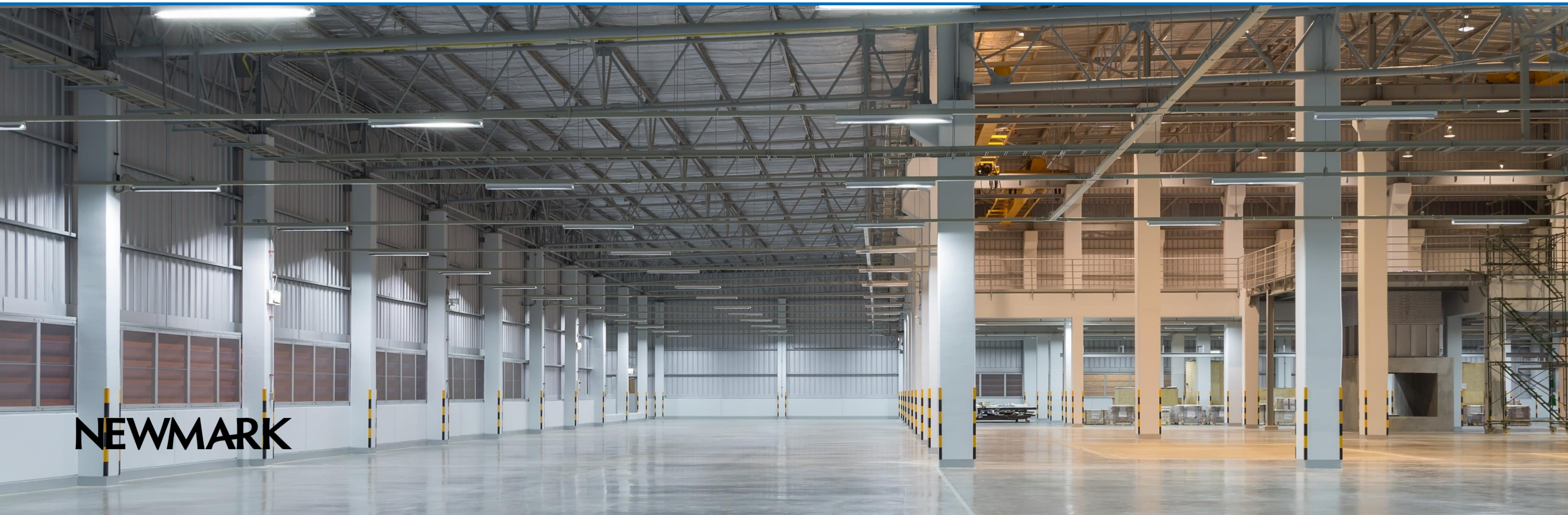


1Q25

# São Paulo Industrial/Logistics Market Report



**NEWMARK**



# Market Information



## Economy

- Global economic activity remains resilient, with sharper drops in inflation among the more developed economies. The risks to global economic activity revolve around increased protectionism on the part of the US, a sharper slow-down of the Chinese economy, growing geopolitical tensions, and more extreme climate events;
- According to Brazil's Institute for Geography and Statistics (IBGE), the nation's economy grew 3.4% in 2024 driven by services and manufacturing industry;
- However, signs of an economic slow-down, a challenging scenario regarding inflation, foreign exchange, and the job market have caused experts to review the growth expectations for 2025. The Central Bank expects GDP to grow by 2%. The outlook for 2025 is for higher inflation and a worsening exchange rate, along with new adjustments in the basic interest rate, now 14.25% a year and should continue to continue this trend, ending the year at 15.25%;
- As disclosed in early February in the first Monthly Survey of Industry published by the IBGE, Brazil's Institute for Geography and Statistics, manufacturing output increased 3.1% in 2024 compared to 2023, however, the economy slowed down, with a drop in output associated with the drop in consumer and executive confidence, tighter monetary policy, and rising inflation.



## Market Indicators

- Lease activity remained significant, if slightly down compared to the previous quarter;
- The vacancy rate remained almost unchanged;
- Construction slowed down in the first quarter of the year, with only a small volume of new deliveries, but expectations for the year remain high, with over 1.4 million m<sup>2</sup> expected to be delivered by year end;
- Asking rents went up, ending the quarter at R\$ 28.80 are stable, at R\$ 28,7/m<sup>2</sup>.



