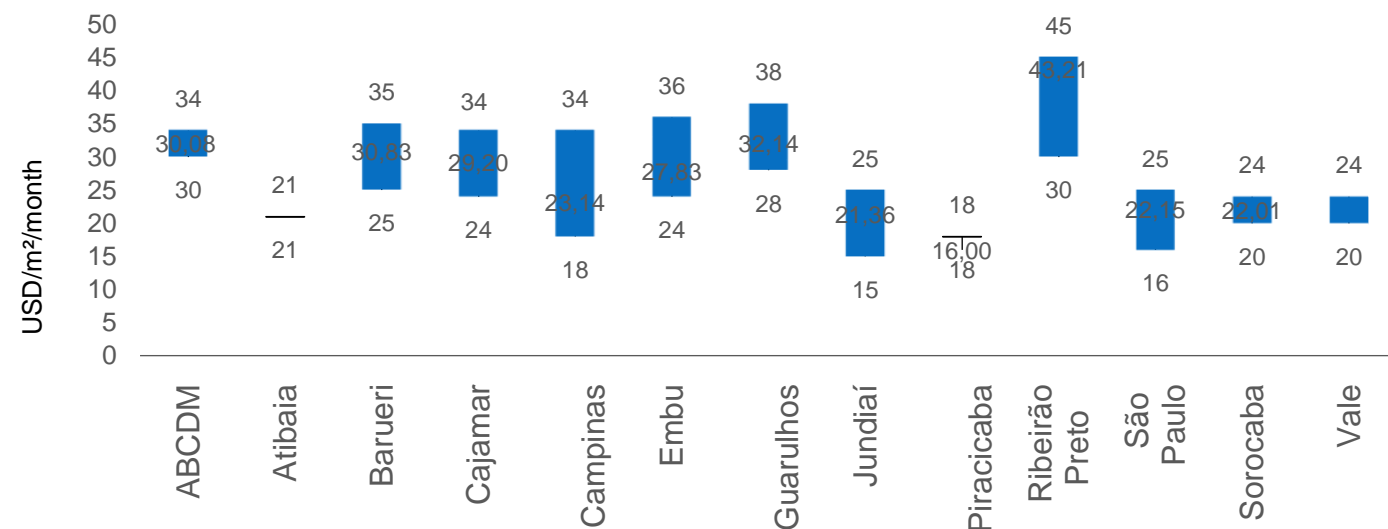
Inventory vs. Vacancy Rate



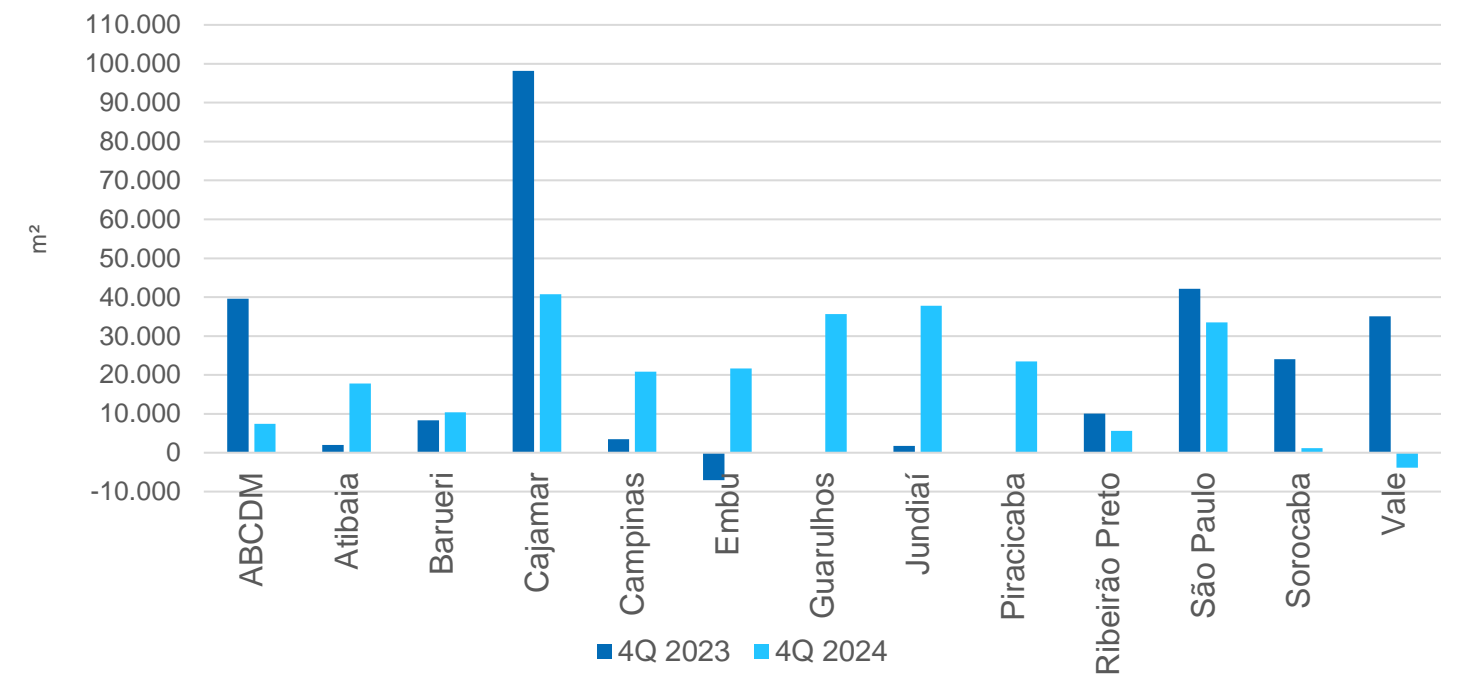
Net and Gross Absorption per Submarket



Minimum, Average and Maximum Asking Rent (R\$/sqm/month)



Net Absorption – Y-o-Y Variation



Source: Newmark Brasil – Market Research



For more information,
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