## Transactions

- Although lease activity has been significant, we observed an increase in premises returned in the quarter, resulting in net absorption 65% below the previous quarter;
- This drop is largely due to premises delivered by players in transportation/logistics and manufacturing industry;
- Among the known tenants in our survey, most are in the manufacturing, more specifically food & beverages, and service industries;
- The total volume of occupied warehouses increased in all regions except Jundiaí and Ribeirão Preto, where returns exceeded new leases. Most net absorptions in the quarter were in the area of Cajamar, Guarulhos, and the area known as the ABCDM.



## Outlook

- The market for high-end manufacturing and logistics warehouses in São Paulo continues to expand, albeit with some minor adjustments early in the year;
- The large volume of new inventory forecasted reinforces industry confidence in continued demand and the attractiveness of Sao Paulo as the nation's main hub. Rising asking rents further confirm the dynamic nature of the market.
- Competition should increase during the year, and tenants may become more selective and demanding in terms of construction, efficiency, and strategic location;
- Market performance will depend on continued demand by key areas, and stable macroeconomics. Investments in infrastructure, sustainability, and technology are also differentials that help make properties attractive and support activity during the year.



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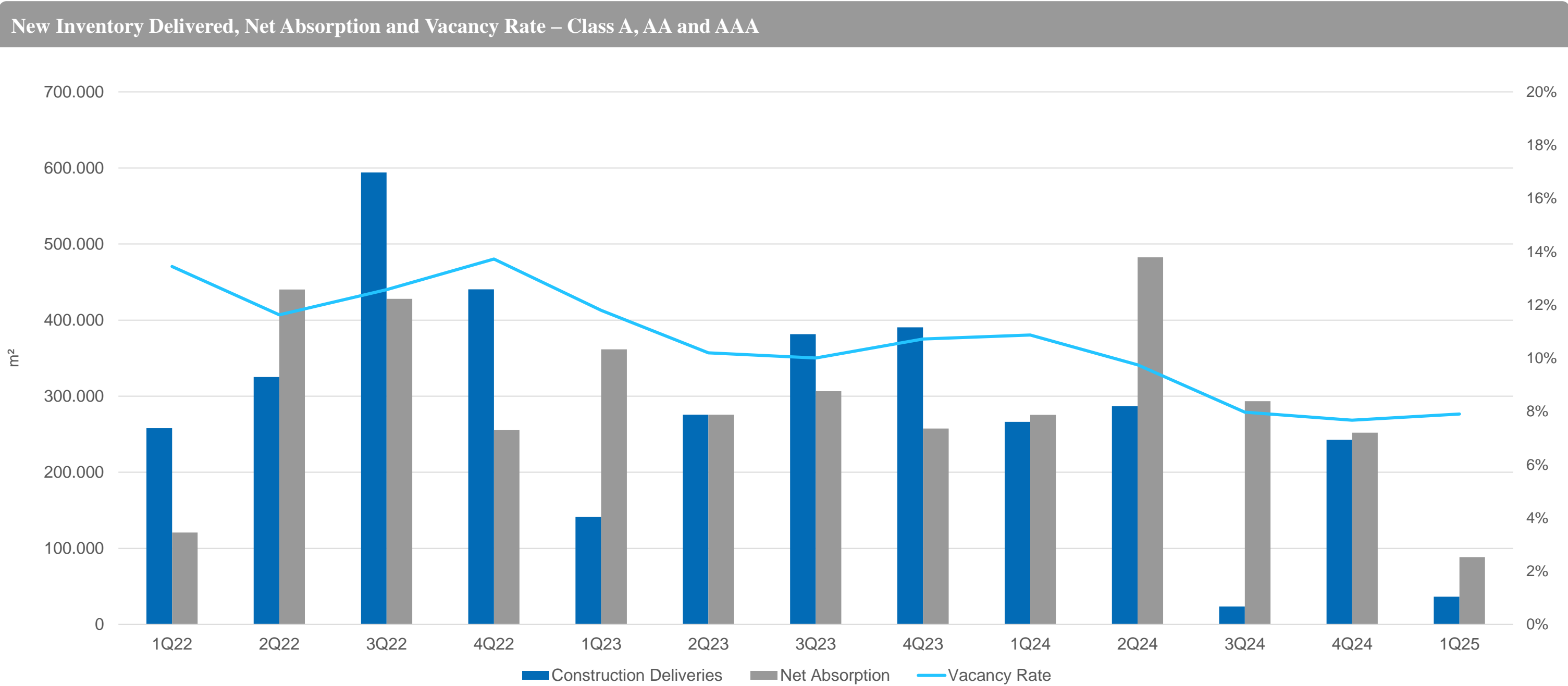
1Q25

# Market Indicators



# 1Q was active, but the growth in occupied spaces showed signs of slowing down

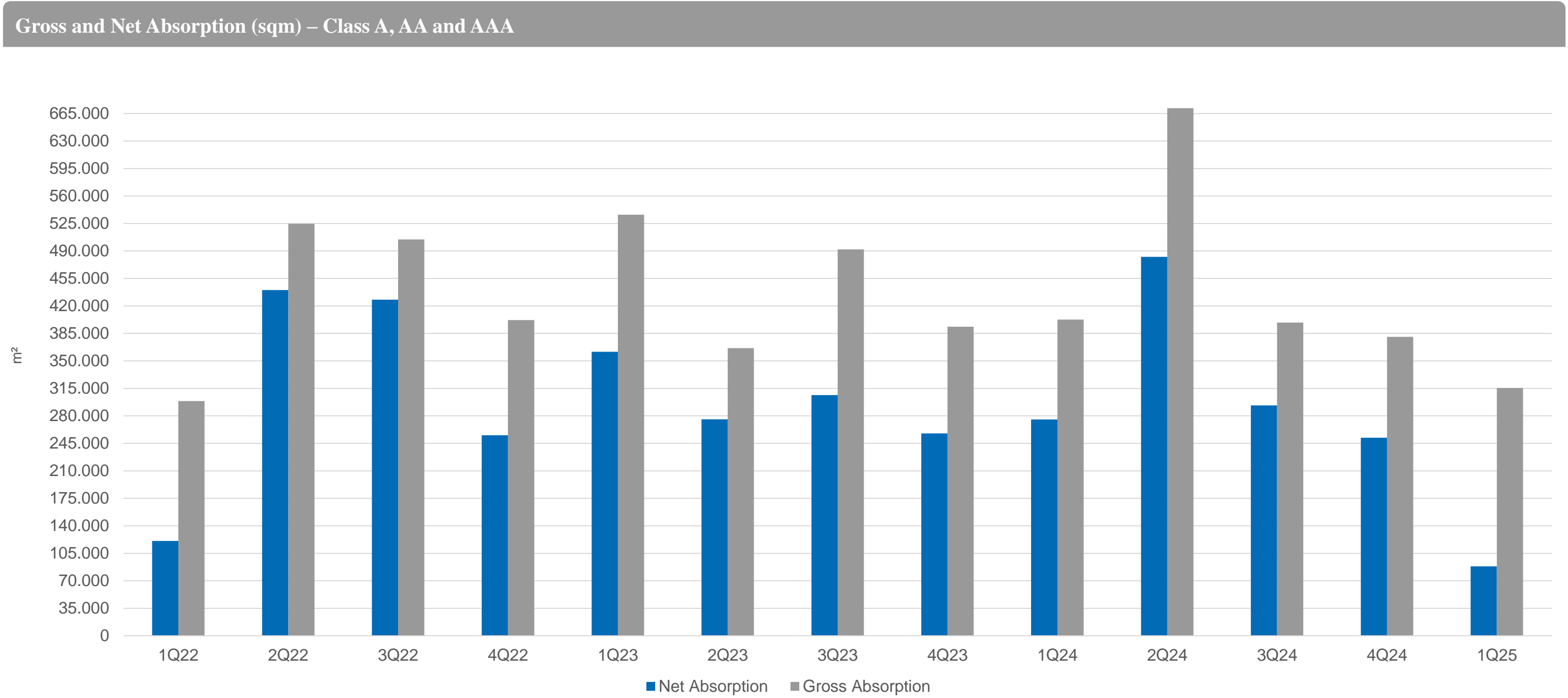
Lease activity was not as dynamic as it had been, the pace of new project deliveries slowed, resulting in a stable vacancy rate compared to the previous quarter



Source: Newmark Brasil – Market Research

# Increasing activity but increasing returns as well

Although lease activity has been significant, we observed an increase in premises returned in the quarter, resulting in net absorption 65% below the previous quarter. This drop is largely due to premises delivered

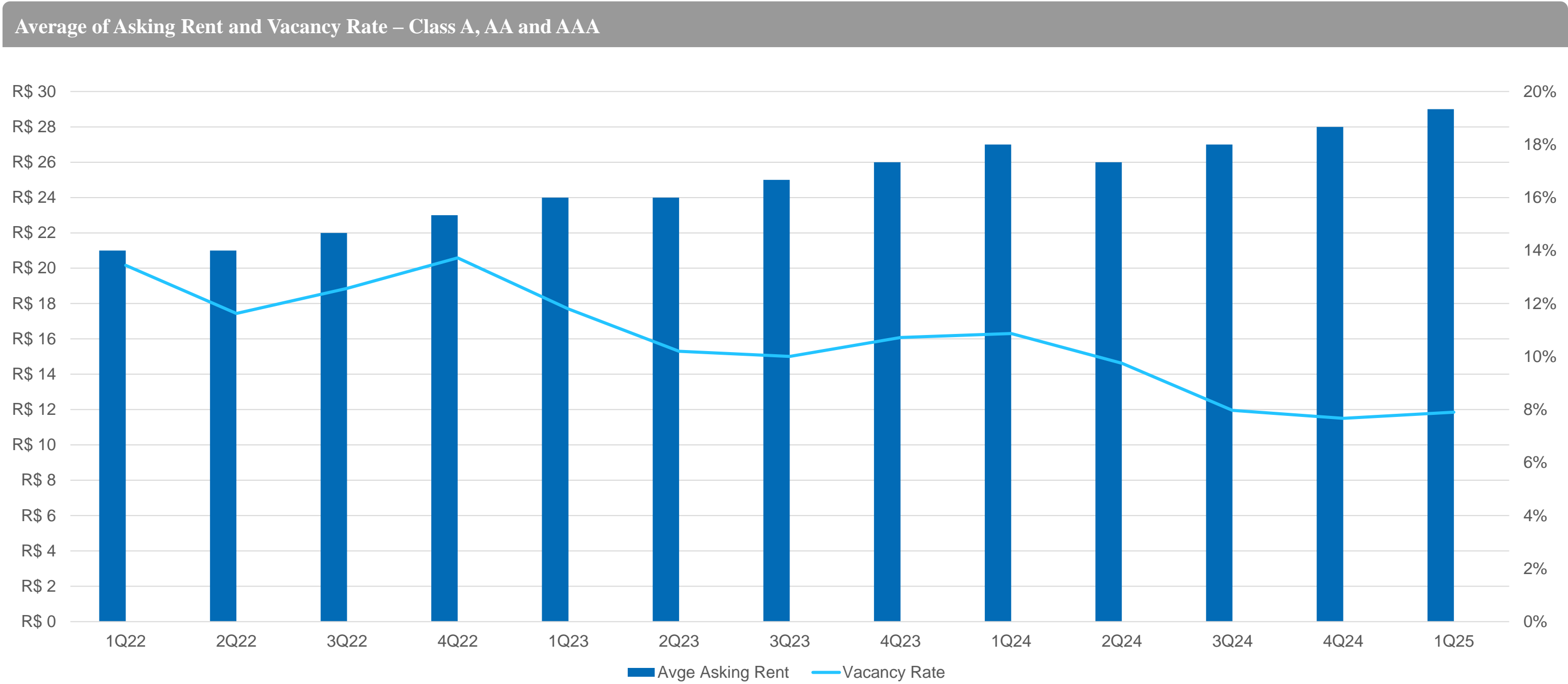


Source: Newmark Brasil – Market Research



# Stable vacancy rate

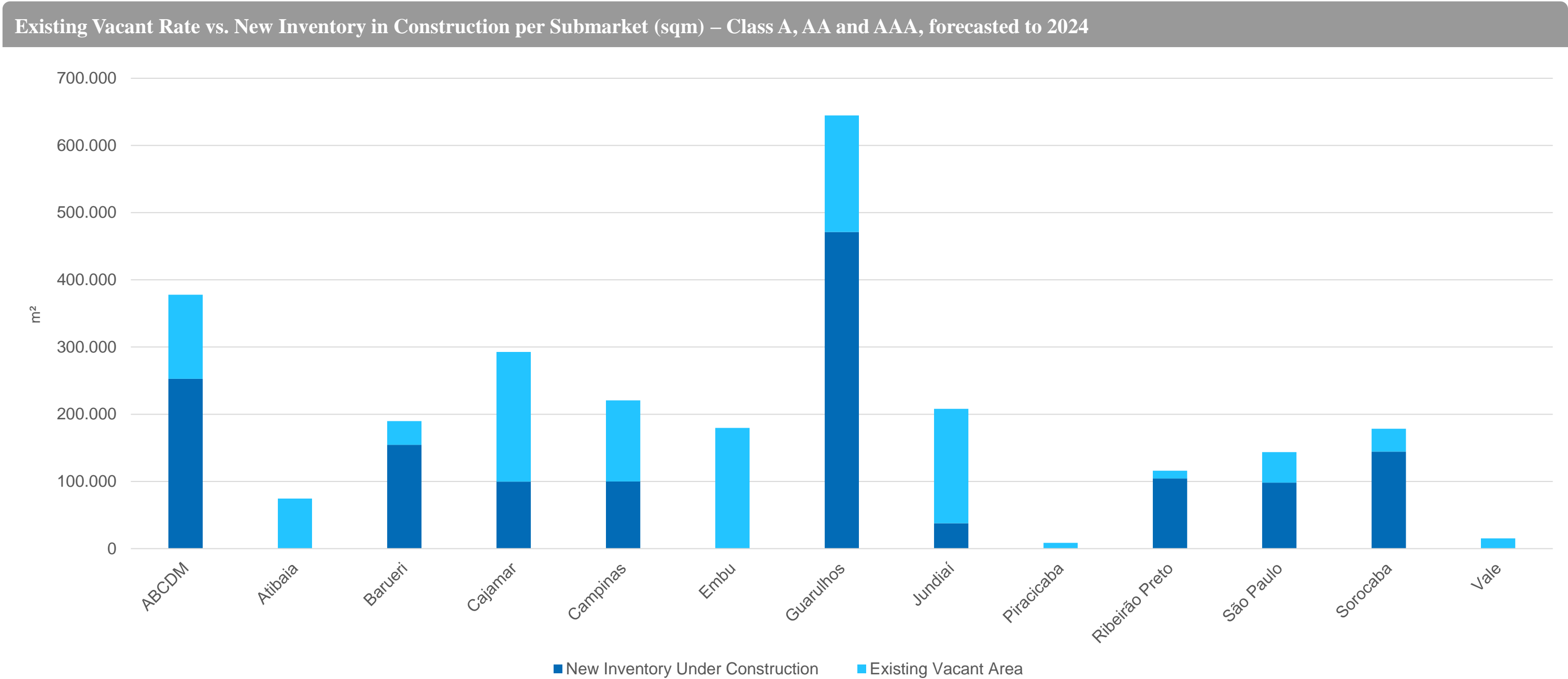
Supply in the state of São Paulo remains tight and average asking rent continues going up, closing at R\$ 28.70/m², a record high



Source: Newmark Brasil – Market Research

# Despite the slower start, expectations for new inventory forecasted remain high

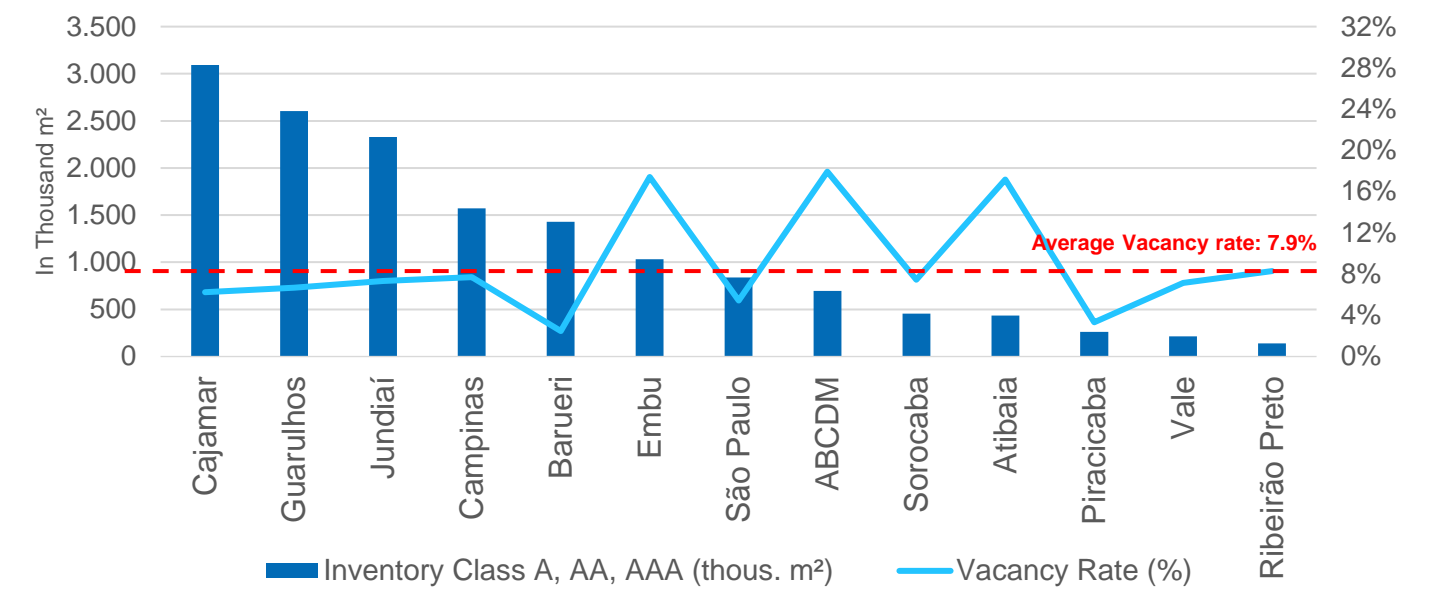
Guarulhos, ABCDM, and Barueri are leading in new developments planned for 2025. Given the current supply levels in these areas, the expansion aims to meet growing demand, and considering the strong pace of recent years, the risk of oversupply in these regions is low



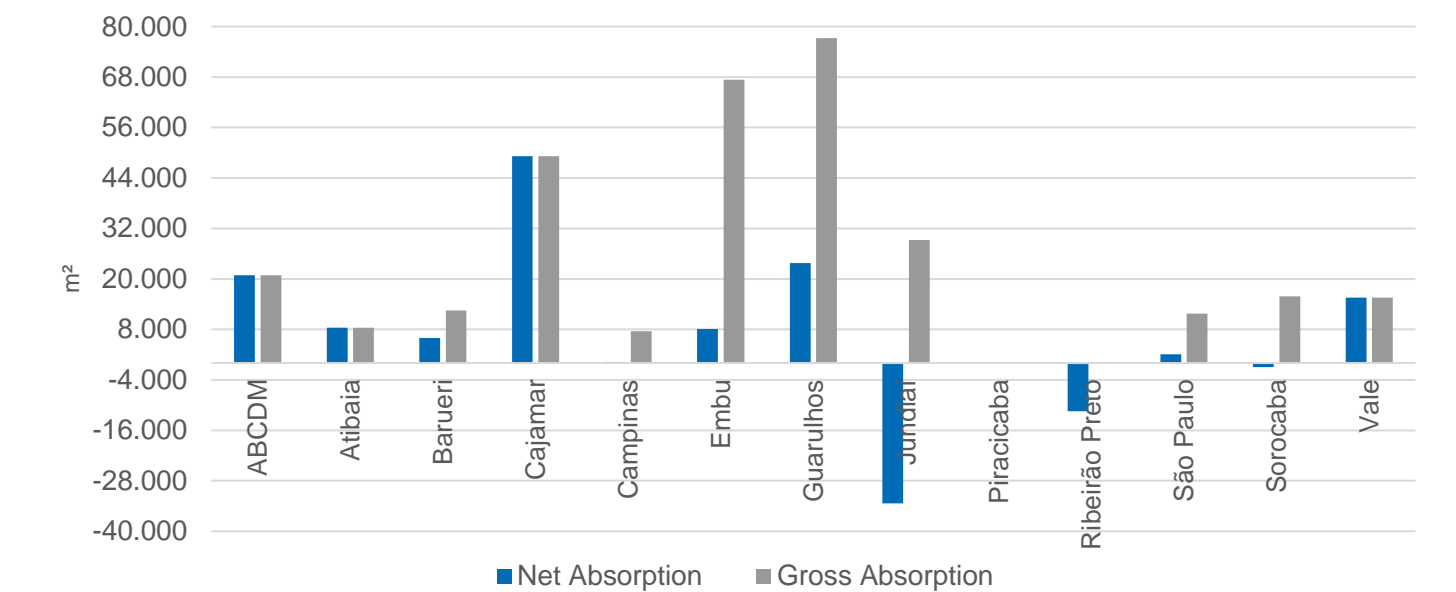
Source: Newmark Brasil – Market Research

# Submarket Analysis

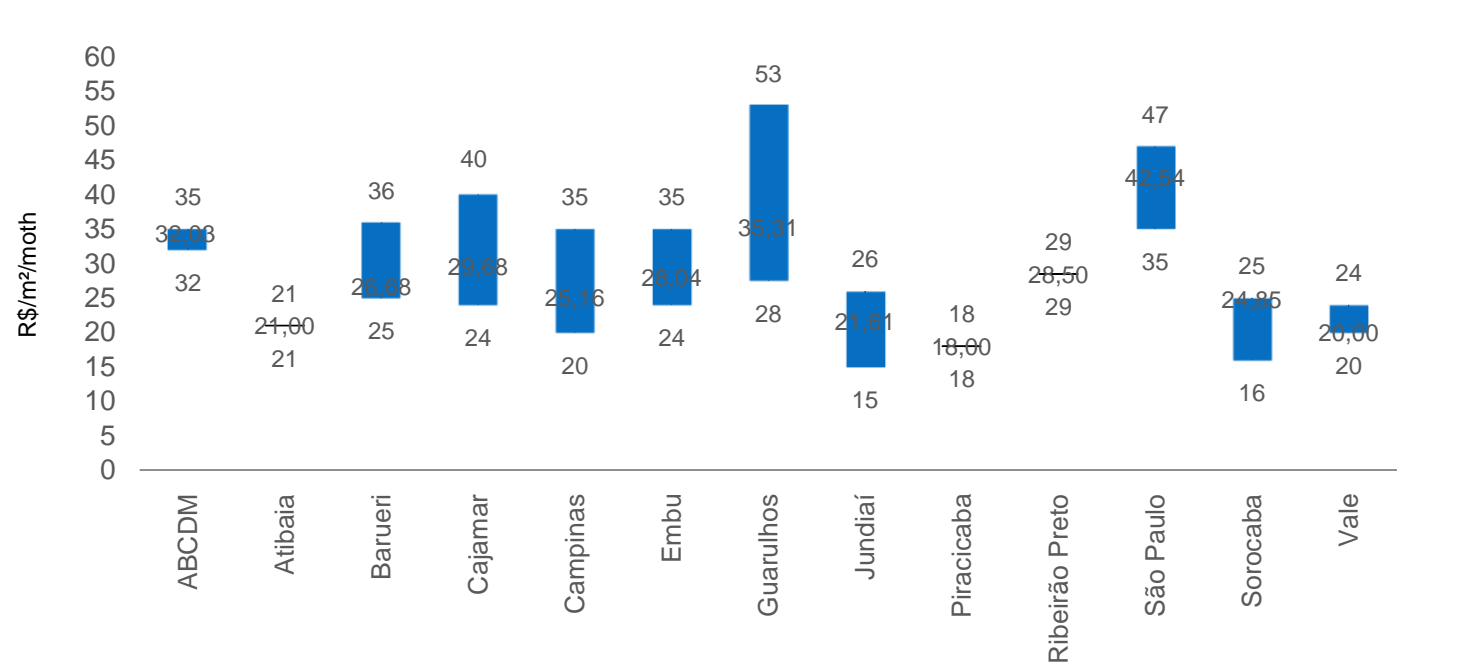
Inventory vs. Vacancy Rate



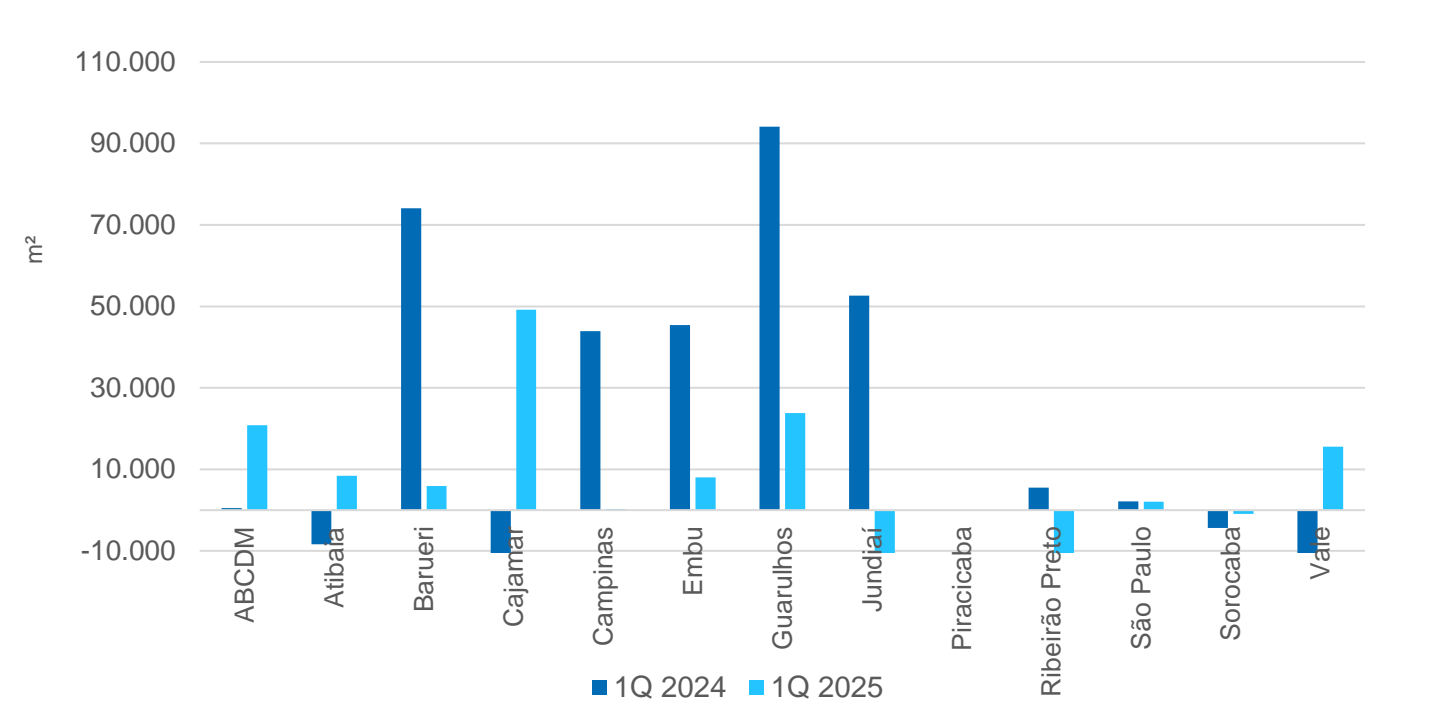
Net and Gross Absorption per Submarket



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



Net Absorption – Y-o-Y Variation



Source: Newmark Brasil – Market Research



The background of the slide is an abstract architectural photograph. It features large, light-colored concrete beams and walls. In the center, there are panels with horizontal slats, through which a warm, golden light is streaming, creating a pattern of light and shadow. The overall composition is geometric and modern.

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



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